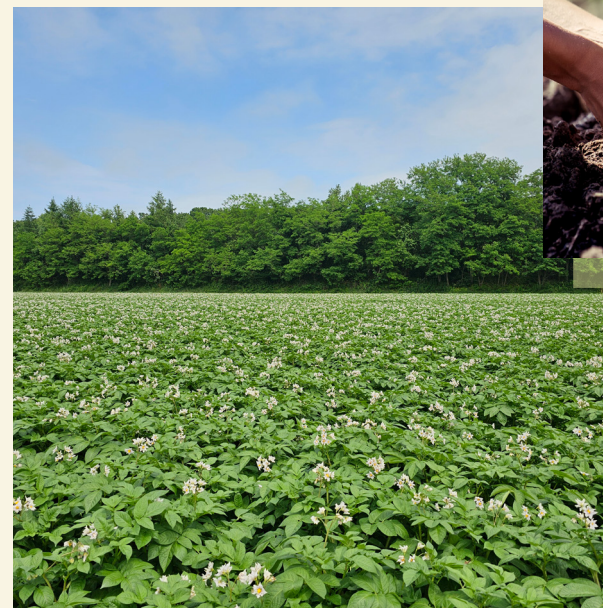


## SECTION 04

# Promoting Sustainability Management

We are committed to sustainability management, creating new value with our stakeholders by addressing environmental, social, and economic challenges. By tackling these key challenges, such as responsibly managing our natural capital, we aim to deliver the benefits of nature's gifts to our customers.



## Enhancing Corporate Value

## SECTION 02

Driving Force  
Behind Value  
Creation

## SECTION 03

Continuous  
Business Growth

## SECTION 04

Promoting  
Sustainability  
Management

## SECTION 05 Management Foundation



# Five Material Issues (Materiality)

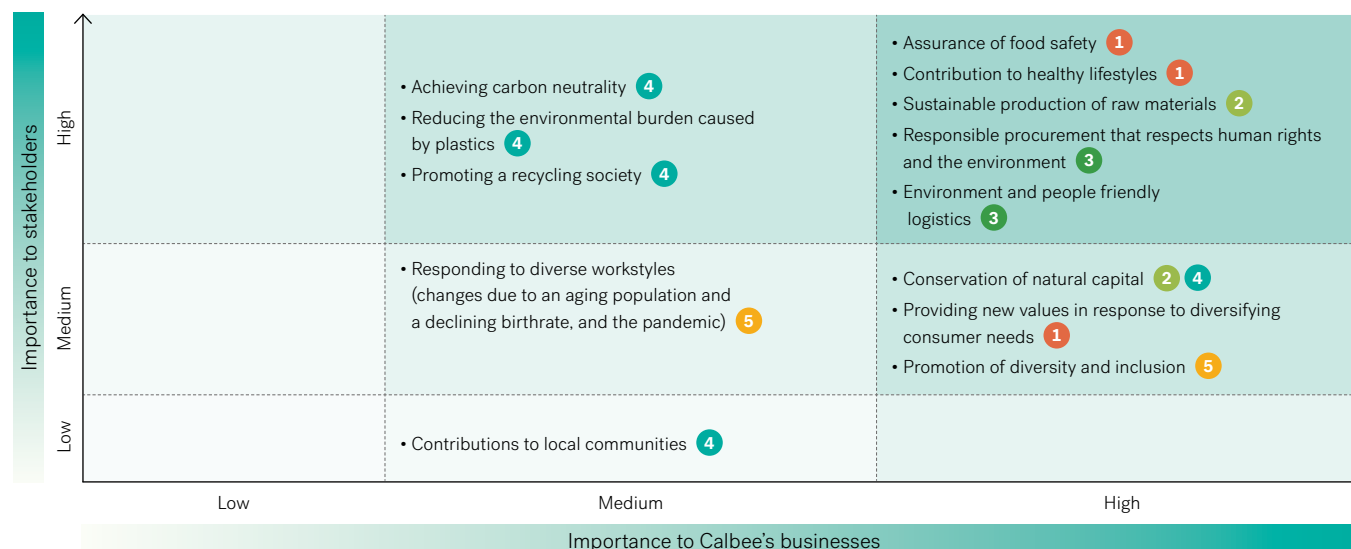
The Calbee Group places sustainability at the core of our management and aims to realize a sustainable society by addressing environmental and human rights issues in the supply chain. Our mission is to ensure the sustainability of raw materials, which are nature's gifts derived from agricultural produce, marine products, and other natural capital, and to continue providing these to customers around the world.

In response to sustainability, including the increasing importance of natural capital, climate change measures, and the emergence of human rights issues, we reviewed Calbee's materiality in 2022 and identified five materiality issues and 13 priority themes. In March 2024, we established the Calbee Group Human Rights Policy to further our initiatives addressing priority themes. We also endorsed the UN Global Compact and are today expanding our activities around the world.

## Five Material Issues (Materiality)

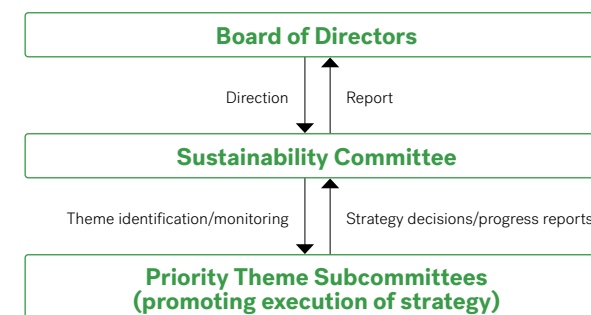
- 1 Contribute to healthy and diverse lifestyles
- 2 Progress of sustainable agriculture
- 3 Co-create a sustainable supply chain
- 4 Caring for the Earth
- 5 Promote active roles for all employees based on diversity

## Materiality Map



## Sustainability Management Promotion Structure

The Board of Directors is responsible for supervising sustainability management, and the Sustainability Committee, established in 2019, is responsible for promoting it. The Sustainability Committee is overseen by the president & CEO and, in principle, meets twice a year. The committee identifies materiality issues, sets priority themes, discusses and reviews the progress of priority theme road maps promoted by subcommittees, and regularly reports these activities to the Board of Directors.



## Five Material Issues (Materiality)

## Priority Themes and Major Measures

Materiality	Priority themes	Key measures aimed at reaching targets	Targets (KPIs)	Results for FY2024/3	Correspondence with the SDGs
1 Contribute to healthy and diverse lifestyles	Assurance of food safety	<ul style="list-style-type: none"> <li>Prevention of safety and quality incidents</li> <li>Initiatives for monitoring security</li> </ul>	—	—	
	Contribution to healthy lifestyles	<ul style="list-style-type: none"> <li>Expand salt-free/low-salt/reduced-salt products</li> <li>Expand protein-rich products</li> </ul>	FY2031/3 <ul style="list-style-type: none"> <li>Amount of salt-free/low-salt/reduced-salt products*1 sold <b>200%</b> (compared with FY2023/3)</li> <li>Amount of protein-rich products*2 sold <b>200%</b> (compared with FY2023/3)</li> </ul>	➡ <b>110.1%</b> ➡ <b>111.8%</b>	  
	Providing new values in response to diversifying consumer needs	<ul style="list-style-type: none"> <li>Expand Calbee Snack School (food education)</li> <li>Invigorate and promote factory tours</li> </ul>	FY2024/3 <ul style="list-style-type: none"> <li>Food communications number of participants*3 (5 years cumulative since April 2019) <b>400,000</b> (equivalent to 4% of the national population of elementary school students in grades 3–6 over a 5 year period)</li> </ul>	➡ <b>416,384 participants</b>	
2 Progress of sustainable agriculture	Sustainable production of raw materials	<ul style="list-style-type: none"> <li>Promote scientific cultivation, develop new varieties, reduce agricultural labor, and disperse production areas to increase domestic potato yields</li> </ul>	—	—	  
	Conservation of natural capital	<ul style="list-style-type: none"> <li>Conduct appropriate fertilization based on soil analysis</li> </ul>	FY2028/3 <ul style="list-style-type: none"> <li>Use of low-phosphate fertilizer <b>80%</b> (Hokkaido area)</li> </ul>	➡ <b>23.7%</b>	  
3 Co-create a sustainable supply chain	Responsible procurement that respects human rights and the environment	<ul style="list-style-type: none"> <li>Promote procurement that takes into account the environment and human rights through supply chain assessments</li> </ul>	—	—	 
	Environment and people friendly logistics	<ul style="list-style-type: none"> <li>Improve work environments by increasing logistics efficiency</li> <li>Reduce greenhouse gas emissions (Scope 3, categories 4 and 9)</li> </ul>	—	—	
4 Caring for the Earth	Achieving carbon neutrality	<ul style="list-style-type: none"> <li>Scopes 1, 2 eliminations Switch energy suppliers, promote energy-saving activities and on-site power generation at plants, etc.</li> <li>Scope 3 eliminations Change sizes of cardboard boxes, reduce delivery frequencies, improve loading rates Supplier engagement Visualization of GHG emissions from potatoes</li> </ul>	FY2031/3 <ul style="list-style-type: none"> <li>Total greenhouse gas emissions <b>30% reduction</b> (compared with FY2019/3)</li> </ul>	➡ Total: <b>3.5% increase</b> Scope 1: 11.6% reduction Scope 2: 57.3% reduction Scope 3: 16.3% increase  Note: Scope 3, category 1 emissions coefficient changed to IDEA (Version 3.2)	    

## Five Material Issues (Materiality)

## Priority Themes and Major Measures

Materiality	Priority themes	Key measures aimed at reaching targets	Targets (KPIs)	Results for FY2024/3	Correspondence with the SDGs
4 Caring for the Earth	Promoting a recycling society	<ul style="list-style-type: none"> <li>Reduce product food losses</li> <li>Reduce water consumption</li> <li>Promote "3Rs"</li> </ul>	FY2024/3 • Total product food loss <b>20% reduction</b> (compared with FY2019/3) FY2031/3 • Total water consumption <b>10% reduction</b> (compared with FY2019/3) FY2031/3 • Total waste generated <b>10% reduction</b> (compared with FY2019/3)	➡ <b>10.6% reduction</b> ➡ <b>2.7% increase</b> ➡ <b>6.9% increase</b>	    
	Reducing the environmental burden caused by plastics	<ul style="list-style-type: none"> <li>Reduce petroleum-based plastic packaging</li> <li>Switch to alternative materials and encourage recycling</li> </ul>	FY2031/3 • Reduce and replace petroleum-based plastic packaging <b>50%</b> (compared with FY2019/3) FY2051/3 • Use of environmentally friendly materials <b>100%</b>	➡ <b>0.9% replacement or reduction</b>	
	Conservation of natural capital	<ul style="list-style-type: none"> <li>Implement a risk assessment according to the TNFD framework (presented milestones)</li> </ul>	—	—	
	Contributions to local communities	<ul style="list-style-type: none"> <li>Participation of all employees in social contribution activities</li> <li>Expansion of activities in environmental domain (support and participate in forestry volunteer efforts and beach and river conservation activities)</li> </ul>	—	—	
5 Promote active roles for all employees based on diversity	Responding to diverse workstyles	<ul style="list-style-type: none"> <li>Active roles for all employees</li> <li>Establish education system to promote understanding of diversity</li> <li>Promote and normalize one-on-one meetings</li> </ul>	—	—	    
	Promotion of diversity and inclusion	<ul style="list-style-type: none"> <li>Promote diversity and inclusion</li> <li>Enhance human resource development</li> <li>Workstyle reforms</li> </ul>	FY2024/3 • Ratio of women in management <b>Over 30%</b> • Ratio of male employees taking childcare leave*4 <b>100%</b> • Ratio of employment of people with disabilities <b>2.5%</b>	➡ <b>22.6%</b> ➡ <b>109.0%</b> ➡ <b>2.62%</b>	

\*1 Reference value of Nutrition Claims (Food Labeling Standard, Article 7, Paragraph 1, Appended Tables 12 and 13)

\*2 Products selected based on Calbee's criteria, reference value of Nutrition Claims (Food Labeling Standard, Article 7, Paragraph 1, Appended Tables 12 and 13)

\*3 Calbee Snack School, factory tours, snack contests, and other food educational activities

\*4 From FY2023/3, calculated based on the total number of employees who took childcare leave and the total number of employees who used leave systems for the purpose of childcare.

Special Feature

# Natural Capital for the Future

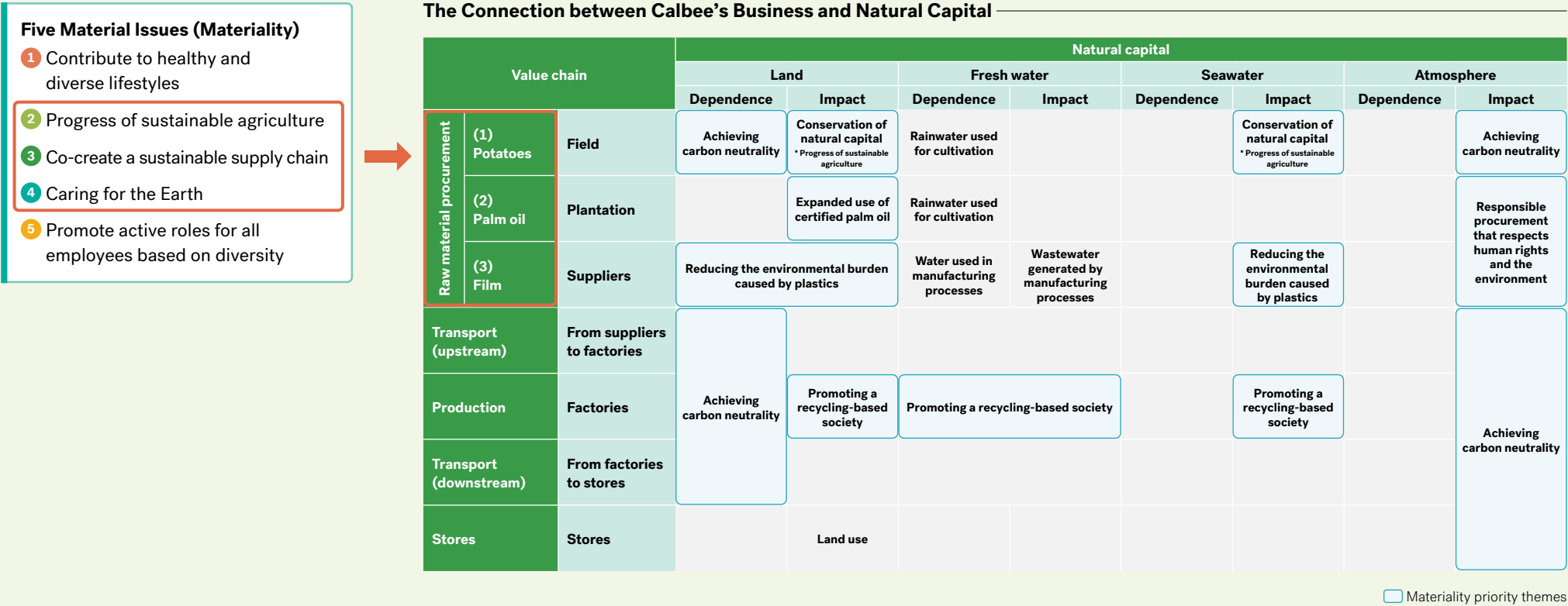
The Calbee Group's business activities are closely related to agriculture and depend on natural capital throughout the entire supply chain. These activities impact key components of natural capital, including land, fresh water, seawater, and the atmosphere. Among our five key material issues, conserving natural capital is most closely associated with advancing sustainable agriculture, co-creating a sustainable supply chain, and caring for the earth.

To clarify the relationship between the Calbee Group's business activities and natural capital, we assessed our dependence on and the impact of our key raw materials—potatoes, palm oil, and film—as shown in the diagram below. For example, the production of potatoes and palm oil relies on natural capital such as farmland and water. Therefore, the amount procured will have an impact on natural capital. We will address such priority issues both internally and alongside

producers, suppliers, and other stakeholders to ensure the preservation of natural capital for the future. Additionally, to further ensure the sustainable procurement of raw materials, we plan to conduct risk assessments in line with the TNFD framework and disclose TNFD information incorporating the TCFD recommendations in 2025. We will work toward a sustainable future through initiatives focused on economic value as well as engagement with environmental and social issues.

▶ Please see our corporate website for details regarding disclosure based on the TCFD framework. It is scheduled to be released around December 2024.

🖥️ <https://www.calbee.co.jp/sustainability/en/>





Special  
Feature

## Natural Capital for the Future

### (1) Sustainably Procuring Potatoes

For the Calbee Group, which harnesses nature's gifts, addressing global warming and conserving natural capital are urgent issues. We are working with approximately 1,700 contract growers and stakeholders in Japan to ensure the stable quality and the procurement of potatoes, our main raw material, and to enhance sustainability.

#### Risks and Opportunities

The procurement of potatoes, like other crops, is greatly affected by climatic conditions such as sunlight hours, temperature, and rainfall. These factors can lead to risks such as insufficient yields and quality degradation. To address these risks, we view measures against global warming and the preservation of natural capital as opportunities and are actively working on them.

#### — Reducing Greenhouse Gases in Collaboration with Contract Growers

Since 2018, the Calbee Group in Japan has been calculating, verifying, and working to reduce its greenhouse gas emissions. In FY2023/3, we reduced Scope 1 and 2 emissions by 27.5%, out of approximately 620,000 tons of total greenhouse gas emissions. However, Scope 3 emissions are increasing year by year due to business growth. Accordingly, we focused on reducing greenhouse gas emissions from raw materials (Scope 3, Category 1), which account for 46.0% of total emissions.

In FY2023/3, we participated in the Ministry of the Environment's Model Support Project and formulated a road map for reducing greenhouse gas emissions from raw materials (Scope 3, Category 1).

In FY2024/3, we participated in a project with the Ministry of Agriculture, Forestry and Fisheries titled "Visualizing Potato GHG Emissions," contributing to the data and verification of the simplified calculation sheet.

As part of this project, we visited contract growers, investigated whether greenhouse gases were being emitted during each cultivation process, and verified our own calculations. Going forward, we will continue to contribute to reducing greenhouse gas emissions in potato cultivation.

#### KPI Total greenhouse gas emissions:

30% reduction by FY2031/3 (compared with FY2019/3)

**Use of low-phosphate fertilizer (Hokkaido area):** 80% by FY2028/3

#### — Appropriate Fertilization Based on Soil Analysis for Preserving Natural Capital

Nitrogen, phosphorus, and potassium are said to be the three most important elements in fertilizers for crops to grow. These elements are also essential for growing potatoes. In collaboration with the Hokuren Federation of Agricultural Cooperatives, the Calbee Group conducts soil analysis of fields with different soil types and conditions, and recommends appropriate fertilizers for each field.

As part of our efforts to improve scientifically based cultivation techniques, we are focused on the role of phosphate in fertilizers. Through Hokuren, we are conducting joint research with Obihiro University of Agriculture and Veterinary Medicine, using the scientific evidence we have obtained to reduce phosphate usage.

Furthermore, based on the standards for reducing phosphate fertilizers, we have developed a corresponding fertilizer brand in collaboration with Hokuren and are working to popularize the developed fertilizer brand in the Hokkaido area.

To conserve natural capital, we will continue to promote scientifically based cultivation techniques in collaboration with stakeholders.



Special  
Feature

## Natural Capital for the Future

## (2) Promoting Sustainable and Certified Palm Oil

The Calbee Group's domestic factories procure approximately 40,000 tons of palm oil annually for frying potato chips and other products. Approximately 80% of our palm oil is produced in Indonesia and Malaysia. In recent years, the development of illegal palm plantations in these regions, however, has led to major social issues such as environmental destruction and human rights violations, including child labor.

As an industry leader, Calbee will proactively work with stakeholders to address palm oil sustainability issues.

### Risks and Opportunities

The cultivation and production of palm oil poses risks including deforestation resulting from the development of plantations, loss and degradation of biodiversity due to the development of new peatlands, and human rights issues such as forced and child labor. We see these initiatives to address environmental and human rights risks as an opportunity to communicate value not only to our customers, but to our entire value chain.

### Switching to RSPO-Certified Palm Oil and Strengthening Supplier Engagement

The Calbee Group aims to use 100% environmentally friendly and human rights-conscious RSPO-certified palm oil by 2030. In July 2021, we began introducing certified palm oil in our factories in Japan using the mass-balance method.\*<sup>1</sup> By April 2022, all domestic factories had completed the switch to certified palm oil using this method. We also began displaying the RSPO label on the packaging of some of our products in September 2022.

Going forward, we will promote the use of certified palm oil in raw materials that contain palm oil, build a due diligence system through closer engagement with oil suppliers, and expand the use of certified palm oil that can be traced back to oil mills and plantations.

\*<sup>1</sup> A model for assuring the amount of certified palm oil supplied from certified plantations and oil mills in blends containing certified and non-certified palm oil

### Promoting the Value of Sustainable Raw Materials to Customers

As part of our environmental communication efforts, we display the RSPO label on the packaging of some of our main products to promote the value of certified palm oil to our customers. As of March 31, 2024, the RSPO label was displayed on 30 products, including both Calbee and Japan Frito-Lay Ltd. products.

In addition, a video summarizing how the use of RSPO-certified palm oil contributes to solving environmental and human rights issues in palm oil producing regions has been posted on the Calbee Sustainability website. As of March 2024, the video has been viewed 200,000 times.

Through this approach, we are working with palm oil suppliers to tackle environmental and human rights issues, and leveraging this opportunity to communicate the value we provide.

We are expanding our approach to include other initiatives, such as the forest certification mark for paper, and Biomass logo.\*<sup>2</sup>

\*<sup>2</sup> Biomass logo: Indicates environmentally friendly products that utilize organic material resources (biomass) and comply with laws, regulations, and standards related to quality and safety (Japan Organics Recycling Association)



Special  
Feature

## Natural Capital for the Future

### (3) Reducing Plastic Use

The Calbee Group uses plastic in its packaging to protect its products and ensure they are safe to consume. However, marine plastic waste, the depletion of oil resources, and greenhouse gas emissions caused by plastics are significant social issues. Therefore, we are working to reduce the amount of plastic used in our product packaging, replace it with environmentally friendly materials, and recycle it. Our goal is to ensure that our packaging materials are sustainable.

#### Risks and Opportunities

Recognizing the risks to sustainable procurement posed by marine plastic pollution, the depletion of oil resources, and greenhouse gas emissions from fossil fuels, we are actively working to reduce the amount of plastic used in product packaging and replace it with environmentally friendly materials. As part of these efforts, we believe that recycling is key to achieving a circular economy, and we are seizing opportunities to collaborate on the development of recycling technologies.

#### Reducing and Replacing Petroleum-Based Plastic Packaging

In 1983, Calbee became the first in the industry to adopt aluminum vapor deposition film to maintain product quality, helping to keep its products fresh. However, the film's multi-layer structure makes it difficult to separate the materials from each other, complicating the process of horizontal recycling.

To address this, we have set targets for reducing and replacing plastic packaging in line with the milestones outlined in the Resource Circulation Strategy for Plastics, announced by the Japanese government in May 2019. As part of our efforts, we are also making packaging film thinner and smaller for some of our products, as well as incorporating biomass plastics and other materials.

**KPI** **Reduce and replace petroleum-based plastic packaging:** 50% by FY2031/3  
(compared with FY2019/3)  
**Use of environmentally friendly materials:** 100% by FY2051/3

#### Collaborating with across-Industry joint company to Recycle Plastic

Since February 2021, Calbee has invested in R Plus Japan Ltd., and collaborates with them on recycling used plastics.

Using technologies that facilitate the processing of waste in a shorter amount of time than conventional chemical recycling, we aim to reduce greenhouse gas emissions, curb energy requirements, and more efficiently recycle used plastics.

To improve plastic resource recycling in the future, we are working with other companies to promote the collection and reuse of waste plastics.



R Plus Japan Ltd. and participating companies (as of May 2024)