

# Board of Directors and Audit & Supervisory Board Members



## Directors

(As of July 1, 2025)

Name	Position/Background	Years in office	Members of each institution (● is the head of the institution)				Expected roles and expertise						
			Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board	Corporate management	Global	Marketing and brand strategy	New area/Innovation	Production/DX	Sustainability	Finance/Investment
<b>1</b> Makoto Ehara	President & CEO, Representative Director	6 years	●	●	●		●	●	●	●	●		
<b>2</b> Akira Imoto	Director, Senior Managing Executive Officer & CPO, President of Calbee Japan Region	2 years	●				●	●		●	●		
<b>3</b> Keiei Sho	Director, Senior Managing Executive Officer & CSO, President of Calbee Europe & Americas Region	1 year	●				●	●	●			●	
<b>4</b> Yoshihiko Miyauchi <span>Outside Independent</span>	Senior Chairman, ORIX Corporation	8 years	●	●	●		●	●				●	
<b>5</b> Hatsunori Kiriyaama <span>Outside Independent</span>	Representative Director, GL Inc.	2 years	●	●	●		●	●	●				
<b>6</b> Hiroaki Sugita <span>Outside Independent</span>	Professor, Graduate School of Business and Finance, Waseda University	New	●	●	●		●	●	●				
<b>7</b> Takako Suzuki <span>Outside Independent</span>	Chair, S.T. CORPORATION	New	●	●	●		●	●	●				
<b>8</b> Weiwei Yao <span>Outside</span>	President, International Beverage Franchise, PepsiCo, Inc.	New	●	●	●		●	●	●				

## Audit & Supervisory Board Member

Name	Position/Background	Years in office	Members of each institution (● is the head of the institution)				Expected roles and expertise						
			Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board	Corporate management	Global	Marketing and brand strategy	New area/Innovation	Production/DX	Sustainability	Finance/Investment
<b>1</b> Yumiko Okafuji	Full-Time Audit & Supervisory Board Member	3 years	●			●		●		●	●		●
<b>2</b> Nagako Oe <span>Outside Independent</span>	Partner, TMI Associates	9 years	●			●		●					●
<b>3</b> Yutaka Usami <span>Outside Independent</span>	Representative Director, Management Power Exchange Ltd.; President, Usami Certified Public Accountant Office	2 years	●			●		●				●	

## Message from an Outside Director



**Objectively supporting value creation, in Japan and overseas, leveraging our strengths in manufacturing**

**Yoshihiko Miyauchi**  
Outside Director  
(independent director)

### **Strengthening Governance to Support Value Creation**

I believe the purpose of a company is to create value over the medium to long term and deliver that value to society. This is both its responsibility and essential to its license to operate. The board of directors' role is to ensure this is carried out, and at its core, governance is about asking, "Will the company grow under its current management team?" This is where my focus lies.

For the Board of Directors to fulfill its expected role, it must have the authority to replace those in leadership. When assessing Calbee's governance from this perspective, the Board of Directors consists of three inside directors and five outside directors, including four independent directors. I believe this structure ensures sufficient transparency and independence.

During board meetings, outside directors including, myself, use our respective expertise to point out challenges and risks that may be less visible internally. For example, there may be times when we ask the executive officers to reconsider or revise investment proposals. While this may put pressure on them, it also compels deeper analysis and helps mitigate risks.

### **Supporting Overseas Operations: A Second Founding Era**

Since I joined the board as an outside director in 2017, I have watched Calbee grow under three CEOs. Under Akira Matsumoto, Calbee expanded domestically, securing the No. 1 position in the snack and cereal markets, while actively developing its business overseas. Under Shuji Ito, as domestic market share approached its limit, Calbee shifted its focus to diversification to sustain growth. And under Makoto Ehara, as of April 2023, the Company is now

actively exploring new growth areas, a direction the Board of Directors fully supports.

The most pressing priority today is accelerating Calbee's overseas expansion. With Japan's population decreasing, we wholeheartedly endorse this effort, while recognizing how demanding this work will be. Overseas growth requires significant upfront investment, which is funded by the profits of our domestic businesses. Successfully balancing Calbee's ability to maintain strong market share and earnings in Japan while pursuing new opportunities abroad will be the greatest challenge of CEO Ehara's leadership team. In this sense, we see the current transformation as a true "second founding."

The board has increasingly focused its discussions on Calbee's overseas strategy. For example, while China's market is attractive given its large population, in practice, we encountered higher-than-anticipated entry barriers and investment risks. As a result, in addition to our focus on North America, we are also shifting more of our attention to Southeast Asia. Going forward, while maintaining our overall direction, we recognize the need to be flexible and respond to local market conditions. Calbee's outside directors, including myself, bring extensive overseas business experience, which we are using to provide targeted advice and constructive oversight.

### **Refining the Value of Manufacturing**

Having observed Calbee over a long period, its greatest strength lies in its firm commitment to manufacturing. Its dedication to its core business, from pursuing research and development on a daily basis to its confidence in its product quality, is the driving force behind its leading share in the domestic snack and cereal markets, and reflects its pride as a true corporate leader.

## Message from an Outside Director

But the strengths we have built in Japan do not always translate abroad. Since I became an outside director of Calbee, I have made it a habit of studying the snack shelves of retailers in foreign markets. In some regions, consumers prioritize volume and price over flavor and quality, underscoring the challenge of entering these markets. For employees who have dedicated themselves to creating subtle differences in flavor, this may come as challenging. Ultimately, though, I believe what matters the most is the identity we have been building over the years.

Successful Japanese companies abroad, such as leading automakers, have thrived by staying true to their identity in the long run. I expect there will be continuous challenges in helping local consumers understand the value of Calbee products, but overcoming them will elevate the Company to a higher level. We don't need to succeed in the entire world at once—earning recognition in just one region can change our trajectory, and that is where I believe we should begin.

Even if we look across all our sites in Japan, the number of Calbee employees who can excel abroad is currently limited. Looking ahead, it will be important to recruit strong local talent, place them in meaningful roles, and ensure they understand and embrace Calbee's corporate culture. Creating a work environment in which locally hired employees can perform at their best will be more crucial than ever. That said, I have confidence in Calbee's track record of bringing together internal talent with external expertise, including on the board.

## Importance of Management over the Medium to Long Term

Companies are expected to continuously grow, but growth is rarely a straight line. Progress often comes through steps taken forward and back, with failures offering valuable lessons for success. If a company focuses only on short-term results, we risk underinvesting in the future and slowing its growth. Corporate growth should be managed with a medium- to long-term perspective. I believe the true purpose of a company is to create a virtuous cycle in which employees' personal growth and joy leads to overall corporate growth, and vice versa.

The Board of Directors is responsible for ensuring the executive team is carrying out corporate activities with sincerity and without complacency, while offering positive encouragement. When the board is functioning well in its role, I believe we will earn the recognition of a broad range of stakeholders that governance at Calbee is functioning effectively.



### Specifics Discussed in Board Meetings (FY2025/3)

The Board of Directors deliberates and makes decisions on management policies, investment targets, and other important topics. It also reviews the medium- to long-term progress of growth strategies and fundamental management issues, such as sustainability, while discussing ways to reinforce its oversight function. Specifically, this includes:

- Medium- to long-term growth strategy aligned with the Company's vision
- Progress and challenges of key growth strategy priorities
- Research and development and businesses investments in new fields, including major capital expenditures
- Progress with business strategies with a focus on priority markets abroad
- Financial strategy focusing on cost of capital (including shareholder returns and capital policies)
- Selection of directors, Audit & Supervisory Board members, and executive candidates following deliberation by the Nominating Committee
- Basic policy on executive compensation following deliberation by the Compensation Committee
- Progress in priority issues and themes in sustainability management

# Corporate Governance

## Fundamental Approach

Our vision is to become a company that is respected, admired, and loved—first by consumers and business partners, then by our employees and their families, followed by the communities we serve, and finally by shareholders. We believe that putting our consumers and business partners first ultimately leads to maximizing shareholder value. At the same time, we recognize strong corporate governance is essential to earning the trust of all stakeholders and enhancing corporate value. Guided by this approach, we are committed to enhancing management transparency and to reinforcing our internal control systems and compliance framework.

In line with the application of Japan’s Corporate Governance Code to listed companies in 2015, we have established our own Corporate Governance Code to formalize our fundamental approach to corporate governance.

For more details, please refer to our Corporate Governance Code:  
[https://www.calbee.co.jp/en/ir/pdf/2025/governance\\_code.pdf](https://www.calbee.co.jp/en/ir/pdf/2025/governance_code.pdf)

## Evolution of Our Corporate Governance Framework

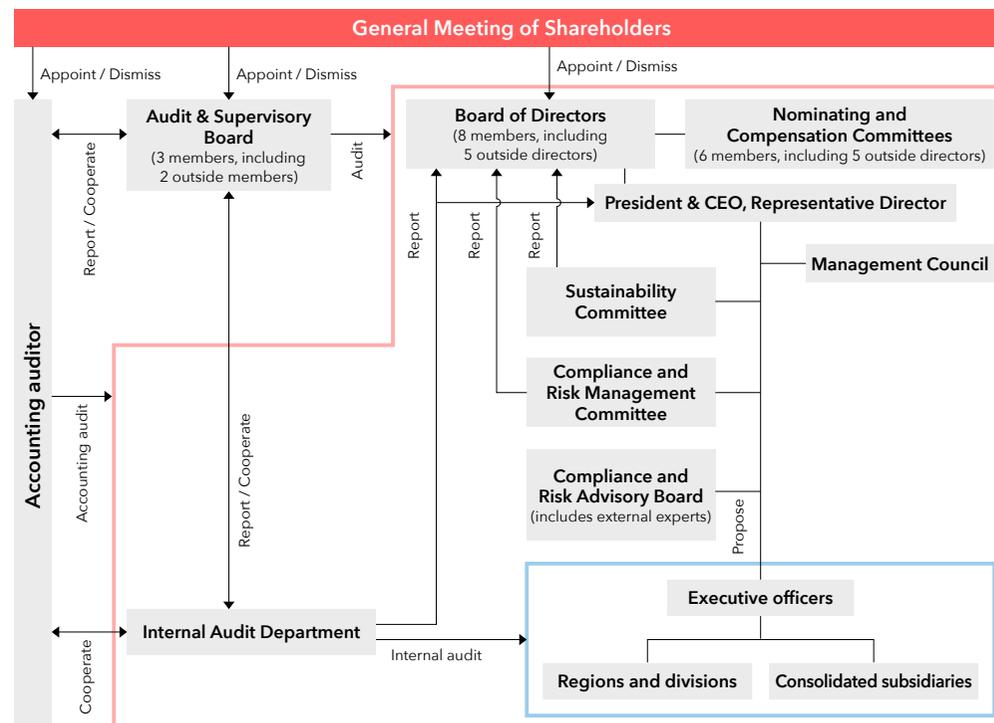
	Objective	Initiatives
2001	<ul style="list-style-type: none"> <li>Separation of supervision and execution</li> </ul>	<ul style="list-style-type: none"> <li>Introduced executive officer system</li> <li>Appointed outside directors</li> </ul>
2009	<ul style="list-style-type: none"> <li>Strengthening of oversight functions</li> <li>Promotion of diversity on the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Reduced number of internal directors from nine to two</li> <li>Increased number of outside directors from two to five</li> <li>Appointed first non-Japanese director</li> </ul>
2010	<ul style="list-style-type: none"> <li>Enhancement of transparency and soundness</li> </ul>	<ul style="list-style-type: none"> <li>Established the Advisory Board (now the Nominating and Compensation Committees)</li> </ul>
2014	<ul style="list-style-type: none"> <li>Clarification of management responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Shortened director terms from two years to one year</li> </ul>
2019	<ul style="list-style-type: none"> <li>Strengthening of management structure</li> <li>Clarification of committee functions</li> </ul>	<ul style="list-style-type: none"> <li>Increased the number of internal directors by two, expanding the Board from six to eight people</li> <li>Transitioned from the Advisory Board to the Nominating and Compensation Committees, each chaired by outside directors</li> </ul>
2023	<ul style="list-style-type: none"> <li>Clarification of the independence of outside officers</li> </ul>	<ul style="list-style-type: none"> <li>Established Calbee’s own independence standards for outside officers</li> </ul>

## Corporate Governance Framework

Our corporate governance framework comprises an eight-member Board of Directors, including five outside directors (four independent) and three internal directors, together with an Audit & Supervisory Board that oversees management. By implementing an executive officer system, we have separated supervisory and executive functions to improve transparency, clarify responsibility, accelerate decision-making, and strengthen oversight.

Our framework functions as follows: the General Meeting of Shareholders serves as the highest decision-making body; executive officers are responsible for business execution; the Board of Directors supervises execution; and the Audit & Supervisory Board audits and monitors the performance of directors.

## Overview of Framework



Corporate Governance

## Directors and Audit & Supervisory Board Member Nomination Policy and Procedures

### ▶ [Policy] Composition of the Board of Directors

The majority of our board consists of independent directors. We actively promote diversity by considering differences in background, gender, nationality, and other factors. Candidates are drawn from a diverse range of fields, including the food industry, broader industries, and academia, providing a balanced mix of perspectives. Independence is determined based on our internal standards, which are aligned with the requirements of the Tokyo Stock Exchange.

### Composition of the Board of Directors and the Audit & Supervisory Board (as of June 25, 2025)



### Expected Roles and Areas of Expertise (as of June 25, 2025)

Category		Number of applicable directors and Audit & Supervisory Board members
<b>Corporate management</b>	Experience and knowledge in corporate management	8 people
<b>Global</b>	Experience in international business or corporate management related to global business development	11 people
<b>Marketing and brand strategy</b>	Expertise in providing products and services that meet consumer needs and branding	4 people
<b>New areas/Innovation</b>	Expertise in creating and developing new businesses and business innovation	3 people
<b>Production/DX</b>	Expertise in improving and optimizing productivity and strategic use of digital technology	1 person
<b>Sustainability</b>	Expertise required to sustainably develop both companies and society	3 people
<b>Finance/Investment</b>	Expertise in financial accounting and investment strategies	4 people
<b>Legal/Risk management</b>	Expertise in legal affairs and risk management	2 people

### ▶ [Policy] Nomination of Outside Directors and Audit & Supervisory Board Members

We place importance on the following factors when considering candidates, evaluating comprehensively whether they will contribute to sound and efficient corporate management. Independence is assessed in accordance with our internal standards, which are aligned with the Tokyo Stock Exchange’s requirements for independent officers.

- The candidate can draw on extensive knowledge and experience in corporate management, both in Japan and internationally, to provide objective and constructive advice and oversight
- The candidate can draw on deep insight and specialized knowledge in their field to provide valuable, objective, and impartial advice and supervision

### ▶ [Process] Nomination of Outside Directors and Audit & Supervisory Board Members

Nominations for outside directors are considered by the Nominating Committee, a voluntary advisory committee, before they are proposed by the Board of Directors and approved at the General Meeting of Shareholders. Candidates for outside members of the Audit & Supervisory Board are nominated by the Board of Directors based on expertise in fields such as finance, accounting, and law, and their commitment to fulfilling the mandate entrusted by shareholders. Their nomination requires the consent of the Audit & Supervisory Board and approval at the General Meeting of Shareholders.

## Key Deliberations by the Nominating Committee and the Compensation Committee (FY2025/3)

The Nominating Committee deliberated on the selection of director candidates, the skills required of directors and others, the appointment of executive officers, and matters related to the executive structure. The committee also discussed the succession plan, and following a review of the previous fiscal year’s execution of duties, whether to recommend reappointing the CEO.

The Compensation Committee reviewed the executive compensation policy and compensation structure to ensure they align with the Company’s medium- to long-term growth strategy and reflect market trends.

With the lead independent outside director serving as chair of both the Nominating Committee and Compensation Committee, we have established a structure that enhances the independence, objectivity, and transparency of these committees.

Corporate Governance

### Evaluating the Board of Directors' Effectiveness

We conduct an annual evaluation of the effectiveness of the Board of Directors. The evaluation focuses on whether the board makes decisions that contribute to enhancing corporate value from the perspective of shareholders, and whether it effectively oversees executive management from an independent standpoint. To this end, we conduct surveys and individual interviews with directors and Audit & Supervisory Board members, and then analyze the results to strengthen the board's supervisory function.

**Evaluation process**

- A third-party organization conducted a questionnaire of all directors and Audit & Supervisory Board members
- The organization aggregated and analyzed the questionnaire results
- The Board of Directors' Secretariat and Audit & Supervisory Board members conducted individual interviews of directors

**Main focus areas of the questionnaire and interviews**

- Board composition (size, number of members, expertise, and diversity)
- Board operations (quality and volume of reporting materials, time allocated for deliberation, etc.)
- Board agenda (content of agenda items submitted and effectiveness of discussions)
- Other matters (effectiveness of the Nominating Committee and Compensation Committee, etc.)

► **FY2025/3 Evaluation Results and Future Initiatives**

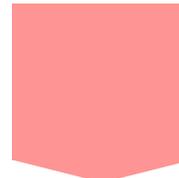
Based on the third-party's analysis of the questionnaire and the results of the interviews, we concluded that the Board of Directors is effective. Key findings and future initiatives are outlined below.

**Key issues and initiatives from the FY2024/3 effectiveness evaluation**

- (1) We will continue to examine the composition of the Board of Directors and the organizational design in order to accelerate our growth strategy and strengthen governance.
- (2) We will streamline information provided and optimize the scheduling of agenda items in order to enhance discussions centered on our growth strategy.
- (3) We will deepen discussions on strengthening our business foundation for sustainable value creation, as well as on financial strategies incorporating cost of capital.
- (4) We will hold meetings of the Nominating Committee and Compensation Committee in an orchestrated manner to ensure transparency in the processes of executive nomination and compensation decisions.

**FY2025/3 effectiveness evaluation**

- (1) Board composition
  - Ensured diversity among outside directors in terms of gender, nationality, area of expertise, etc.
  - Identified room for improvement in the number of times outside officers are reappointed and in the proportion of female directors
- (2) Operation of the board
  - Maintained high attendance rate by continuing to hold hybrid meetings
  - Strengthened the role of outside officers and stimulated discussions through opportunities to exchange opinions outside of board meetings, such as factory visits and internal events
  - Ensured outside officers could provide advice and objections at board meetings based on their own knowledge and experience
- (3) Agenda items
  - Provided regular opportunities to discuss management policy and medium- to long-term strategy



**Key issues and future initiatives**

- Recognized the need to improve the scheduling of agenda items and provision of background information, such as industry trends, competitive environment, and risks, in order to deepen discussions
  - Recognized the need to engage in in-depth discussions on how business foundations—such as human capital, digital transformation (DX), and sustainability—support growth strategy
  - (4) Other
    - Clarified the roles of the Nominating Committee and Compensation Committee, resulting in more active discussions on matters such as executive structure
- (1) We will optimize the selection of agenda items and provide an environment that enables sufficient deliberation of medium- to long-term strategies as well as areas related to the business foundation, such as human capital strategy, risk management, and internal controls
  - (2) We will improve the accuracy of proposed agenda items and enhance the provision of information such as market intelligence
  - (3) For M&A and large-scale investment projects, we will optimize the scheduling of discussions to ensure thorough deliberation, while enhancing financial discussions with a clear focus on cost of capital
  - (4) We will continue to examine the composition of the Board of Directors and the design of our organization. Within the Nominating Committee, we will deepen succession plan discussions to ensure greater transparency in the executive nomination process

### Key Discussions by the Board of Directors

Based on the board's evaluation, in FY2025/3, the Board of Directors strengthened its focus on medium- to long-term strategy. Key reporting and discussion items are as follows.

Agenda items	Details of major reporting and discussion items
<b>Review of priority items under the Change 2025 growth strategy</b>	<p><b>Reporting details</b> The general managing director in charge reported key achievements, such as results that exceeded growth expectations despite a challenging environment marked by cost pressures and tighter regulations, and progress in enhancing profitability by optimizing the number of SKUs. The report also touched on the need to strengthen earning power over the medium to long term and to pursue growth in key overseas regions.</p> <p><b>Discussion details</b> Discussions focused on concentrating resources in key overseas regions and developing strategies tailored to regional characteristics. The board also emphasized the importance of branding and innovation to differentiate and expand the portfolio of high-value-added products.</p>
<b>Calbee's organizational and human capital strategies</b>	<p><b>Reporting details</b> The general managing director in charge reported on progress in human capital management, and outlined issues and potential solutions related to developing global talent.</p> <p><b>Discussion details</b> Discussions focused on the importance of aligning organizational and human capital strategies with the growth strategy, the need to foster talent and an organizational culture that generate innovation, and the importance of establishing a system that draws out employees' motivation to take on challenges and leverage their creative abilities.</p>

Corporate Governance

### Executive Compensation

Calbee’s executive compensation is designed to motivate individuals to drive continuous business growth and advance sustainability management in support of the Company’s 2030 vision: “To establish our pivotal growth drivers in overseas markets and new food domains.” Specifically, to enhance transparency and objectivity, the Board of Directors makes decisions according to the policies below after deliberation by the Compensation Committee.

- The compensation system should incentivize both short-term performance and medium- to long-term performance and the enhancement of corporate value
- Compensation should be directly tied to management strategy and vary significantly based on Company performance and corporate value
- Compensation should align the interests of management with shareholders
- Compensation should be set at a level that allows Calbee to recruit and retain top talent with diverse capabilities

To determine compensation for individual directors, the Compensation Committee conducts a multifaceted review that includes maintaining consistency with established policies. The Board of Directors generally respects the committee’s recommendations and considers its decisions to be aligned with these policies.

Directors (excluding outside directors) are expected to continuously hold a certain value of Calbee shares to reinforce their commitment to enhancing medium- to long-term corporate value enhancement. Specifically, the Company has set certain targets including potential shareholdings (i.e., confirmed points under the share-based compensation trust). For instance, the president and CEO is expected to hold shares equivalent to at least 2.0 times their base compensation, while other directors are expected to hold shares equivalent to at least 1.0 time their base compensation.

#### ► Overview of Executive Compensation

Calbee’s executive compensation consists of fixed base compensation and performance-linked compensation, including bonuses, performance-linked stock compensation, and retirement benefits. Approximately half of the total compensation is performance-linked, designed not only to drive continuous performance improvement each fiscal year, but also to incentivize medium- to long-term growth and align with shareholder interests.

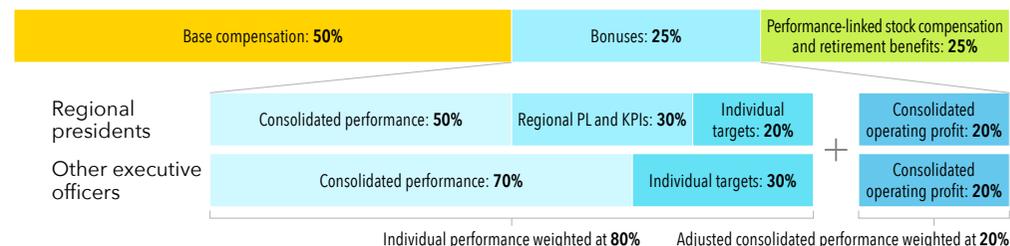
Outside directors receive compensation composed entirely of fixed base compensation.

Types of compensation		Overview
Fixed	<b>Base compensation</b>	<ul style="list-style-type: none"> <li>• This remuneration is paid as compensation for the execution of duties corresponding to each position</li> <li>• Base compensation is determined by taking into account an executive’s position, nature of responsibilities, and level of accountability</li> </ul>
	<b>Bonuses</b>	<ul style="list-style-type: none"> <li>• Bonuses are paid annually based on the degree of achievement of performance indicators</li> <li>• Performance indicators include consolidated business targets (net sales, operating profit, and profit attributable to owners of parent) and individual performance goals; bonuses are awarded according to position, responsibilities, and achievement level</li> <li>• Of the individual performance goals, 50% must relate to human resource development and organizational development that contribute to sustainable growth</li> </ul>
Variable	<b>Performance-linked stock compensation</b>	<ul style="list-style-type: none"> <li>• This non-monetary compensation, which is awarded upon retirement, is based on a point system (number of Calbee shares) granted each fiscal year according to position, level of achievement against consolidated performance indicators, and sustainability targets*</li> </ul>
	<b>Retirement benefits</b>	<ul style="list-style-type: none"> <li>• This compensation is paid in a lump sum upon retirement, accrued annually at an amount equivalent to one-half of the executive bonus level</li> </ul>

\* Sustainability targets: (1) expansion of products focused on salt and protein, (2) appropriate fertilization (low-phosphate fertilizer), (3) reduction of total GHG emissions, (4) reduction of water consumption, (5) ratio of women in management, and (6) employee engagement

For details on the calculation method of performance-linked compensation, please refer to Calbee’s latest Annual Securities Report (available only in Japanese). <https://www.calbee.co.jp/ir/library/fs/>

#### ► Structure of Executive Compensation



#### ► FY2025/3 Results

Category	Number of recipients	Total compensation (millions of yen)	Total compensation by type (millions of yen)			
			Base compensation	Bonuses	Performance-linked stock compensation	Retirement benefits
<b>Directors</b>	9	339	205	56	49	28
Outside directors	5	72	72	-	-	-
<b>Audit &amp; Supervisory Board members</b>	3	58	58	-	-	-
Outside Audit & Supervisory Board members	2	28	28	-	-	-
<b>Total</b>	12	397	264	56	49	28
Outside officers	7	100	100	-	-	-

Notes: The number of directors includes one director who retired at the conclusion of the 75th Annual General Meeting of Shareholders held on June 25, 2024. The amount listed under performance-linked stock compensation includes ¥49 million recorded during the fiscal year as provision for share-based compensation. The amount listed under retirement benefits includes ¥28 million recorded during the fiscal year as provision for retirement benefits.

Corporate Governance

Risk Management

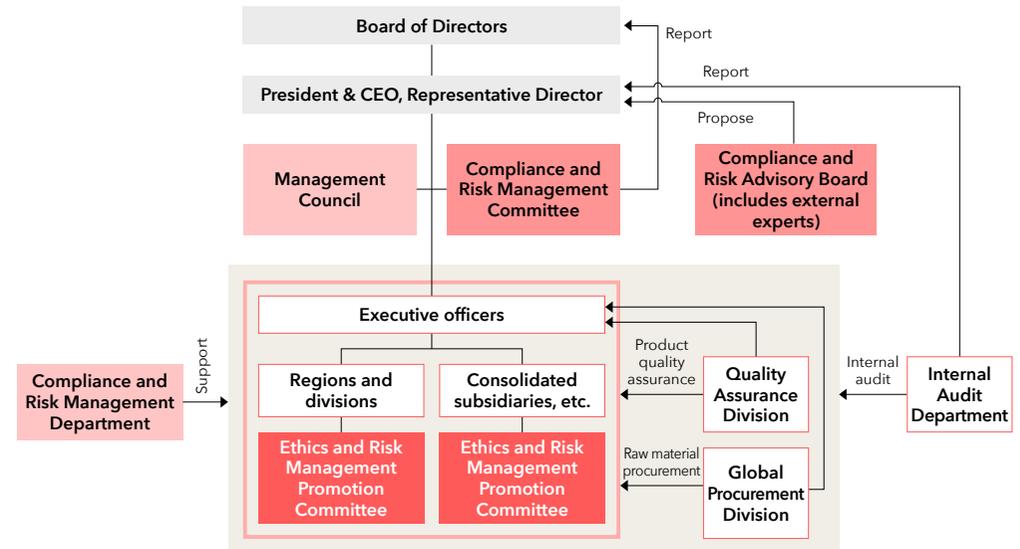
To address the wide range of management risks surrounding the Company—such as product safety and quality, raw material procurement, natural disasters, pandemics, information security, and compliance—we have established crisis management regulations. Also, as part of the process of building our internal control system, each division and Group company identifies and assesses management risks. We promote a business continuity framework that aims to preempt risks, minimize damage when risks materialize, and facilitate rapid recovery. In particular, the Quality Assurance Division and Global Procurement Division take the lead in implementing preventive measures and establishing systems for rapid response to risks related to product safety and raw material procurement. To address cyberattacks and other information security risks, we have established the Computer Security Incident Response Team (CSIRT). At the same time, we continue to educate and raise awareness among employees, implementing both system-based and human-centered prevention and response measures.

Risk Management Structure

The Calbee Group has built a compliance and risk management structure based on its Basic Policy on the Development of Internal Control Systems. The Compliance and Risk Management Committee deliberates and decides on countermeasures and manages progress on those actions. Furthermore, if the likelihood of a risk materializing increases or if a risk does in fact materialize, we will establish an emergency response headquarters as necessary to mitigate the risk.

For more information on business-related and other risk factors facing the Company, please see the latest Annual Securities Report (available only in Japanese). <https://www.calbee.co.jp/ir/library/fs/>

Compliance and Risk Management Structure



Major Risks and Responses

Risk	Potential risk	Response
<b>1 Product safety</b>	<ul style="list-style-type: none"> <li>Product recalls and suspension of sales</li> <li>Loss of trust</li> </ul>	<ul style="list-style-type: none"> <li>Build quality assurance systems</li> <li>Achieve traceability across the entire supply chain</li> </ul>
<b>2 Product development</b>	<ul style="list-style-type: none"> <li>Inability to develop products in a timely manner due to failure to respond properly to needs of consumers and business partners</li> </ul>	<ul style="list-style-type: none"> <li>Systematically conduct new product development, refresh brands, improve quality, reduce costs, and engage in R&amp;D activities in fundamental research fields</li> </ul>
<b>3 Raw material procurement</b>	<p><b>(1) Potato procurement risk</b> (weather instability and decrease in number of potato growers)</p> <ul style="list-style-type: none"> <li>Loss of sales opportunities due to inability to secure volume of potatoes</li> <li>Cost increase driven by urgent procurement</li> </ul> <p><b>(2) Potato procurement risk</b> (spread of potato cyst nematodes)</p> <ul style="list-style-type: none"> <li>Failure to develop and popularize new varieties that meet requirements</li> <li>New varieties fail to achieve widespread adoption in production areas</li> <li>Faster-than-expected spread of potato cyst nematodes</li> </ul> <p><b>(3) Other foodstuff and raw material procurement risks</b></p> <ul style="list-style-type: none"> <li>Higher-than-expected increases in prices of raw materials and supplies</li> <li>Increased procurement costs due to changes in import sources and routes</li> </ul>	<ul style="list-style-type: none"> <li>Build a procurement system through contracted growers and diversify production areas</li> <li>Support cultivation and harvesting and assist with labor-reduction measures</li> <li>Build factories that can handle imported potatoes</li> <li>Promote a switch to nematode-resistant potato varieties</li> <li>Establish a network of multiple and diverse suppliers</li> <li>Reinforce efforts to maintain appropriate inventory levels</li> </ul>

Corporate Governance

Risk	Potential risk	Response
<p><b>4 Product supply in Japan</b></p>	<ul style="list-style-type: none"> <li>• Inability to secure appropriately priced transportation vehicles</li> <li>• Higher-than-expected transportation costs</li> <li>• Excesses/shortages of raw materials due to climate change and sudden changes in sales</li> </ul>	<ul style="list-style-type: none"> <li>• Use automation and AI to reduce wait times through supply chain management reforms</li> <li>• Promote “white logistics” by reducing delivery frequency, consolidating delivery destinations, and using pallets</li> <li>• Establish a value chain optimization system</li> </ul>
<p><b>5 Information security</b></p>	<ul style="list-style-type: none"> <li>• Cyber terrorism and computer virus infection</li> <li>• Loss of information due to unauthorized access and data tampering</li> <li>• Leakage of personal information or confidential company information</li> </ul>	<ul style="list-style-type: none"> <li>• Establish an incident response system centered on CSIRT</li> <li>• Conduct appropriate security countermeasures for information management</li> </ul>
<p><b>6 Securing global human resources</b></p>	<ul style="list-style-type: none"> <li>• Inability to recruit sufficient global talent</li> <li>• Delays in global human resource development</li> </ul>	<ul style="list-style-type: none"> <li>• Promote global talent management that achieve systematic recruitment, placement, development, and evaluation</li> </ul>
<p><b>7 Compliance</b></p>	<ul style="list-style-type: none"> <li>• Actions that violate laws or social norms that could result in penalties, revocation of permits and licenses, lawsuits, and loss of trust</li> </ul>	<ul style="list-style-type: none"> <li>• Established the Calbee Group Code of Conduct and promoted compliance through level-based training and other educational activities to ensure employee compliance with ethical and social norms, laws and regulations, internal rules, etc.</li> </ul>
<p><b>8 Intellectual property rights</b></p>	<ul style="list-style-type: none"> <li>• Illegal use of Calbee’s intellectual property by third parties</li> <li>• Pursuit of the Company by third parties for intellectual property right infringements</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a department dedicated to thoroughly protecting and managing various intellectual property rights</li> <li>• Work to avoid third-party intellectual property right infringements</li> </ul>
<p><b>9 Geopolitical impacts on overseas expansion</b></p>	<ul style="list-style-type: none"> <li>• Risks becoming greater and more protracted than expected, causing supply shortages</li> </ul>	<ul style="list-style-type: none"> <li>• Consider and implement advance measures to address geopolitical risks, such as anticipated conflicts, decoupling, and pandemics</li> </ul>
<p><b>10 Climate change</b></p>	<ul style="list-style-type: none"> <li>• Introduction of carbon taxes, based on the progress of initiatives to reduce greenhouse gas emissions</li> <li>• Changes in consumer purchasing behavior</li> <li>• Potential deterioration in potato quality</li> <li>• Damage to production equipment, interrupted operation, and supply chain disruptions due to typhoons, torrential rain, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Energy conservation and use of renewable energy</li> <li>• Support the TCFD recommendations and analyze risks and opportunities related to climate change</li> </ul>
<p><b>11 Natural disasters and pandemics</b></p>	<ul style="list-style-type: none"> <li>• Prolonged disruption of the supply chain resulting in inability to supply products</li> <li>• Long lead times and significant costs incurred for repairs or upgrades of machinery, equipment, and facilities</li> <li>• Sharp increases in raw material prices and difficulty in securing raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• Promote diversification of suppliers for production sites and raw materials, as well as multiple sourcing</li> <li>• Strive for early restoration of supply systems based on an all-hazards business continuity plan (BCP)</li> </ul>
<p><b>12 Major shareholders</b></p>	<ul style="list-style-type: none"> <li>• If changes occur in PepsiCo, Inc.’s management policies or business strategies, it may not be possible to realize the synergies of the alliance</li> <li>• If the agreement is terminated, a competitive relationship may arise with the PepsiCo Group within Japan</li> <li>• Changes may occur in PepsiCo, Inc.’s shareholding ratio in Calbee</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain the strategic alliance with PepsiCo, Inc.</li> </ul>