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[TRANSLATED DOCUMENT]

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The corporate governance of Skylark Holdings Co., Ltd. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

Based on our management philosophy of "Creating Richness with Value to Society" and our purpose of "Contributing to Life enrichment and advancement of society by creating the future of dining," we operate approximately 3,000 restaurants, mainly table service restaurants, serving a total of approximately 300 million customers annually, to "Offer great-tasting food at affordable prices with good service in our comfortable restaurants to as many people as possible.” We consider contributing to society through our food-related business and continuously improving our corporate value as our most important management task, and aim to be a corporate group that is trusted not only by our customers, but also by our shareholders, business partners, local communities, employees, and other stakeholders.

In order to achieve this, we have established the "Charter of Corporate Behavior of the Skylark Group," which is shared by all executives and employees, and we strive to comply with laws, international rules and their spirit, as well as to act with social common sense. In addition, we are implementing various initiatives to ensure the soundness, efficiency, and transparency of management and to enhance corporate governance.

Basic Policy on Corporate Governance:

(1) Respect the rights of shareholders and ensure their equality.

(2) Consider the interests of stakeholders, including shareholders, and work with them appropriately.

(3) Appropriately disclose corporate information and ensure transparency.

(4) Ensure the effectiveness of the supervisory function of business execution by the Board of Directors.

(5) Engage in constructive dialogue with shareholders who have investment policies that are consistent with the interests of shareholders over the medium to long term.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company implements all principles.

Disclosure Based on each Principle of the Corporate Governance Code

<Principle 1-4>

We have no record of holding listed stocks for policy purposes, nor do we have any plans to do so at this time. If we consider holding listed stocks for policy purposes in the future, we will formulate a policy for reducing policy holdings of listed stocks in advance and execute such holding of stocks after appropriate consideration. In such cases, we will appropriately disclose the aforementioned policy, the results of verification of the appropriateness of individual holdings, and the criteria for exercising voting rights related to the listed shares held under the policy.

<Principle 1-7 Related-Party Transactions>

The Company has established material related-party transactions as matters to be resolved by the Board of Directors, and transactions that fall under the category of competitor transactions and transactions involving conflicts of interest by the directors as matters to be resolved by and reported to the Board of Directors and monitors such transactions, and discloses material related-party transactions in the individual notes and other relevant documents. In addition, the Company conducts a quarterly survey on related-party transactions with respect to directors and monitors such transactions.

＜Supplemental Principle 2-4 (1) Ensure diversity of core personnel>

The Skylark Group regards human resources as one of its most important management resources and promotes diversity management. Specific efforts are described in detail below.

Our website (https://corp.skylark.co.jp/en/sustainability/social/employee/diversity.html)

<Principle 2-6: Exercise your function as an asset owner of a corporate pension plan>

The Company does not operate either a funded or defined benefit pension plan or an employees' pension fund, but has adopted a defined contribution pension plan. Therefore, employees are responsible for managing their own reserves. However, in consideration of the impact on employee asset formation and other factors, the Company is engaged in employee education and other activities related to defined contribution pension plan asset management.

＜Principle 3-1: Enhance disclosure of information>

1. Management philosophy and management plan

Based on our management philosophy of "Creating Richness with Value to Society," our strategic vision to be achieved by 2025 is "Establishing a solid business foundation, be the best restaurant in each community through a continuous challenge of all employees, and achieving sustainable business growth, - all for the smiles of our

customers." To realize this strategic vision, we have formulated the following management plan to achieve growth by maximizing the use of our solid business platform.

[Management Policy for 2023]

Our business environment remains uncertain due to the gradually declining labor force resulting from the falling birthrate and aging population, rising raw material and energy costs, and the political and economic situation in Japan and abroad, and we expect that selective consumption when eating out due to a defensive lifestyle and other factors will continue in 2023 and thereafter. Based on such understanding of our current standing, we will aim for performance recovery and more growth by further deepening and accelerating the "Profitability Structure Reform" that we have been pursuing since last year, as well as by steadily implementing our strategy for "Sales Growth.

(1) Profitability Structure Reform Initiatives

-Existing Store Profit Improvement Project

-Company-wide productivity improvement / DX promotion

-Cost reduction, cost reduction

(2) Sales Growth

-Menu Strategy

-New stores

-Brand conversion

-New brand development

-Overseas business expansion

-E-commerce / Retail sales

-Resuming of late-night operating hours

(3) Promotion of ESG management

(4) Further reinforcement of management strategy and execution (to a two-top management structure of Chairman and President)

2023 Financial Targets

Sales: 355.0 billion yen (up 51.3 billion yen from the previous year)

Operating income: 6.0 billion yen (11.6 billion yen increase from the previous year)

Net income: 1.0 billion yen (up 7.4 billion yen from the previous year)

2. Basic Policy on Corporate Governance and Basic Policies

Described in section I.1 of this report.

3. Matters relating to remuneration for senior management and directors

(1) Policy for determining remuneration

The Company's policy on compensation for directors and corporate auditors is to use a system that contributes to the sustainable improvement of corporate performance and corporate value, as well as to the sharing of value with shareholders.

Compensation for the Company's directors consists of a fixed base salary and performance-linked remuneration, the amount of which fluctuates depending on the Company's business performance and other factors. The performance-linked remuneration consists of a financial bonus based on consolidated business results for each fiscal year and remuneration whose payment amount is linked to the stock price during a certain period (hereinafter referred to as "phantom stock").

From the viewpoint of ensuring independence, compensation for outside directors and audit and supervisory committee members is not linked to business performance, and only base compensation is paid.

Detailed information on executive compensation is provided in the Annual Securities Report (Japanese text only).

http://ir.skylark.co.jp/library/yuho.html

(2) Procedures for determining compensation

In determining the amount of remuneration for directors or the method of calculating such remuneration, the Board of Directors makes decisions based on the proposals of the Remuneration Committee, which is an advisory body to the Board of Directors. From an independent and objective standpoint, the Remuneration Committee determines individual basic remuneration proposals based on individual performance and abilities, within the maximum amount of remuneration resolved at the General Meeting of Shareholders, and in accordance with the Remuneration Regulations and Remuneration System for Directors and Corporate Auditors. In addition, the remuneration of directors is appropriately deliberated, such as determining individual financial bonus proposals in consideration of the Group's business performance.

The Remuneration Committee is chaired by the Chairman of the Board of Directors and consists of the Chairman and at least two members appointed by the Board of Directors. Currently, two independent outside directors serve on the committee to ensure independence and objectivity in its deliberations.

4. Matters relating to the selection and dismissal of senior management and the nomination of candidates for directors

(1) Policy on selection and dismissal of senior management and nomination of candidates for directors

In order to respond to the rapidly changing restaurant market, we nominate director candidates with diverse knowledge, experience, and abilities, both internally and externally.

For internal director candidates, we nominate individuals who can contribute to society through the restaurant business and show leadership in continuously increasing corporate value, based on a balance of their knowledge and achievements in general management of family restaurants, financial strategy, and marketing strategy.

The candidates for outside directors are selected for their extensive experience in diverse companies and organizations, including the food service industry.

With regard to candidates for Directors who are Audit and Supervisory Committee members, we select those

who can appropriately audit the execution of duties of a director based on their knowledge of corporate management and their knowledge and experience in accounting, finance, law, risk management, and other areas.

(2) Procedures for selection and dismissal of senior management and nomination of candidates for directors

In nominating candidates for directors, the Nomination Committee deliberates from the perspective of maximizing the Group's corporate value and makes proposals to the Board of Directors.

The Nomination Committee is chaired by the Chairman of the Board and consists of the Chairman and two or more members appointed by the Chairman and the Board of Directors. Currently, two independent outside directors serve on the committee, ensuring independence and objectivity in its deliberations.

5. Explanation of the selection and dismissal of senior management and the individual selection and nomination of candidates for the Board of Directors

For the reasons for the appointment of directors, please refer to "Reasons for the Appointment of Directors and Directors who are Audit and Supervisory Committee Members" in the Appendix to this report.

<Supplemental Principle 3-1 (iii) Sustainability initiatives, human capital, investment in intellectual property>

(1) Sustainability Initiatives

We recognize that our business activities are closely related to the Sustainable Development Goals (SDGs). In order to strengthen our ESG initiatives, including the implementation of measures in line with the global goals set by the United Nations, we established the Sustainability Committee in December 2020 and strengthened our system to promote our responsibilities toward the realization of a sustainable society. From procurement and production to store operations, through our products, services, and corporate activities, we will fulfill our responsibilities toward global environmental conservation and the development of a sustainable society.

The specific sustainability initiatives of the Group are described in detail below.

-Our website (https://corp.skylark.co.jp/en/sustainability/)

-Integrated Report (https://corp.skylark.co.jp/en/ir/library/corporate_reports/)

(2) Investment in human capital and intellectual property

Regarding human capital, the Group promotes the creation of workplaces where diverse human resources can work with vigor and enthusiasm, and works to improve the work-life balance and support employee health. Specific efforts regarding human capital are described in detail below.

-Our website: "Employees" (https://corp.skylark.co.jp/en/sustainability/social/)

-In this report: "Disclosure Based on the Principles of the Corporate Governance Code, Supplemental Principle 2-4 (i)"

Regarding intellectual property, the Group's brand portfolio is detailed below.

-Integrated Report (https://corp.skylark.co.jp/en/ir/library/corporate_reports/)

<Supplemental Principle 4-1 (i) Scope of Delegation to Management>

Matters to be discussed at the Board of Directors meetings are clearly stipulated in the Regulations of the Board of Directors and the List of Proposals to the Board of Directors, which consist of important management matters such as matters related to basic management policies and medium- to long-term management plans, in addition to matters stipulated by laws and regulations and the Articles of Incorporation of the Company.

＜Principle 4-9 Criteria and Qualifications for Independence of Independent Outside Directors>

1. Independent outside directors shall not apply to any of the following:

(1) The person is executing business of the Company or its subsidiaries

(2) The Company is the person's major business partner (where sales to the Company consists of more than 1% of the business partner's consolidated sales) or a person who executes the business partner's business

(3) The person is a major business partner (where the business partner accounts for more than 1% of our consolidated sales or provide goods or services that are indispensable for our business activities) or a person who executes the business partner's business

(4) The person is an executive of a major financial institution from which the Company is borrowing from

(5) The person is a consultant, accounting expert or legal expert who receives a large amount of money or other assets from the Company other than the remuneration for directors and audit and supervisory committee member (if the person receiving such assets is a corporation, partnership or other organization, a person who belongs to such organization)

(6) Major shareholder of the Company (a shareholder who directly or indirectly holds 10% or more of the voting rights of all shareholders) or a person who executes business for such a shareholder

(7) A person who is an executive of the business, non-executive director or a corporate auditor of the Company's parent company

(8) A person who is an executive of the Company's brother/sister companies

(9) Those who have fallen under (4) above in the past; those who have fallen under (1) above within the past 10 years, and those who have fallen under (2), (3), (5) to (8) above in the recent past (within 1 year)

(10) Close relatives of persons falling under (1) through (9) above (excluding non-material persons)

2. Even if a person falls under any of the categories in 1. above, if the Company recognizes that the person is suitable as an independent outside director of the Company in light of the person's character, knowledge and ability, the Company may nominate such a person as a candidate for an independent outside director of the Company. In such a case, the Company shall explain externally why the Company considers such a person suitable as an independent outside director of the Company.

In addition, even if a person does not fall formally under any of the categories in 1. above, if the person is considered to fall substantially under any of the categories, he/she cannot be a candidate for an independent outside director.

<Supplemental Principle 4-10 (i) Involvement of Independent Outside Directors in Nomination, Remuneration,

and Other Matters through the Use of Voluntary Committees>

To supplement the functions of the Board of Directors, the Company has established the "Nomination Committee" and the "Remuneration Committee," voluntary committees whose main members are independent outside directors appointed by resolution of the Board of Directors, to ensure fair deliberations from an independent and objective standpoint. The Committee's approach to independence, authority and roles are described in the supplementary explanation regarding "Establishment of Voluntary Committees, Composition of Members, and Attributes of the Chairman (Chairperson)" in "II. 1. Matters Related to Organizational Structure and Operation" of this report.

＜Supplementary Principle 4-11(i): The Board of Directors as a whole should be balanced in terms of knowledge, experience, and capabilities, and should be diverse in size and scope>

The Company discloses its skill matrix as the composition of its Board of Directors, taking into consideration the balance and diversity of knowledge, experience, and abilities of the Board as a whole, which is necessary for the Group's sustainable growth and enhancement of corporate value over the medium to long term. Currently, five of the eight directors are outside directors. In addition, the Company's lead independent outside director has management experience at other companies. The number of directors of the Company is limited to 10 or less.

＜Supplementary Principle 4-11(ii): Concurrent directorships>

The status of directors holding concurrent positions is stated in the Business Report, the Reference Documents for the General Meeting of Shareholders, or the Annual Securities Report.
https://corp.skylark.co.jp/en/ir/

＜Supplementary Principle 4-11(iii): Analysis and evaluation of the effectiveness of the board of directors>

Based on the recognition that the Board of Directors should be a forum for effective and strategic discussion for the sustainable growth of the Group and the enhancement of corporate value, the Company conducted an evaluation of the effectiveness of the Board of Directors with the aim of linking this evaluation to efforts to further enhance the Board's functionality. A summary of the implementation outline and evaluation results for fiscal year 2022 are as follows.

1. Evaluation Outline

(1) Subject:

All directors (6 persons) and all auditors (4 persons)

(2) Evaluation method:

Self-evaluation by questionnaire

The Nomination Committee and the Board of Directors deliberated in advance on the appropriateness of the questionnaire-based self-evaluation method and the outline of the questionnaire content and evaluation process, and after a decision that this evaluation process is appropriate, questionnaires were sent to each director and auditor, and the secretariat members collected the responses and consolidated the results.

(3) Evaluation process:

(i) Based on a questionnaire (24 questions in 4 categories) prepared by the Company, each director and corporate auditor anonymously scored each question on a 4-point scale, and also evaluates individual directors and corporate auditors by writing in the free-response column for each category, indicating what they appreciated, what they recognized as issues, and other opinions.

(ii) Confirmed opinions with directors and auditors as necessary based on the results of the evaluation in (i).

(iii) Consolidated the evaluation results of (i) and the confirmation results of (ii), and reported and discussed the scores for each question, opinions expressed in the free response column, and issues to be addressed in the following fiscal year and beyond at the Board of Directors' meeting.

(4) Questionnaire conducted:

December 2022

(5) Target period:

Board meetings, voluntary nomination and remuneration committee meetings, independent director liaison meetings, and off-board activities for directors and officers held from December 2021 through November 2022

(6) Evaluation items

(1) Composition of the Board of Directors, (2) Operation of the Board of Directors, (3) Agenda of the Board of Directors, and (4) Supporting structure for the Board of Directors.

2. Summary of evaluation results and future actions

(1) The composition of the Board of Directors was evaluated as having the skills, experience, and knowledge necessary for the Board of Directors as a whole and for individual directors to fulfill their roles and responsibilities, and the ratio and number of executive directors and outside directors were appropriate.

(2) In terms of the operation of the Board of Directors meetings, the Board of Directors was evaluated to be appropriately managed so that open and active discussions could take place. On the other hand, there were opinions that the early dispatch of agenda materials continues to be an issue. We will continue to strengthen information sharing in advance for important matters to be discussed, while improving the early delivery of agenda materials. There was also an opinion that there is little contact between outside directors and executive officers and mid-level executives. We will strive to enhance opportunities for executive officers and mid-level executives to report and make proposals to outside directors at meetings of the Board of Directors and liaison meetings for independent directors.

(3) As for the agenda of the board of directors meeting, the evaluation was that discussions were appropriately based on the Company's management philosophy and purpose, as well as risks that have risen with the onset of the COVID-19 pandemic. It was also evaluated that constructive dialogue with shareholders was appropriately conducted and such situation was being appropriately shared with the Board of Directors.

(4) In terms of the system supporting the Board of Directors, the evaluation was that the internal control system and supervision of its operation were properly implemented.

(5) Regarding the various initiatives implemented after the previous survey, the respondents generally gave a positive evaluation.

(6) In addition, the evaluation of the lead independent outside director is as follows:
The board of directors is appropriately sized and composed of a diverse group of talents, and the board actively discusses various management issues and has a high level of transparency in its operations.
The Nomination Committee and Remuneration Committee, which are advisory bodies to the Board of Directors, engage in frank discussions based on objective information when deliberating important management issues, such as succession planning and the formulation of a new phantom stock system as a medium- to long-term incentive.
The Board of Directors is appropriately fulfilling its functions as a supervisory body, and there are no problems with its effectiveness.

The Company will further improve the effectiveness of the Board of Directors by addressing issues identified through the evaluation process as described above.

＜Principle 4-14 (ii) Training Policy for Directors>

From time to time, the Company provides training and information provision necessary for directors to properly fulfill their roles and responsibilities. As part of such efforts, the Company holds lectures and training sessions for directors at least once a year by experts in areas such as law, corporate governance, and sustainability. For independent outside directors, the Company provides necessary information on the Company's business issues through the Independent Officer Liaison Committee.

＜Principle 5-1: Policy on constructive dialogue with shareholders>

1. The Chairman of the Board of Directors oversees the Company's overall dialogue with shareholders and handles internal and external matters, including the implementation of the matters described in 2 through 5 below.
2. A department in charge of IR has been established in the Finance Division as a department that plays a central role in dialogue with shareholders. This department assists in dialogue with shareholders in cooperation with the General Affairs Department, Public Relations Office, and other related departments.
3. The Company holds individual meetings with shareholders and institutional investors, as well as periodic financial results briefings to explain the Company’s business performance. For institutional investors in North America, Europe, Asia, and other regions, in addition to individual meetings, we participate in external conferences and other events to promote ongoing dialogue.
4. The opinions and concerns of shareholders identified through dialogue with shareholders are compiled by the department in charge of IR and reported to the Board of Directors and the Group Executive Officers Meeting as appropriate, for discussion and improvement in order to enhance the Company's corporate value.
5. In accordance with the Group Disclosure Control Regulations and the Group Information Disclosure Detailed Regulations, both of which are internal regulations, the Company discloses information in a fair, timely, and appropriate manner, and controls insider information when interacting with shareholders by avoiding communicating undisclosed material facts in communications with shareholders.

Please also refer to the Company's Disclosure Policy, which is available on the Company's website.

https://corp.skylark.co.jp/en/ir/disclaimer/

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd.	27,138,000	11.93
Japan Custody Bank, Ltd.	4,088,900	1.80
Asahi Breweries, Ltd.	3,416,600	1.50
Kirin Brewery Co.	3,333,300	1.47
Suntory Limited	1,583,300	0.70
BCSL CLIENT RE BBPLC NYBR	1,008,600	0.44
Japan Custody Bank, Ltd.	867,000	0.38
SSBTC CLIENT OMNIBUS ACCOUNT	837,026	0.37
STATE STREET BANK AND TRUST COMPANY 505103	782,951	0.34
BNYMSANV RE ARBEJDSMARKEDETS TILLAEGSPENSION	744,300	0.33

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	
Name of Parent Company, if applicable	

Supplementary Explanation

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	December
Business Sector	Retail Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have a Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	10 or less
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Atsushi Nishijo	From another company											
Fumio Tahara	From another company											
Ayako Sano	Lawyer											
Tatsuya Aoyagi	CPA											
Reiko Okuhara	Lawyer											

*Categories for "Relationship with the Company".
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Atsushi Nishijo	○	—	We have elected him as an outside director because we believe that he will reflect his experience from his years working for a trading company and his high-level insight as a manager in the management of the Company and provide advice and supervision from an objective and long-term perspective for the benefit of the stakeholders of the Company's group. Mr. Nishijo is designated as an independent director because he meets the Company's criteria for independence from the Company and the criteria for independence set forth by the Tokyo Stock Exchange, Inc. and therefore there is no risk of a conflict of interest with general shareholders.
Fumio Tahara	○	—	He has extensive experience and knowledge from time spent in the Ministry of Agriculture, Forestry and Fisheries and industry organizations. Although he has no experience of being involved in the management of a company, we have elected him as an outside director because we believe that he will reflect his aforementioned experience and knowledge in the management of the Company, and provide advice and supervision from an objective and long-term perspective. Mr. Tahara is designated as an independent director because he meets the Company's criteria for independence from the Company and the criteria for independence set forth by the Tokyo Stock Exchange, Inc. and therefore there is no risk of a conflict of interest with general shareholders.
Ayako Sano	○	—	She has practical experience at a securities company, extensive knowledge as an attorney-at-law, and experience in taxation matters. Although she has no experience of being involved in the management of a company, she is appointed as an outside director because we believe that she will reflect the aforementioned practical experience and knowledge in the management of the Company, and provide advice and supervision from an objective and long-term perspective. Ms. Sano is designated as an independent director because she meets the Company's criteria for independence from the Company and the criteria for independence set forth by the Tokyo Stock Exchange, Inc. and therefore there is no risk of a conflict of interest with general shareholders.
Tatsuya Aoyagi	○	—	He is appointed as an outside director as a member of the Audit and Supervisory Committee based on his extensive experience as a certified public accountant and tax accountant and his knowledge of accounting and

			finance, which we believe will enable him to conduct appropriate audits of the Company's management. Mr. Aoyagi is designated as an independent director because he meets the Company's criteria for independence from the Company and the criteria for independence set forth by the Tokyo Stock Exchange, Inc. and therefore there is no risk of a conflict of interest with general shareholders.
Reiko Okuhara	○	―	She is appointed as an outside director as a member of the Audit and Supervisory Committee based on her extensive experience in the Ministry of Finance and as an attorney-at-law. Although she has no experience of being involved in corporate management, we believe that she will be able to conduct appropriate audits of our company's management based on her extensive practical experience and knowledge of corporate legal affairs and risk management, and therefore, we have elected her as an Audit and Supervisory Committee Member of the Board. Ms. Okuhara is designated as an independent director because she meets the Company's criteria for independence from the Company and the criteria for independence set forth by the Tokyo Stock Exchange, Inc. and therefore there is no risk of a conflict of interest with general shareholders.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Not Appointed

Reasons for Adopting Current System

The Internal Audit Office, in place of assistant employees, performs duties under the direction of the Director, who is the full-time Audit and Supervisory Committee Chairperson, to ensure that the duties of the Audit Committee are performed smoothly and appropriately.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee members receive reports on the management and operation of regulations and internal reporting from the General Affairs Group, the internal control division of the Company, through the Group Risk and Compliance Committee. In addition, the Audit and Supervisory Committee

members hold monthly meetings with the Internal Audit Office, the Company's internal audit organization, to confirm the content of audits and exchange opinions. Furthermore, the Audit and Supervisory Committee members receive explanations from the accounting auditor regarding the audit plan and exchange opinions and information on a quarterly basis to ensure a system that enables efficient and effective audits.

The Internal Audit Office, in place of assistant employees, performs duties under the direction of the Director, who is the full-time Audit and Supervisory Committee Chairperson, to ensure that the duties of the Audit and Supervisory Committee are performed smoothly and appropriately.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Inside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	3	0	1	2	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	3	0	1	2	0	0	Inside Director

Supplementary Explanation

The Nomination Committee deliberates on matters related to the election and dismissal of directors to be submitted to the Board of Directors, and the Remuneration Committee deliberates on the compensation of directors to be submitted to the Board of Directors. Both committees are chaired by the Chairman of the Board of Directors and the other two members are independent outside directors selected by resolution of the Board of Directors to ensure fair deliberations from an independent and objective standpoint.

Matters Concerning Independent Directors

Number of Independent Directors	5

Other Matters Concerning Independent Directors

The Company's basic policy is to appoint the independent directors based on the expectation that they can perform objective and appropriate management supervision functions based on their professional expertise and that there is no risk of a conflict of interest between them and general shareholders.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

Performance-linked bonuses (bonuses for financial results and phantom stock) are granted to certain directors.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items

The amount of compensation is disclosed in the Business Report and Annual Securities Report, which are also posted on the Company's website. Please refer to the following URLs.

https://corp.skylark.co.jp/en/ir/

https://corp.skylark.co.jp/ir/library/financial_report/ (Annual Securities Report; Japanese text only)

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company's policy regarding the remuneration of directors is that the system should contribute to the sustainable improvement of corporate performance and corporate value, as well as to the sharing of value with shareholders. The Company's remuneration for Directors consists of a fixed base remuneration and performance-linked remuneration, the amount of which fluctuates depending on the Company's performance and other factors. The performance-linked remuneration consists of a closing bonus based on the consolidated business results for each fiscal year and phantom stock.

Remuneration for outside directors and audit and supervisory committee members is not linked to business performance from the standpoint of ensuring their independence, and only base remuneration is paid.

Support System for Outside Directors

Support for outside directors is mainly provided by the Company's General Affairs Group, which is primarily responsible for submitting reporting materials and providing advance explanations of agenda items for Board of Directors meetings. In addition, to stimulate discussion at Board of Directors meetings, information is exchanged based on an independent and objective standpoint through the Independent Officer Liaison Committee, whose members are independent outside directors, and information is provided by the Company.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

1. Business Execution Functions

The Company's Board of Directors consists of eight directors (of which the majority, five, are outside directors) and is responsible for the Company's management and business execution.

In principle, the Board of Directors meets at least once a month as the highest decision-making body of the Company, and extraordinary meetings are held as necessary. The Board of Directors consists of Makoto Tani, Chairman of the Board and Chief Executive Officer; Minoru Kanaya, President and Chief Operations Officer; Representative Director; Atsushi Nishijo, Outside Director; Fumio Tahara, Outside Director; Ayako Sano, Outside Director; Makoto Suzuki, Full-time Audit & Supervisory Committee Board Member; Tatsuya Aoyagi, Outside Audit & Supervisory Committee Board Member; and Reiko Okuhara, Outside Audit & Supervisory Committee Board Member.

In addition, the Group Executive Officers Meeting has been established for the purpose of prompt and flexible execution of planning and execution of company-wide management policies and strategies, and in principle, the meeting is held every week. The Group Executive Officers Meeting fully reports, examines, and deliberates on important matters pertaining to the Company as a whole, based on the above-mentioned purpose of the establishment of the meeting. The members of the Group Executive Officers Meeting are Makoto Tani, the Chairman of the Board and Chief Executive Officer; Minoru Kanaya, President and Chief Operations Officer, and all executive officers.

Further, the Group Committees (Personnel and Human Resource Systems Committee and Initiative and Investment Committee) are composed of members determined by the Group Executive Committee.

These Committees meet once a month to report, review, and deliberate on important matters concerning the entire Group, personnel systems, initiatives, and other matters.

2. Audit and Supervisory Committee Member Audits and Other Audit Functions

The Audit and Supervisory Committee consists of three Directors (the majority of which, two, are Outside Directors) who are Audit and Supervisory Committee Members.

The meeting is held once a month as the "Audit and Supervisory Committee Meeting" to supervise and check the management and business execution of the Company. In accordance with the audit policy, audit plan, and audit standards resolved by the Audit Committee, directors who are members of the Audit and Supervisory Committee attend meetings of the Board of Directors and other important meetings, and investigate the status of operations to gain an understanding of the Company and to audit management activities to ensure that they are conducted in compliance with laws, regulations, and internal rules, The Audit and Supervisory Committee also works closely with the Internal Audit Office and the accounting auditors to ensure an efficient and effective audit system. The Audit and Supervisory Committee consists of Makoto Suzuki, a full-time Audit and Supervisory Committee member, Tatsuya Aoyagi, an outside director, and Reiko Okuhara, an outside director.

In order to maintain organizational independence, the Internal Audit Office, an internal audit organization, is positioned as a department that reports directly to the Chairman and CEO, the President and COO, and the

Audit and Supervisory Committee, and directly and indirectly conducts internal audits of headquarters, manufacturing plants, and stores based on internal regulations and annual plans. The Audit and Supervisory Committee also identifies problems, makes recommendations for improvement and corrective action. Accounting audits are conducted by Deloitte Touche Tohmatsu LLC, which was appointed by the General Meeting of Shareholders with the consent of the Audit and Supervisory Committee.

3. Details of liability limitation agreement with directors

The Company and its directors (excluding those who are executive directors) have entered into an agreement to limit liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the said Act and the Company's Articles of Incorporation. The maximum amount of liability for damages under the said agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. Such limitation of liability is limited to cases in which the relevant director (excluding those who are executive directors) acted in good faith and without gross negligence in the performance of his/her duties that gave rise to the liability.

4. Other committees and systems

The Company holds Group Risk Compliance Committee meetings as necessary to discuss important compliance-related matters and determine basic policies for the Group. The Group Risk Compliance Meeting consisting of compliance promotion managers selected by each affiliated company, is held as necessary to confirm and report on the status of promotion of compliance systems at affiliated companies, measures to prevent violations, and investigations and remedial measures in the event of violations. The Group Risk Compliance Committee consists of Minoru Kanaya, President and COO, Makoto Tani, Chairman and CEO, and all executive officers as its members. In addition, outside officers are appointed as advisors to the Committee to receive suggestions and advice from an outside perspective.

The Group Sustainability Committee meets as needed to formulate the Group's sustainability-related policies, identify and periodically review what our material issues should be, determine environmental and social policies and measures, and report on sustainability promotion activities to the Board of Directors. The Group Sustainability Committee consists of Minoru Kanaya, President and COO, who chairs the committee, and Makoto Tani, Chairman and CEO, and all executive officers as members. Outside officers are also involved in the committee in an advisory capacity to give suggestions and advice from outside perspectives.

The Group has established the Skylark Group Whistleblower Hotline at a specialized external company for the purpose of early detection, correction, and prevention of recurrence of violations of laws, regulations, and internal rules, and accepts reports from all officers, employees, their families, retired employees, and business partners in Japan. Whistleblower reports are shared directly with outside directors and full-time Audit Committee members, while taking into consideration the confidentiality of the whistleblower. The Company regularly reports the status of whistleblowing operations to the board of directors, and discloses information to officers and employees in accordance with internal rules and regulations. Each overseas affiliated company also has its own whistleblower hotline, which we supervise and receive reports from.

To supplement the functions of the Board of Directors, the Company has established the "Nomination Committee" and the "Remunerations Committee," voluntary committees whose main members are independent outside directors appointed by resolution of the Board of Directors, thereby creating a system for fair deliberations from an independent and objective standpoint.

(i) Nomination Committee

The Nomination Committee shall deliberate on matters concerning the proposed election and dismissal of the Company's directors and executive officers to be submitted to the Board of Directors. The membership is chaired by the Chairman of the Board and the other members are appointed by a resolution of the Board of Directors. Currently, the committee has three members: Makoto Tani, Chairman and CEO as the chairman, two independent outside directors (Atsushi Nishijo and Fumio Tahara), who constitute the majority of the members.

(ii) Remuneration Committee

The Remunerations Committee shall deliberate on the proposed compensation of the Company's directors and executive officers to be submitted to the Board of Directors and the proposed compensation of the Audit and Supervisory Committee members to be submitted to the Audit and Supervisory Committee.

The Committee is chaired by the Chairman of the Board, and the other members are appointed by resolution of the Board of Directors. Currently, there are three members, the majority of whom, two, are independent outside directors (Atsushi Nishijo and Fumio Tahara), in addition to the chairman, Makoto Tani, Chairman and CEO.

*Reference: "Schematic Diagram 1"

3. Reasons for Adoption of Current Corporate Governance System

In order to promote highly transparent and sound management with a commitment to compliance, to pursue both economy and efficiency, and to fulfill our corporate social responsibility through fair and lawful business operations, we have established the current corporate governance system to separate business execution and supervision, strengthen mutual checks and balances, and allow outside directors and other outside experts to check on the Company's performance. In addition, in order to prevent the occurrence of business-related risks and to detect and remedy problems at an early stage, the Company has a system in which directors who are members of the Audit and Supervisory Committee, the accounting auditor, and the Internal Audit Office maintain close cooperation and conduct regular audits from their respective perspectives.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	In order to allow shareholders to fully deliberate on the agenda for the General Meeting of Shareholders, the agenda is posted early on the TDnet, the voting platform and the Company's website prior to the dispatch of the notice of convocation.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	Since the Company's fiscal year ends in December and the annual general meeting of shareholders is held in March each year, the Company does not consider this to be a peak day.
Electronic Exercise of Voting Rights	The Company has introduced the exercise of voting rights via the Internet (including smartphones).
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has participated in the electronic voting platform since the 5th Annual General Meeting of Shareholders (held on March 30, 2016).
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	English versions of the narrowly-defined convocation notice and reference documents are prepared and disclosed on TDnet, the electronic voting platform, and the Company's website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	A disclosure policy is prepared and published.	
Regular Investor Briefings held for Individual Investors	No information meetings are held for individual investors.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	Periodically (after the end of each quarter), we hold briefings for analysts and institutional investors.	Held, depending on the quarter
Regular Investor Briefings held for Overseas Investors	Periodically (after the end of each quarter), we provide an overview of the Company, its financial results, and growth strategies to investors in the U.S., Europe, and Asia via online meetings.	
Online Disclosure of IR Information	We have a dedicated IR site on our website to disclose information about our company to investors.	

Establishment of Department and/or Placement of a Manager in Charge of IR	The Finance Division is responsible for shareholder and investor relations activities.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	We have established the "Skylark Group Charter of Corporate Behavior," which stipulates respect for the position of stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities	Based on our corporate philosophy of "Creating Valuable Richness" and the spirit of the "Skylark Group Charter of Corporate Behavior," we are actively engaged in environmental conservation and CSR activities. With regard to environmental preservation activities, we are working to reduce our environmental impact, including compliance with ISO14001 standards, and with regard to CSR activities, we are working to contribute to the daily enrichment of lives of people, not only in Japan, but also around the globe through continuous fundraising activities and volunteer activities through external organizations. We are also working to reduce the environmental impact of our business activities, including compliance with standards.
Formulation of Policies on Provision of Information to Stakeholders	The Company's Charter of Corporate Behavior stipulates that the Company shall communicate not only with shareholders but also with society at large and disclose corporate information in a positive and fair manner. In accordance with this policy, the Company has established the Group Disclosure Control Rules.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company's basic policy regarding its internal control system is as follows.

(i) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

a. As a guideline to be complied with by all officers and employees, the Company has adopted a resolution for the "Skylark Group Charter of Corporate Behavior" based on the Company's management philosophy, and ensures that all officers and employees are informed of the Charter as their own code of conduct.

b. The Company is a company with an Audit and Supervisory Committee, and each Audit and Supervisory Committee member audits the execution of duties by directors by attending meetings of the Board of Directors, examining the status of business execution, and conducting other audits in accordance with the audit policy determined by the Audit and Supervisory Committee.

c. To strengthen the Group's compliance system, the Company has established the Group Whistleblower Hotline for internal reporting of the Group and accept reports from all officers, employees, their families, retirees and business partners of the Group through dedicated phone numbers and a dedicated website in accordance with the detailed rules for the operation of the Group's internal reporting system, in order to prevent violations of laws and internal regulations. We will strive for early detection, correction, and prevention of recurrence of violations of laws, regulations, and internal rules.

(ii) System for the storage and management of information related to the execution of duties by directors

a. Information related to the execution of duties by directors shall be properly stored and managed in accordance with the Rules of the Board of Directors and the Group Document Management Rules.

b. The Company shall store and manage documents necessary for the execution of duties by directors, such as minutes of general meetings of shareholders, minutes of meetings of the Board of Directors, and approval documents concerning important matters related to business operations, in a highly searchable manner so that they can be viewed by directors at any time.

c. Confidential information shall be properly managed in accordance with the Group Information Security System Management Rules.

d. Personal information shall be strictly managed in accordance with laws and regulations and the detailed rules for personal information management.

(iii) Rules and other systems for managing risk of loss

a. The Group Risk Management Regulations shall set forth the general framework of risks to be addressed, and individual response regulations and manuals shall be developed in general to address various risks in one set process.

b. The greatest risk to the restaurant business is food accidents. To prevent such accidents, the Group shall establish regulations for purchasing management and provide food safety and hygiene management guidance to suppliers in an effort to ensure safety. In addition, a quality control group has been established

as the department in charge of hygiene management, which checks food safety in stores and manufacturing plants and provides guidance on hygiene management to employees.

c. To address the risk of leakage of confidential information, the Company shall establish an Information Security Committee, thoroughly manage information equipment and documents, and provide information security education to officers and employees in accordance with the Group Information Security and System Management Regulations.

d. With respect to other risks, each department in charge prepares individual regulations, guidelines and manuals, and conducts training programs. The Group Risk Compliance Committee monitors the status of risks across the organization and takes company-wide actions.

e. The Group Risk Compliance Committee, consisting of the Chairman and CEO, the President and COO, and all executive officers, shall meet at least once a year to discuss important matters related to the Company's compliance, and to determine basic policies.

(iv) Systems to ensure the efficient execution of duties by directors

a. The Company shall clearly and appropriately define the details of decision-making authority of officers and employees, as well as the divisions that should be involved in each task, in accordance with the Regulations on Decision-Making Authority and the Standards of Administrative Authority, in order to avoid duplication of tasks and to facilitate flexible decision-making and execution of tasks.

b. The Company's Board of Directors shall consist of a small number of members, and in addition to regular monthly meetings, the Board of Directors shall hold extraordinary meetings as necessary to make prompt management decisions.

(v) Systems to ensure the reliability of financial reporting

a. Internal control over financial reporting shall be evaluated, maintained, and improved in accordance with the Financial Instruments and Exchange Law and other applicable domestic and foreign laws and regulations.

b. Each division of the Company and its subsidiaries and affiliates shall endeavor to ensure the appropriateness of financial reporting by implementing checks and balances through segregation of duties and daily monitoring in the execution of their own operations.

(vi) System to ensure the appropriateness of business operations in the Skylark Group

a. The Company shall require its affiliated companies to execute their duties in a sound manner in accordance with the Skylark Group Charter of Corporate Behavior.

b. The Company shall manage its affiliated companies in accordance with the Group Affiliated Company Management Regulations and other regulations, and shall have them submit periodic reports and materials on their management status. In addition, the Company shall dispatch directors to important affiliated companies to supervise their business execution, ensure the appropriateness of their operations, and endeavor to understand the management matters of the affiliated companies.

c. In order to manage the risk of loss at affiliated companies, the Group Risk Compliance Committee shall ascertain and identify the risks of the entire Group, have affiliated companies report on their risk management status, and instruct them to respond to the risks as necessary. In the event of any matter affecting the management of the Group at an affiliated company, the affiliated company shall immediately report the matter to the Chairman of the Group Risk Compliance Committee, and the Company shall provide support as appropriate to the case.

d. In order to ensure prompt and flexible execution of the duties of the entire Group, the Company's Group Executive Officers Meeting, consisting of members selected by the Chairman of the Board of Directors, shall report and review important matters, including matters pertaining to the duties of the entire Group. In principle, the Group Executive Officers Meeting shall be held weekly. The Group Executive Officers Meeting shall also establish Group Committees (Personnel & Human Resource System Committee and Initiative & Investment Committee) as subordinate bodies, as necessary, to report and review specific Group-wide matters, such as Group-wide personnel systems, major initiatives, and important contracts. The members of these committees shall be determined by the Group Executive Officers Meeting, and in principle, the committees shall meet once a month. The Company shall request its affiliated companies to take optimal measures based on the results of deliberations by the Group Executive Officers Meeting or the Group Committees.

e. The Company shall organize a Group Compliance Meeting consisting of compliance promotion managers selected by each affiliated company, and shall hold such meetings as appropriate. At the said meeting, the status of the promotion of measures to prevent violations and other compliance systems of the affiliated companies, as well as the status of investigations and remedial measures for specific violations, shall be confirmed and reported.

f. The Internal Audit Office shall periodically conduct audits of affiliated companies.

(vii) System concerning employees to assist Audit and Supervisory Committee members in the performance of their duties when such assistance is requested by the Audit and Supervisory Committee members

If an Audit and Supervisory Committee member requests the assignment of an employee to assist him or her in the performance of his or her duties, such employee shall be assigned, and the specific details of the assignment shall be discussed with the Audit and Supervisory Committee member.

(viii) Matters concerning the independence from directors (excluding directors who are members of the Audit and Supervisory Committee) of employees who are assigned to assist the duties of Audit and Supervisory Committee members and matters concerning ensuring the effectiveness of instructions given to these employees

The appointment and transfer of employees to assist the duties of Audit and Supervisory Committee members shall require the consent of the Audit and Supervisory Committee members. Such employees shall not concurrently hold positions related to the execution of the Company's business, and shall perform their duties under the direction and orders of the Audit and Supervisory Committee members.

(ix) System for Directors (excluding Directors who are members of Audit and Supervisory Committee) and employees to report to Audit and Supervisory Committee Members, and other systems for reporting to Audit and Supervisory Committee Members

a. When an officer or employee of the group discovers a fact that may cause significant damage to the management of the Company or its affiliates, misconduct by an officer or employee, or a violation of laws, regulations, or the Articles of Incorporation, or when an Audit and Supervisory Committee member requests a report on matters necessary for auditing the Company's group, he/she shall promptly report such matters to the Audit and Supervisory Committee member.

b. The officers and employees of the Group shall regularly report to the Audit and Supervisory Committee members on the status of the operation of the Group's whistle-blowing system, the Skylark Group Whistle-blowing Hotline.

c. In the event that an officer or employee of the Company's group makes a report to a member of the Audit and Supervisory Committee in addition to the preceding items, it shall be prohibited to treat such a report in a disadvantageous manner on the basis of such report, and all affiliated companies shall ensure that this is the case.

(x) Systems to ensure that the audits of Audit and Supervisory Committee members are conducted effectively

a. In accordance with the audit policy, audit plan and audit standards resolved by the Audit and Supervisory Committee, the Audit and Supervisory Committee members attend meetings of the Board of Directors and other important meetings, collect reports from the Accounting Auditor, Directors (excluding Directors who are Audit and Supervisory Committee members) and the Internal Audit Office, to verify and monitor the execution of duties by directors (excluding directors who are members of the Audit and Supervisory Committee).

b. The Audit Committee members shall exchange opinions and information with the Company's independent accounting auditors and outside law firms as necessary to ensure a system that enables efficient and effective audits.

c. Directors (excluding Directors who are members of the Audit and Supervisory Committee) shall cooperate with audits conducted by Audit and Supervisory Committee members, and shall secure a budget to ensure the effectiveness of audits with respect to various expenses related to audits, and may request the Company after the fact for emergency or extraordinary expenses or other expenses not included in such budget, and the Company shall promptly repay such expenses unless such requested expenses are not deemed necessary for the execution of duties by the Audit and Supervisory Committee members.

(xi) Basic Policy on Elimination of Antisocial Forces and Status of Implementation

a. In order to eliminate antisocial forces, the Company's basic policy is to have no relationship whatsoever with antisocial forces, as stated in the "Skylark Group Charter of Corporate Behavior," which clearly states the standards of conduct for all officers and employees: "We will take a firm attitude toward antisocial

individuals and groups that adversely affect social order and the sound activities of the Company."

b. The General Affairs Department shall be designated as the department in charge of such matters, and shall work closely with outside professional organizations such as legal counsels, as well as develop an internal reporting system in the event of an emergency. In addition, this department will take the lead in developing rules and regulations for dealing with such matters, and in conducting awareness-raising activities through internal warnings and training sessions.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The basic policy of the Group toward the elimination of antisocial forces is set forth in the "Skylark Group Charter of Corporate Behavior," which clearly states the standards of conduct for all executives and employees: "We resolutely reject any relationship with antisocial forces or groups that threaten the order and safety of civil society. The Group's basic policy is to have no relationship whatsoever with antisocial forces."

The Group Risk Compliance Committee has been established as a meeting body for compliance and risk management, under which the General Affairs Group is in charge of operations related to antisocial forces. The General Affairs Group has established the "Detailed Rules for Dealing with Antisocial Forces" as an internal rule, and in accordance with these rules, the Group thoroughly implements measures such as prior investigation of business partners and the addition of clauses in contracts to exclude antisocial forces. In addition, affiliated companies are required to take the same measures as the Company, and the Group Compliance Meeting is held to check on these measures as needed.

With regard to cooperation with external organizations, we are a member of the Metropolitan Center for the Elimination of Boryokudan (organized crime syndicates), and endeavor to collect information on antisocial forces. We have also appointed a person responsible for the prevention of unreasonable demands, and have notified the police in our jurisdiction, thereby establishing a system that enables us to cooperate with the police as well.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

In order to ensure the comprehensiveness, appropriateness, and timeliness of information disclosure, the Company has established the "Group Disclosure Control Regulations" regarding disclosure controls and procedures, and ensures that the Company and its affiliated companies are fully aware of and comply with these regulations.

In order to ensure timely and appropriate disclosure, the Disclosure Committee has been established to assist in the design, implementation, evaluation, and maintenance of disclosure controls and procedures, so that the President and COO as well as the information handling manager, the Managing Director of the Finance Division, can work together to oversee operations related to timely disclosure.

The Company's procedures for timely disclosure are as follows.

(a) Information on decided facts

The secretariat of the Disclosure Committee obtains agenda items for important meetings such as those of the Board of Directors, confirms whether there are any material facts subject to timely disclosure, and if so, reports them to the information handling manager and convenes a Disclosure Committee meeting.

Based on the results of the Disclosure Committee's review, following a resolution of the Board of Directors or approval by the President & COO, disclosure of the relevant matter is made by the Finance Division.

(b) Information regarding occurring facts

In the event of the occurrence of such an event, the department or affiliated company in which the event occurred shall report the matter to the Disclosure Committee Secretariat. The secretariat reports to the information handling manager, and after holding a meeting of the Disclosure Committee and depending on the meeting results, the Finance Division will promptly make a disclosure.

(c) Information on financial results

The Accounting Group of the Finance Division prepares disclosure materials (financial statements and quarterly financial statements) including information on financial results. Based on the results of the Disclosure Committee's review, disclosure will be made by the Finance Division within 45 days of the closing of accounts, following a resolution by the Board of Directors.

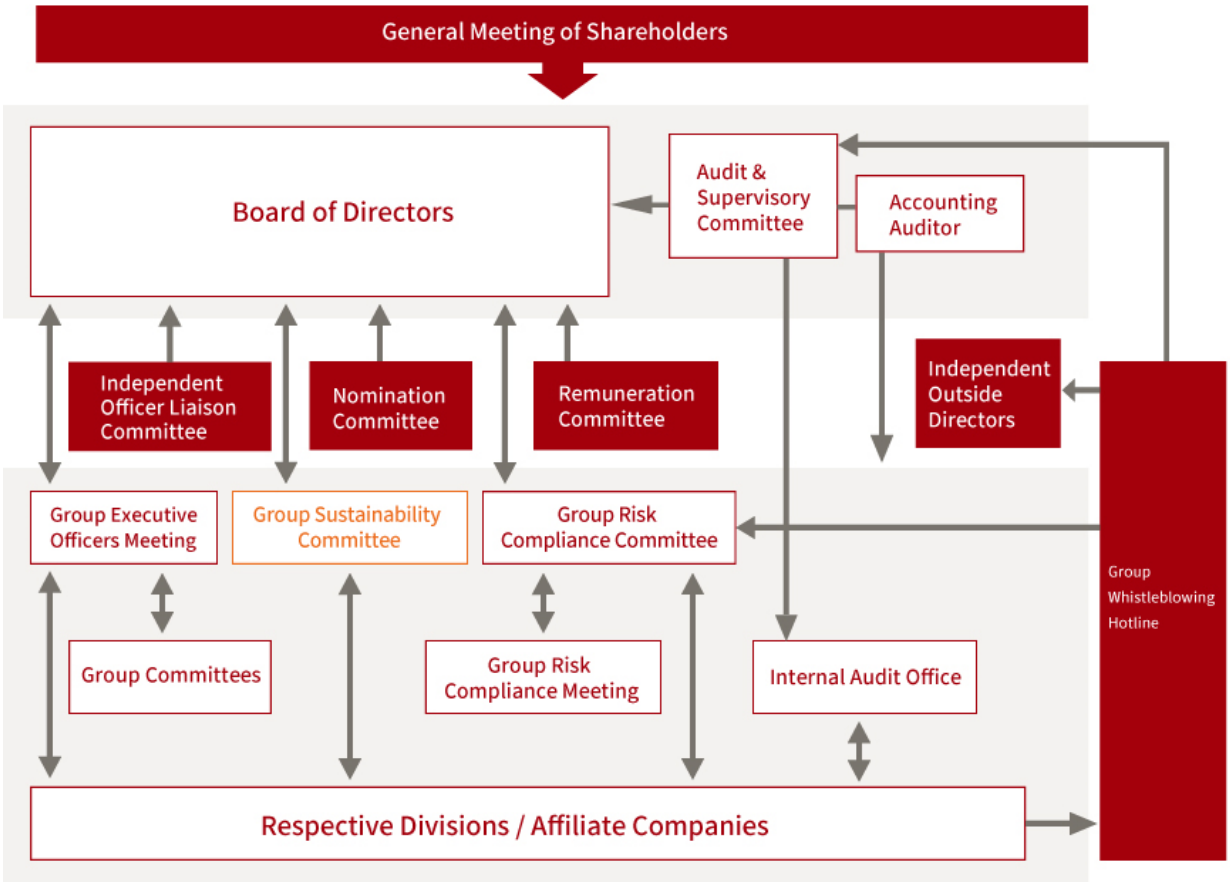
Reference: Schematic Diagram 2

[Attachment: "Reasons for Appointment of Directors and Directors who are Audit and Supervisory Committee Members"]

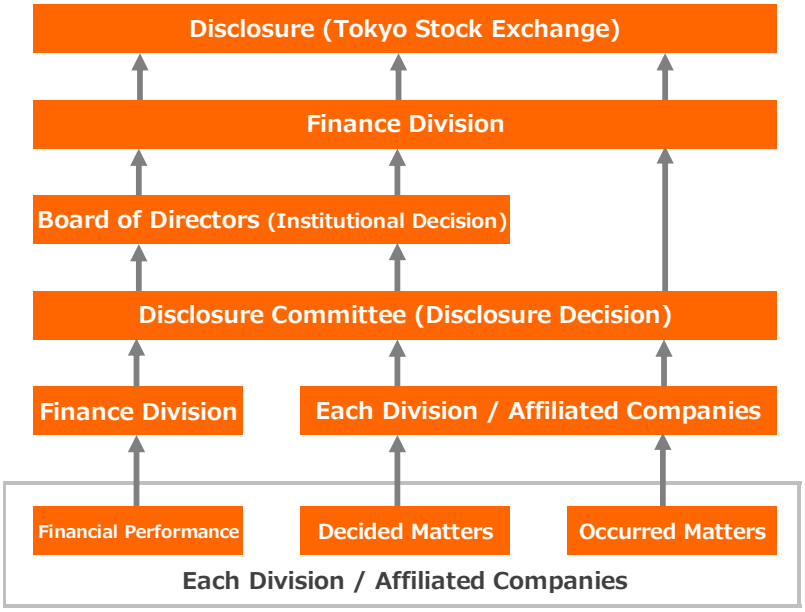
Makoto Tani, Board Member	Since joining the Company in 1977, he has gained experience in store operations, served as General Manager of a business division, President and Representative Director of Nilax Corporation, and President and Representative Director of the Company since 2008. He has abundant business experience in our group and has knowledge in general management, business management, administrative and operational tasks involved in family restaurants. He is also well-versed in consumer marketing in the restaurant industry, and is therefore appointed as a director.
Minoru Kanaya, Board Member	We have elected him as a director because we believe that he will be able to apply his extensive experience and knowledge in a securities company to our growth strategy, as well as his track record of managing financial, administrative, and human resource divisions of the Company since 2008.
Atsushi Nishijo, Board Member	He is appointed as an outside director because we believe that he will reflect his experience from his years working for a trading company and his high-level insight as a company manager in the management of the Company and provide advice and supervision from an objective and long-term perspective for the benefit of the Company's stakeholders.
Fumio Tahara, Board Member	He has extensive experience and knowledge from his time in the Ministry of Agriculture, Forestry and Fisheries and industry organizations. Although he has no experience of being involved in the management of a company, we have elected him as an outside director because we believe that he will reflect the aforementioned extensive experience and knowledge in the management of the Company and provide advice and supervision from an objective and long-term perspective.
Ayako Sano, Board Member	She has practical experience at a securities company, extensive knowledge as an attorney-at-law, and experience in taxation matters. Although she has no experience of being involved in the management of a company, she is appointed as an outside director because we believe that she will reflect the aforementioned extensive practical experience and knowledge in the management of the Company and provide advice and supervision from an objective and long-term perspective.
Makoto Suzuki, Audit and Supervisory Committee Member	Since joining the Company in 1979, he has worked in our stores, served as general manager of a business division, general manager of the CEO office, and general manager of the internal audit office, and has abundant business experience and knowledge of corporate management at the Company. Therefore, we believe he will be able to conduct appropriate audit of our company's management, and have elected him as a member of the Audit and Supervisory Committee and the Board of Directors.
Tatsuya Aoyagi, Audit and Supervisory	We have elected him as a member of the Audit and Supervisory Committee and the Board of Directors because we believe that he will conduct appropriate audits of our company's management based on his extensive experience as a certified public accountant and tax

Committee Member	accountant and his knowledge of accounting and finance.
Reiko Okuhara, Audit and Supervisory Committee Member	Although she has no experience of being involved in corporate management, because of her experience in the Ministry of Finance and her expertise as an attorney-at-law, we believe that she will be able to conduct appropriate audits of our company's management based on her extensive practical experience and knowledge of corporate legal affairs and risk management, and have therefore elected her as a member of the Audit and Supervisory Committee and the Board of Directors.

Schematic Diagram 1



Schematic Diagram 2: Outline of Our Timely Disclosure System



END