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To Shareholders:

NOTICE OF CONVOCATION OF
THE 51st ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
McDONALD'S HOLDINGS COMPANY (JAPAN), LTD.

The 51st Annual General Meeting of Shareholders of McDonald's Holdings Company (Japan), Ltd. ("the Company") will be held as stated below.

From the viewpoint of preventing the spread of COVID-19 infections and the safety of everyone, we kindly ask you to exercise your voting rights in advance in Writing or via the Internet and refrain from attending the Meeting. The Meeting will live stream to the Internet. Please see 5 page and below in detail.

If you do not attend the Meeting, please consider the following reference material for the Meeting and exercise your voting rights by 6:00 p.m., Monday, March 28, 2022.

1. Date & Time: 1:00 p.m., Tuesday, March 29, 2022
2. Venue: Hikarie Hall, Shibuya Hikarie (9th floor)
21-1, Shibuya 2 -chome, Shibuya-ku, Tokyo, Japan
※The venue is different from last year, please refer to the guide map for the Meeting at the end. The number of seats available is limited for the purpose of preventing the spread of COVID-19 infections. Because of this, we may need to limit the number of people who can enter the venue.
3. Agenda: Reporting Items
 1. Business Report, Consolidated Financial Statements, and Accounting Auditor's Report and Audit & Supervisory Board's' Report on Consolidated Financial Statements of the Company for the 51st Fiscal Term (January 1, 2021 through December 31, 2021)
 2. Report of the Non-Consolidated Financial Statements of the Company for the 51st Fiscal Term (January 1, 2021 through December 31, 2021)

Items for Resolution

Item No.1: Proposed Disposition of Retained Earnings

Item No.2: Partial Amendment to the Articles of Association

Item No.3: Appointment of Five (5) Directors

Item No.4: Payment of Retirement Allowance to Retiring Director

Notes:

- If you attend the Meeting in person, please submit enclosed Voting Rights Exercise Form at the entrance reception desk. The gates will open at noon and no admission before the time is allowed.

- Disclosure via the Internet

- The following items are disclosed on the Company's website via the Internet in accordance with laws and regulations and Article 14 of the Articles of Association of the Company and are not included in the document provided in this Notice of Convocation of the Meeting. The documents provided in this Notice of Convocation are part of the documents that were audited by Audit & Supervisory Board Members and Independent Auditors in preparing the Audit Report.

(1) Explanatory Notes to Consolidated Financial Statements

(2) Explanatory Notes to Non-Consolidated Financial Statements

- If any revisions are made to the shareholders' meeting reference materials, the business reports, the non-consolidated financial statements and the consolidated financial statements, the revisions will be posted on the Company's website

« the Company's website »

(https://www.mcd-holdings.co.jp/ir/individual/shareholder_meeting/)

March 11, 2022

McDonald's Holdings Company (Japan), Ltd.

Tamotsu Hiiro

Representative Director, President and CEO

Smart Convocation

You can view major contents of the convocation notice via your smartphone or computer.

We have introduced a service that makes it easier to browse the main contents of the convocation notices on smartphones and other devices.

Please access the website below or use the QR code to view the convocation notice.

* QR Code is registered trademarks of DENSO WAVE INCORPORATED.

<https://p.soukai.jp/2702/>

【QR code】

Guide to Exercise of Voting Rights

Voting rights at the Meeting are important rights for shareholders. Please consider the following reference material for the Meeting and exercise your voting rights. There are three ways to exercise your voting rights.

- Attending the Meeting

Date and time of the meeting: 1:00 p.m., Tuesday, March 29, 2022 (The reception desk will start at noon)

Please bring and present the enclosed Voting Rights Exercise Form at the entrance reception desk.

- Exercise Voting Rights in Writing (by Mail)

Exercise deadline: Vote to be received by 6:00 p.m., Monday, March 28, 2022

Please indicate your approval or disapproval of each of the agenda items on the Voting Rights Exercise Form enclosed with this notice, and return it to us by the deadline.

- Exercise Voting Rights via the Internet

Exercise deadline: Vote to be given by 6:00 p.m., Monday, March 28, 2022

Please enter your approval or disapproval of each of the agenda items following the guidance on the next page.

Note: If you exercise your voting rights in duplicate both in Writing and via the Internet, the vote exercised via the Internet will be deemed to be the effective vote. If you exercise your voting rights multiple times via the Internet, the last exercise will be deemed to be the effective vote.

Exercise of Voting Rights via the Internet

- Method of exercise of voting rights by scanning QR code: “Smart Vote”

You can log in the website for exercising voting rights by scanning the QR code without entering your exercise of voting rights code and password.

1. Please scan QR code provided at the bottom right of the Voting Rights Exercise Form.
* QR Code is registered trademarks of DENSO WAVE INCORPORATED.
2. Please follow the directions that appear on the screen to vote “approval” or “disapproval” of each of the agenda items.

Note: Exercising voting rights by using “Smart Vote” method is available only once. If you need to change your votes after exercising your voting rights, please log in the voting website for a personal computer by using your voting rights exercise code and password which is provided on the Voting Rights Exercise Form and exercise your voting rights again.
*If you rescan the QR code, you can access the website for exercising voting rights for a personal computer.

- Method of exercise of voting rights by entering exercise of voting rights code and password

1. Please access the Website for exercising Voting Rights.
2. Please enter your “exercise of voting rights code” provided on the back of the Voting Rights Exercise Form.
3. Please enter your “password” provided on the back of the Voting Rights Exercise Form.
4. Please follow the directions that appear on the screen to vote “approval” or “disapproval” of each of the agenda items.

If you have any inquiries about the operation of a personal computer or a smartphone regarding the exercise of voting rights via the Internet, contact the following:	Internet Help Dial: Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd. 0120-768-524 (toll-free only from Japan) Business hours: 9 a.m. to 9 p.m. except year-end and New Year holidays
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Note: Institutional investors may use the “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd.

Measures to Prevent the Spread of COVID-19 Infections

The safety of our shareholders is our top priority. Therefore, we have set the following guidelines for the Meeting to prevent the spread of COVID-19 infections.

Please consider voting in Writing or via the Internet to conduct your rights and refrain from attending the Meeting as much as possible.

- To ensure social distancing, enough space will be maintained between seats and therefore the number of seats available is limited, and no additional room will be prepared. Please note that we may need to limit the number of people who can enter the venue.
- Thermal imaging camera will be used to measure temperature of all people entering the venue. Entry may be denied if a person appears to be in poor health condition.
- Please bring and wear facial mask and use disinfectants located near the reception desk to sanitize hands. Entry may be denied if a person refuses to cooperate.
- Officers attending the Meeting and on floor staff will be wearing facial masks at the venue.
- The Meeting will live stream to the Internet. Please see below on how to view the session. There is no option to participate in live stream session including the conduct of voting rights and/or ask questions.

How to view a live stream session of the Meeting:



Live stream is scheduled to start at around 12:40 a.m. on Tuesday, March 29, 2022.

Notes:

- Best efforts will be made to provide smooth live streaming experience. However, video and/or audio disruptions may occur temporarily due to internet connection. Please be informed that the company assumes no responsibility for any disadvantages of live stream viewers caused by the above internet connection failure.
- Also, on the day of the Meeting, we are unable to provide support for audio and/or video lag and other issues possibly due to the viewer's internet connection.
- Live streaming of the Meeting is 'participative', and therefore shareholders in the above live streaming session will not be considered to be in attendance under the Companies Act and exercise of voting rights and/or questions will not be accepted on the day of Meeting, therefore please exercise your voting rights in advance in Writing or via the Internet.
- When voting via the Internet, you may also send questions through the Website for exercising Voting Rights. Please note that matters of strong interest to shareholders are scheduled to be explained on the day of the Meeting.

【Recommended viewing environment】

○Windows(7/10) Microsoft Edge(Chromium) Latest version of Google Chrome Latest version of Mozilla Firefox	○Mac Latest version of Safari Latest version of Google Chrome Latest version of Mozilla Firefox
○Android Latest version of Google Chrome Latest version of Mozilla Firefox	○iOS(iPadOS) Latest version of Safari

For the 51st term
Business Report for the Fiscal Year
January 1 - December 31, 2021

I. Condition of the Company group

1. Overview of business results for the term

(1) Business Progress and Results

As part of its 50th anniversary celebration in 2021, McDonald's Holdings Company (Japan) Ltd. and its subsidiary (the "Group" or "we") implemented actions throughout the year under the theme of "Big Smile" with the aim of deepening ties with customers to ensure sustainable growth, stronger profitability and further enhancement of corporate value. In addition, we focused on our efforts specifically on the following four items of "people", "menu and value", "restaurant development", and "digital, delivery, and drive-thru."

In the consolidated cumulative fourth quarter, we continued to listen to the voices of our customers and made efforts to enhance their restaurant experience by improving QSC. Also, we have taken full measures to clean and sanitize our restaurants in accordance with requests from the Japanese and local governments to prevent the spread of COVID-19 and have operated restaurants with shortened open hours and thorough social distancing measures. An increase in same-store sales was gained for 25 consecutive quarters from 2015 Q4 to 2021 Q4.

On the other hand, during the fourth quarter of the current fiscal year, due to the disruptions to the global logistics caused by the COVID-19 pandemic and the flooding in Vancouver, the import of potatoes from North America was delayed, resulting in temporary sales restrictions. We will continue to work with importers and suppliers to ensure the stable procurement of raw materials.

People: We continue to invest proactively in hiring and developing talented individuals to run great restaurants. Digital CDP, training material that leverages digital devices, is available in 5 languages in addition to Japanese, contributing to improved understanding and reduced training hours of our crew. In the consolidated cumulative fourth quarter, more than 15,000 people have attended online classes developed by Hamburger University. In addition, we have introduced a regional employee system to provide a flexible career path for our diverse workforce as employees to suit their various lifestyles.

Menu and Value: We have implemented various initiatives that provide value to our customers (in line with the "value-for-money" strategy) by enhancing our menu lineup to match the demand of each day part and meet customers' expectations. In April, we launched "Samurai Mac" as a new regular thick beef burger. As for limited-time products, "Teritama", "Tsukimi Burger", and "Gracoro®" were well received by many customers as seasonal specialties. We have also added "Spabee (Spicy Beef Burger)" as a new regular product in the "Choi-Mac" series, which customers can easily choose from a variety of products in the price range of 100, 150 and 200 yen. Also, we continue

to offer “Value Lunch”, which starts from 400 yen during weekday lunch hours delivers value and satisfaction to customers.

Restaurant development: In the cumulative fourth quarter of the current consolidated accounting period, we opened 64 and closed 46 restaurants, and the total number of restaurants at the end of this quarter is 2,942. We continue to make investments flexibly, revise fund allocation among new restaurants, remodel, and relocation in order to use our business resources most effectively.

Digital, delivery, and drive-thru: With digital, “Mobile Order & Pay” was introduced as part of “Experience of the future”, a fusion of digital and people. The number of users is steadily increasing as a result of integration with the official app and release on our official website. We will aim to enhance functions, including expanding payment methods such as introducing “d-payment” in August, to enhance the convenience and increase the number of users.

Delivery is a marketable area with great potential for growth moving forward. We offer delivery services through McDelivery Service (MDS) by McDonald’s crew and external delivery partners such as Uber Eats, Demae-can, and others. As of December 2021, MDS is available in 909 restaurants, Uber Eats in 1,697, Demae-can in 1,673, making the total number of restaurants that offer delivery service to 1,979. In the future, we will continue to expand the number of restaurants and areas where we provide delivery services, aiming to improve customer convenience.

With drive-thru, we are increasing its capacity and introducing “Park & Go” to even more restaurants, a service that allows customers to receive items at their parking spot using “Mobile Order & Pay,” which is available at 1,052 restaurants as of December 2021.

McDonald’s aims to make contributions towards addressing challenges in our society and environment to build a better future taking advantage of our global scale. In Japan, we are committed to “Sustainable Sourcing”, “Packaging & Recycling,” and “Commitment to Families.”

As part of the brand’s commitment to protecting the environment, we have announced the decision to gradually reduce the amount of plastic used in our toys and shift to sustainable materials by the end of 2025. We have also been implementing “Toy Recycling” project that collects used Happy Meal toys at our restaurants and recycles them to be part of the material of trays used in the restaurants. Collections were made during children’s long school holidays, but we have implemented the project throughout the year since 2021 to further contribute to the realization of a sustainable society. Also, with the spread of the COVID-19 infections, we are implementing initiatives to thank and support medical staff in local communities.

Going forward, we will continue to closely monitor the effects of COVID-19, pay close attention to the guidelines from the Japanese and local governments, put the safety and health of everyone including our customers and staff as top priority, always stay close to our customers, and keep evolving by flexibly responding to the changing needs of

society and our customers. We will also continue “making delicious feel good moments easy for everyone” by offering delicious meals, value, value-for-money menu items, convenient and comfortable dining environment on a day-to-day basis toward the realization of a sustainable society.

<System-wide Sales and Revenue>

During the twelve months ended December 31, 2021, same store sales increased by +9.7% and average monthly sales per restaurant hit a record high in our history as a listed company as a result of synergy effects from various initiatives that put customer first. System-wide sales were 652,047 million yen (up 62,819 million yen from the same period last year) and revenue was 317,695 million yen (up 29,363 million yen from the same period last year). We have recorded new highs in System-wide sales in the year, 50th anniversary of foundation for our company.

<Cost of Sales>

Cost of sales margin for company-operated restaurants increased by 0.2 percentage points year-on-year, mainly because cost of raw materials increased by 0.4 percentage points. Also, franchise cost of sales ratio was the same as last year.

(Breakdown of Cost of Sales)

(Unit: Million Yen)

	Year ended December 31, 2020		Year ended December 31, 2021		Year-on-year change	
	Amount	%	Amount	%	Amount	%
Company-operated restaurant's cost of sales	170,261	88.2%	189,349	88.4%	19,087	0.2%
(Breakdown)						
Raw material	67,562	35.0%	75,797	35.4%	8,235	0.4%
Labor	55,732	28.9%	60,751	28.4%	5,019	(0.5)%
Other	46,966	24.3%	52,800	24.6%	5,833	0.3%
Franchise restaurants -occupancy expenses	59,814	62.8%	64,916	62.8%	5,102	0.0%
Total	230,075	79.8%	254,265	80.0%	24,190	0.2%

<Selling, General and Administrative Expenses>

Selling, general and administrative expenses decreased 0.3 percentage points from the previous year as a result of optimization of general and administrative costs according to the situation of COVID-19.

(Breakdown of Selling, General and Administrative Expenses)

(Unit: Million Yen)

	Year ended December 31, 2020		Year ended December 31, 2021		Year-on-year change	
	Amount	%	Amount	%	Amount	%
Selling, general & administrative expenses	26,966	9.4%	28,911	9.1%	1,944	(0.3)%
(Breakdown)						
Advertising & selling	7,088	2.5%	7,539	2.4%	451	(0.1)%
Other	19,878	6.9%	21,371	6.7%	1,492	(0.2)%

<Operating Income and Ordinary Income>

Operating income was 34,518 million yen (up 3,228 million yen from the same period last year), Ordinary income was 33,618 million yen (up 2,193 million yen from the same period last year), reflecting sales increase and optimization of general and administrative costs.

<Net Income Attributable to Owners of the Parent>

Net income attributable to owners of the parent was 23,945 million yen (up 3,758 million yen from the same period last year) due mainly to a 33,618 million yen of ordinary income, special loss of 1,155 million yen for impairment loss and loss on disposal of non-current assets and a 8,765 million yen of tax provision.

(*)1. Same-store sales are the total sales of restaurants operating for 13 months or longer.

2. System-wide sales are the combined net sales of company-operated and franchised restaurants; the amount does not equal to net sales presented in the consolidated statements of income.

(2) Investment activities

During the fiscal year ended December 2021, we took a flexible approach in reviewing the allocation of funds among new openings, remodel, rebuild and EOTF and continuing to invest for business growth.

(Millions of yen)	Restaurants	Offices	Total
Buildings and structures	16,807	7	16,815
Machinery and equipment	3,963	8	3,972
Tools, furniture and fixtures	3,084	306	3,391
Land	2,113	-	2,113
Lease assets	140	-	140
Software	-	1,476	1,476
Lease and guarantee deposits	1,856	-	1,856
Total	27,966	1,800	29,766

(3) Funding of McDonald's Japan Group

During the current consolidated fiscal year, the Company did not raise specific funding.

(4) Acquisition or disposition of other company's share and share warrant

Not applicable.

2. Business Results and Financial Standing of McDonald's Japan Group

(Millions of yen, except for per share information)

	2018	2019	2020	2021
System-wide sales	524,203	549,059	589,228	652,047
Revenues	272,257	281,763	288,332	317,695
Operating income	25,045	28,018	31,290	34,518
Ordinary income	25,644	27,487	31,425	33,618
Net income	21,939	16,885	20,186	23,945
Net income per share (Yen)	165.01	127.00	151.83	180.10
Total assets	210,037	221,696	232,984	260,113
Net assets	146,226	159,295	175,081	194,222
Net assets per share (Yen)	1,099.78	1,198.08	1,316.81	1,460.77

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the 2019.

3. Significant parent company and subsidiaries

(1) Relationship with parent company

Not applicable.

(2) Significant subsidiaries

	Capital (Millions of yen)	Voting rights percentage of the Company	Principal business
McDonald's Company (Japan), Ltd.	100	100%	Hamburger restaurant

4. Issues to be addressed

We will focus on "Brand," "Menu and Value," and "Restaurant, Digital and People" for future growth.

(1) Brand

As a member of the local community, we have positioned sustainability as an important issue to be addressed proactively, and have designated "Safe and Delicious Meals," "For the Global Environment," "Support for Local Communities," and "Job Satisfaction for All" as the four areas to be focused on.

"Safe and Delicious Meals"

As a company that provides food, we place the highest priority on ensuring "food safety" and is committed to the accurate operation of its food management system so that customers can enjoy safe meals. In addition to complying with relevant laws and

regulations, we have established a strict quality control system that is compliant with the Global Food Safety Initiative (GFSI) and consists of McDonald's own standards. In addition, in order to enhance customer trust in our products, we are building and strengthening a thorough quality control system by disclosing information on the country of final processing and the main country of origin of major raw materials, as well as conducting audits of targeted suppliers.

"For the Global Environment"

We use materials certified as sustainable, such as MSC and FSC, recycle Happy Set toys, reduce the use of plastic materials, and reduce greenhouse gas emissions by introducing energy-saving equipment in our restaurants and electric three-wheeled bikes for delivery.

"Support for Local communities"

We will strive to contribute to the local community through support to the Ronald McDonald House Charities Japan, sports support, education support, and the provision of safety whistles.

"Job Satisfaction for all"

As an employer of 190,000 crew members nationwide, we are going to create a work environment in which a diverse range of people with different personalities and backgrounds, including gender, age, and nationality, can leverage their strengths and feel motivated to work.

(2) "Menu and Value"

We will continue to aim to provide delicious menus, value for money, and a sense of satisfaction. In addition to the regular menu, we will deliver fun and excitement to our customers through limited-time products and promotions. In terms of value, we will provide products with a sense of value at any time through such products as Choi-Mac, Value Set and Hiru-Mac.

(3) "Restaurant, Digital and People"

For future growth, we will actively invest in new restaurant openings, including relocations, renovations, and rebuilds to evolve our store portfolio to better meet the needs of our customers and local communities. We will provide a more convenient and comfortable environment for our customers by increasing the manufacturing capacity of our kitchens, adding drive-through lanes, and optimizing our delivery services.

Regarding digital, we will enhance the convenience of mobile ordering, which we introduced as part of "Experience of the future" and our official app, which has grown to be one of the largest in Japan.

We believe that we have been able to meet the expectations of our customers despite the drastic changes in the environment caused by the COVID-19 infection because of our people, or human resources, including 190,000 crew members and restaurant employees. As such, we believe that hiring and training excellent human resources is the most important factor for business development, and we will continue to expand our investment in human resources.

5. Business Results and Financial Standing (as of December 31, 2021)

The principal business of the McDonald's Japan group is the hamburger restaurant business with both company-operated restaurants and franchised restaurants. The trends in sales are shown as below.

(Millions of yen)	2018	2019	2020	2021
Company-operated restaurants	191,594	197,102	193,109	214,249
Franchised restaurants	332,608	351,956	396,118	437,798
System-wide sales	524,203	549,059	589,228	652,047

6. Office and Restaurant information (as of December 31, 2021)

(1) Main Office:

McDonald's Holdings Company (Japan), Ltd.: the Company	Head office: Shinjuku-ku, Tokyo
(Subsidiaries)	
McDonald's Company (Japan), Ltd.: subsidiary	Head office: Shinjuku-ku, Tokyo

(2) Number of restaurants:

	2020	2021	Increase (Decrease)
Company-operated restaurants	858	867	9
Franchised restaurants	2,066	2,075	9
Total	2,924	2,942	18

Number of restaurants opened in the current term	64
Number of restaurants closed in the current term	(46)
Net increase	18

7. Condition of the Company's employees (as of December 31, 2021)

(1) Headcounts for McDonald's Japan Group

	Number	Year-on-year increase (decrease)
Restaurants	1,672 [15,041]	181 [1,421]
Headquarters	600 [43]	8 [(2)]
Total	2,272 [15,084]	189 [1,419]

Note:

The number of employees does not include part-time and temporary staff; the number of part-time and temporary staff is shown in parentheses (yearly average number).

The number of employees does not include employees seconded to other companies or dispatched to overseas (7), employees on leave (65), and advisors (2).

(2) Condition of the Company's employees

There are no employees in the Company as of December 31, 2021.

Note:

The Company is a holdings company and its administrative/accounting work is outsourced to McDonald's Company (Japan), Ltd.

8. Principal Lenders (as of December 31, 2021)

Not applicable.

9. Other material issues for the Group

Not applicable.

II. Status of the Company

1. Status of Share (as of December 31, 2021)

- | | |
|--|--------------------|
| (1) Total number of shares authorized to be issued by the Company: | 480,840,000 shares |
| (2) Total number of shares issued: | 132,960,000 shares |
| (3) Number of shareholders: | 306,570 |
| (4) Stock trading unit: | 100 |
| (5) Major shareholders (Top 10) | |

Name	Company ownership by shareholders	
	Number of shares owned (hundreds)	Percentage of total shares issued
MCDONALD'S RESTAURANTS OF CANADA LIMITED	335,750	25.25
MCD APMEA SINGAPORE INVESTMENTS PTE. LTD.	133,850	10.07
JPMorgan Securities Japan Co., Ltd.	16,331	1.23
The Master Trust Bank of Japan, Ltd. (Account in Trust)	12,761	0.96
BNYM SA/NV BNYM GCM CLIENT ACCTS MILM FE	10,765	0.81
BNYM TREATY DTT 15	10,227	0.77
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	9,935	0.75
STATE STREET BANK WEST CLIENT – TREATY 505234	9,801	0.74
GOLDMAN SACHS INTERNATIONAL	8,731	0.66
MSCO CUSTOMER SECURITIES	7,773	0.58

Notes:

1. Percentage of total shares issued is calculated by deducting treasury stocks (1,020 shares).
2. Number of shares owned less than 100 are rounded down and percentage of total shares issued are rounded to the third decimal place.

(6) Status of shares allotted to Directors or Audit & Supervisory Board Members of the Company as for remuneration for the execution of their duties during the fiscal year

Not applicable.

2. Status of share warrant

Not applicable.

3. Matter concerning Directors and Audit & Supervisory Board Members of the Company

(1) Status of Directors and Audit & Supervisory Board Members (as of December 31, 2021)

Position of the Company	Name	Position in the Subsidiary and status of significant concurrent position in other entities
Representative Director, Chairperson	Sarah L. Casanova	McDonald's Company (Japan), Ltd.: Representative Director, Chairperson
Representative Director, President and CEO	Tamotsu Hiiro	McDonald's Company (Japan), Ltd.: Representative Director, President and CEO,
Representative Director, Executive Vice President and COO	Atsuo Shimodaira	McDonald's Company (Japan), Ltd.: Representative Director, Executive Vice President and COO
Director	Robert D. Larson	
Director	Kenji Miyashita	Vice President McDonald's Company (Japan), Ltd.: Vice President, General Affairs
Director	Andrew V. Hipsley	McDonald's Company (Japan), Ltd.: Brand Advisor
Director	Arosha Wijemuni	McDonald's Global Franchising Limited: Corporate Vice President, Global Franchising Officer
Director	Akira Kawamura	Anderson Mori & Tomotsune: Of Counsel, Lawyer Adviser of Japan Association of Arbitrators Disciplinary Tribunal Committee Member of World Athletics
Director	Masataka Ueda	Director of The Board Director Training Institute of Japan, Public Interest Incorporated Association Chairperson of NPO Eggshell Membrane Association Adviser of Scala, Inc. Outside Director of Higashi-Nippon Bank, Ltd. Senior Director of Japan Golf Tour Organization

Position of the Company	Name	Position in the Subsidiary and status of significant concurrent position in other entities
Full-Time Auditor & Supervisory Board Member	Takaaki Ishii	McDonald's Company (Japan), Ltd.: Full-Time Statutory Auditor
Audit & Supervisory Board Member	Ellen Caya	McDonald's Corporation : Vice President, Internal Audit and Chief Audit Executive
Audit & Supervisory Board Member	Yuko Tashiro	Director, Chairperson of the Board of Accordia Golf Co., Ltd. Director, Chairperson of the Board of Next Golf Management Co., Ltd. Outside Director of Yamaha Motor Co., Ltd. Director of NPO Mirai Kaihatsu Kenkyujo Director of NPO The First Tee of Japan
Audit & Supervisory Board Member	Yoshiyuki Honda	Representative Executive Officer and CFO of Sumida Corporation

Notes:

1. Mr. Akira Kawamura and Mr. Masataka Ueda are Outside Directors.
2. Ms. Ellen Caya, Ms. Yuko Tashiro and Mr. Yoshiyuki Honda are Outside Audit & Supervisory Board Members.
3. Outside Director, Mr. Akira Kawamura and Mr. Masataka Ueda are independent Directors stipulated by the Tokyo Stock Exchange.
Outside Audit & Supervisory Board Member, Ms. Yuko Tashiro and Mr. Yoshiyuki Honda are independent auditors stipulated by the Tokyo Stock Exchange.
4. Full-Time Auditor & Supervisory Board Member, Mr. Takaaki Ishii has many years of experience in finance at the Company and its subsidiaries and considerable financial and accounting knowledge.
5. Audit & Supervisory Board Member, Ms. Ellen Caya has taken charge of internal audit for many years in McDonald's Corporation, an American corporation and in other companies and has considerable auditing, corporate governance and accounting knowledge.
6. Audit & Supervisory Board Member, Ms. Yuko Tashiro, a US Certified Public Accountant, has many years of experience as a partner of an auditing firm, a head of finance and executive of many private companies, and has considerable financial and accounting knowledge.
7. Audit & Supervisory Board Member, Mr. Yoshiyuki Honda, a Certified Public Accountant in Japan and US, has many years of experience as a head of finance and executive of many private companies, and has considerable financial and accounting knowledge.

(2) Overview of liability limitation contract

Based on the Articles of Association of the Company and Paragraph 1, Article 427 of the Companies Act, the Company entered into a contract with Outside Director Mr. Akira Kawamura, Outside Director Mr. Masataka Ueda, full-time Auditor & Supervisory Board Member Mr. Takaaki Ishii, Outside Audit & Supervisory Board Member Ms. Yuko Tashiro and Outside Audit & Supervisory Board Member Mr. Yoshiyuki Honda to limit their liability for damages pursuant to Paragraph 1, Article 423 of the Companies Act to the extent of the amount set forth in the law.

(3) Overview of Directors and Officers liability insurance contract

The Company has entered into a Directors and Officers Liability Insurance Agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act, naming the Directors, Audit & Supervisory Board Member and officers of the Company and its subsidiaries (hereinafter collectively referred to as "Officers" in this item) as insureds. The insurance contract covers legal damages and litigation expenses in the event of a claim for damages arising from an act (including an omission) committed by the insured as officers of the Company. However, in the event of willful negligence of duty, illegal provision of profits or favors, or criminal acts, the insurance contract does not cover such claims, so that the appropriateness of the execution of duties by officers are not impaired. The Company bears all insurance premiums.

(4) Remunerations for directors and statutory auditors

Position	Number	Amount
Director	9	463 million yen
(Outside members)	(2)	(20 million yen)
Statutory Auditor	3	35 million yen
(Outside members)	(2)	(17 million yen)
Total	12	498 million yen
(Outside members)	(4)	(38 million yen)

Notes:

1. The above excludes 1 director and 1 auditor who serves without remuneration.
2. The amount for directors excludes the portion of compensation as an employee for those who serve concurrently as an employee and remuneration for directors paid by a subsidiary of the Company of which the Directors concurrently hold the office of director.
3. As per the resolution adopted at the 47th annual general shareholders' meeting held on March 28, 2018, the amount of remuneration limit to be paid to directors is 1,200 million yen per year (including 60 million yen for outside directors, but excluding the portion of compensation as an employee and remuneration for directors paid by a subsidiary of the Company of which the directors concurrently hold the office of director)The number of eligible directors as of the close of this General Meeting of Shareholders is 8, including 2 outside directors.
4. The Company set up directors' remuneration based on the limitation of Article 361-1 of the Corporate Law of Japan: monthly remuneration, stock-price-linked remuneration, business-performance-linked remuneration and retirement benefits.
5. The main performance indicator for performance-based remuneration is consolidated ordinary income for the fiscal year, while indicators such as business enhancement measures for each fiscal year are set as supplementary indicators. This is because The Company Group believes that consolidated ordinary income will continue to have

unshakeable importance as an indicator that most clearly shows the status of the Group's corporate activities and as a source of funds for investment in growth and shareholder returns.

6. The above amounts include the following:
 - Director's remuneration (stock-price-linked): 92 million yen (92 million yen for 7 directors);
 - Director's remuneration (business-performance-linked): 118 million yen (118 million yen for 7 directors)
 - Provision of reserve for retirement benefits for directors: 57 million yen (55 million yen for 7 directors and 2 million yen for 3 auditors)
7. As per the resolution adopted at the 46th annual general shareholders' meeting held on March 24, 2017, the amount of remuneration to be paid to statutory auditors is limited to 50 million yen per year. The number of eligible statutory auditors as of the close of this General Meeting of Shareholders is 4.
8. Statutory auditor's remuneration consists of monthly remuneration and retirement benefits for auditors based on Article 387 of the Corporate Law of Japan.

(5) Policy for determining the content of remuneration for Directors

The Board of Directors resolves the policy for determining the content of remuneration for each Director.

Also, the Board of Directors has determined that the individual remuneration of Directors for the fiscal year is in line with the policy, as the content of the remuneration determined is consistent with the policy and the decision was made by the Compensation Committee chaired by an Independent Outside Director.

The details of the policy for determining the content of remuneration for Directors regarding are as follows.

1. Basic policy

Compensation for board members of the company shall be linked to the company's business performance so as to function sufficiently as an incentive for sustainable enhancement of corporate value. The basic policy is as follows.

- To determine compensation of individual members at a level that is appropriate in light of their respective responsibilities and competitive in comparison with other companies in the same industry and companies of the same size in other industries.
- While developing excellent talents within the Company, compensation level is set at competitive and effective level which enables to attract diverse outstanding talents as board members from in and out of the country.

Specifically, compensation for executive Directors shall consist of basic compensation and retirement allowance as fixed compensation and performance-based compensation including stock price linked compensation, etc. Outside board members who are responsible for supervisory functions shall be paid basic compensation and retirement allowance in consideration of their duties.

2. Policy to determine the compensation amount, etc. for each individual as basic compensation (including policies to determine the timing or conditions for offering compensation, etc.)

Basic compensation (monetary) for board members of the Company shall be fixed monthly compensation which shall be determined in accordance with their roles, responsibilities, years of service and other factors, taking into consideration the level of other companies, business performance of the Company, the level of employee salaries and evaluations in a comprehensive manner. The basic compensation shall be paid at a fixed time every month, and no special conditions shall be set for payment.

The standard for retirement allowance is regulated by retirement allowance regulations based on compensation, period, title, and contributions as a board member. It will be determined and paid at the time of retirement based on the regulations.

3. Policy to determine details of performance-based compensation, etc. and the method for calculating the amount (including policies to determine the timing or conditions for offering compensation, etc.)

Performance-based compensation, etc. consists of (i) compensation reflecting performance indicators (KPI) to raise awareness towards the improvement of business performance for each fiscal year and (ii) compensation using a pseudo-share format of the company's shares to raise awareness towards the improvement of corporate value over the medium-to-long term. (i) The amount calculated in accordance with the degree of achievement against the target value and evaluations shall be paid at a certain time every year. Target performance indicators and their values shall be set so that they are consistent with the targets for the relevant fiscal year. (ii) The number of pseudo-shares determined in accordance with the roles, responsibilities and evaluations shall be granted at a certain time each year. When exercising the right, the amount calculated in accordance with the company's stock price shall be paid as monetary compensation at the time rights are exercised.

4. Policy to determine the ratio of the amount of monetary compensation, the amount of performance-based compensation, etc. or the amount of non-monetary compensation, etc., to the amount of compensation, etc., of individual board members

The ratio of compensation for each type of executive Director shall be determined within the range of the following percentage table based on the level of compensation benchmarked against companies of a similar business scale or in a related industry or business category, and shall be composed by comprehensively taking into account the role and responsibilities of each individual by the Compensation Committee.

Table of percentages for each role (When each individual's basic compensation is set at 100)

	Basic compensation	Performance-based compensation (1) Single year	Performance-based compensation (2)Medium-to long-term
Representative Director	100	40-80	20-100
Inside Director	100	30-70	15-100
Outside Director	100	0	0

Notes:

1. The ratio of performance-based compensation ((1) and (2)) is when the target is 100% achieved (the standard amount is applied).
2. Even within the same job title, the percentage of compensation by type will be determined for each individual.
3. When the Compensation Committee decides that there is a reasonable grounds, performance based compensation can be granted exceeding the above.
4. Percentage will not be set for the amount of retirement allowance.

5. Matters relating to the determining of details of individual compensation, etc. of board members

The amount of compensation for each individual (including retirement allowance) shall be determined by the Compensation Committee in accordance with the above policy based on the delegation from the Board of Directors.

6. Matters relating to the Compensation Committee, which is delegated the task of determining of the details of individual compensation for Directors.

The Compensation Committee consists of five members: Ms. Sarah L. Casanova, Representative Director and Chairperson; Mr. Tamotsu Hiroyuki, Representative Director and President; Mr. Robert D. Larson, Director; Mr. Arosha Wijemni, Director; and Mr. Akira Kawamura, Outside Director.

The Committee is chaired by Mr. Akira Kawamura, an Outside Director.

The reason for delegating the decision to the Compensation Committee is that the Board of Director judged that the Compensation Committee is suitable to evaluate the duties of each Director, taking into consideration the Company's overall performance and other factors, while ensuring the transparency and objectivity of the procedures for determining individual compensation etc.

(6) Matters for Outside Directors and Outside Audit & Supervisory Board Members

(a) Holding significant concurrent position in other entity and relationship with the Company

Position	Name	Position in other entity	Plural Office	Relationship with the Company
Outside Director	Akira Kawamura	Anderson Mori & Tomotsune	Of Counsel, Lawyer	None in particular
		Japan Association of Arbitrators (JAA)	Advisor	
		World Athletics	Disciplinary Tribunal Committee Member	
Outside Director	Masataka Ueda	The Board Director Training Institute of Japan, Public Interest Incorporated Association	Director	None in particular
		NPO Eggshell Membrane Association	Chairperson	
		Scala, Inc.	Advisor	
		Higashi-Nippon Bank, Ltd.	Outside Director	
		Japan Golf Tour Organization	Senior Director	
Outside Audit & Supervisory Board Member	Ellen Caya	McDonald's Corporation	Vice President, Internal Audit and Chief Audit Executive	Licensor of consolidated subsidiary, McDonald's Company (Japan), Ltd.
Outside Audit & Supervisory Board Member	Yuko Tashiro	Accordia Golf Co., Ltd.	Director, Chairperson of the Board	None in particular
		Next Golf Management Co., Ltd.	Director, Chairperson of the Board	
		Yamaha Motor Co., Ltd.	Outside Director	
		NPO Mirai Kaihatsu Kenkyujo	Director	
		NPO The First Tee of Japan	Director	
Outside Audit & Supervisory Board Member	Yoshiyuki Honda	Sumida Corporation	Representative Executive Officer and CFO	None in particular

(b) Major activities during the fiscal year

● Attendance at board of Directors meeting and Audit & Supervisory Board meeting

	Board of Directors meeting (Total: 13 times)		Audit & Supervisory Board meeting (Total: 13 times)	
	# of Attendance	Percentage	# of Attendance	Percentage
Director, Akira Kawamura	13	100%	—	—
Director, Masataka Ueda	13	100%	—	—
Audit & Supervisory Board Member, Ellen Caya	13	100%	13	100%
Audit & Supervisory Board Member, Yuko Tashiro	13	100%	13	100%
Audit & Supervisory Board Member, Yoshiyuki Honda	13	100%	13	100%

● Major activities of Outside Director

Name	Major activities
Akira Kawamura	At the meetings of the Board of Directors, he has made comments from an independent and objective perspective based on his extensive experience and insight in Japan and overseas as a lawyer. In particular, he provided a number of useful advice and suggestions in the areas of compliance and corporate governance, contributing to the improvement of the supervisory and decision-making functions of the Board of Directors and the establishment of a highly transparent governance system.
Masataka Ueda	At the meetings of the Board of Directors, he has made comments from an independent and objective perspective based on his extensive experience and insight as a manager. In particular, he provided a number of useful advice and suggestions in the areas of corporate management, human resources and finance, contributing to the improvement of the supervisory and decision-making functions of the Board of Directors and the revitalization of discussions at Board of Directors meetings.

● Major activities of Outside Audit & Supervisory Board Member

Name	Major activities
Ellen Caya	At the meetings of the Board of Directors and the Audit & Supervisory Board, she made comments based on her extensive experience in auditing operations and her rich insight on McDonald's business and auditing operations. In particular, she provided a number of useful advice and suggestions regarding auditing in general, based on her experience at McDonald's overseas, and contributed to the implementation of effective operational and accounting audits.
Yuko Tashiro	At the meetings of the Board of Directors and the Audit & Supervisory Board, she made comments from an independent and objective perspective based on her extensive experience and insight as a U.S. certified public accountant and a business manager. In particular, she provided many useful advice and suggestions based on her experience and knowledge from the perspective of a business manager, and contributed to the implementation of effective operational and accounting audits.
Yoshiyuki Honda	At the meetings of the Board of Directors and the Audit & Supervisory Board, he made comments from an independent and objective perspective based on his extensive experience and insight as a Japanese and U.S. certified public accountant and business manager. In particular, from the perspective of CFO of a listed company, he provided a number of useful advice and suggestions, mainly in the field of accounting, and contributed to the implementation of effective operational and accounting audits.

- (c) Amount of remuneration, etc. received from subsidiaries of the Company
Not applicable.

4. Fees for Independent Auditors

(1) Name of public accounting firm

Ernst & Young ShinNihon LLC.

(2) Audit fee

(Millions of yen)	Amount
Audit fee in pursuant to Article 2-1 of the Certified Public Accountant Law	124 million yen
Total audit fee incurred by the Company and its consolidated subsidiaries.	139 million yen

Note:

1 The Board of Audit & Supervisory Board Members, based upon the Practical Guidelines for Cooperation with Financial Auditors released by the Japan Audit & Supervisory Board Members Association, and having obtained necessary materials and having received reports from accounting-related departments and the financial auditor regarding auditing performance in the previous fiscal year, conducts confirmation of auditing time and staff allocation plans concerning the auditing plans of the financial auditor, the status of execution of duties by the financial auditor, the grounds for calculation of compensation estimates and other matters, and having investigated these, gives consent to compensation, etc. for the financial auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

2 Since the audit agreement between the Company and the independent auditor does not specify respective remuneration amounts for auditing under the Corporate Law of Japan and auditing under the Securities and Exchange Law, it is hardly practicable to do so, the above payment to show the total of such remuneration amounts.

(3) Non-audit services

Not applicable.

(4) Dismissal and rejection of reappointment for Accounting Auditor

When any one of the matters prescribed in the items in Article 340, Paragraph 1 of the Companies Act has occurred with respect to the Accounting Auditor, the Board of Audit & Supervisory Board Members will remove the Accounting Auditor by a unanimous resolution. In such case, the Audit & Supervisory Board Members designated by the Board of Auditors shall report to the General Meeting of Shareholders to be first held after the removal of the Accounting Auditor on such removal and the reason thereof.

The Board of Audit & Supervisory Board Members will make a comprehensive judgment regarding the performance of the Accounting Auditor. When Audit & Supervisory Board Members recognizes that it is not possible to ensure the appropriateness and reliability of accounting audits, it will determine the content of an agenda to be proposed to the General Meeting of Shareholders concerning the removal or nonrenewal of appointment of the Accounting Auditor.

In addition, when the Board of Directors determines that there is an obstacle to the execution of duties by the Accounting Auditor or when otherwise it deems necessary, it will request the Board of Audit & Supervisory Board Members to include the removal or nonrenewal of appointment of the Accounting Auditor in the agenda for the General Meeting of Shareholders. The Audit & Supervisory Board will then judge

the appropriateness of the request and determine the content of an agenda to be proposed to the General Meeting of Shareholders.

5. Systems to ensure appropriateness of the operations

Systems of the Company Group to ensure Directors' operations are performed appropriately in accordance with the laws and regulations and the Articles of Association of the Company are as follows:

(1) System for storage and management of information relating to the execution of duties by Directors

- (a) Minutes of meetings of the Board of Directors and minutes of general shareholders' meetings, financial documents and business reports, minutes of meetings of the Executive Management Team (hereinafter referred as "EMT") of the consolidated subsidiary, records of preliminary examination and approval based on Delegation of Authority Guidelines, minutes of meetings of the Board of Auditors, documents relating to activities of auditors, and other documents designated by the Board of Directors and Audit and Supervisory Board (including those in an electromagnetic form) shall be preserved and managed for 10 years together with their pertinent materials.
- (b) The "Document Preservation and Management Rules" shall be developed to prescribe periods and methods to preserve documents regarding performance of operations according to the importance of documents. All employees must be familiarized with the rules and each division shall establish its daily document management criteria and implement necessary training and education regarding the rules and criteria.

(2) Rules and Other Systems for Management of Risks of Losses

- (a) The Enterprise Risk Management Committee is responsible for securing risk management in accordance with Enterprise Risk Management Committee Regulations, which stipulate the details of risk management for the Company Group, and a member or members in charge of compliance and risk management in each division shall ensure the penetration of risk management procedures in the division. To assure preliminary risk assessment procedures will be conducted properly, the Delegation of Authority Guidelines shall specify whether preliminary assessment of individual departments or EMT is needed and all employees shall receive education and training on the guidelines to ensure their sufficient understanding of the guidelines.
- (b) An Internal Auditing department shall be established as a function independent from all other departments to audit business processes in individual departments for risk identification and prevention as well as for business process improvement.
- (c) When necessary, an emergency task force shall be formed with a necessary number of members to address and deal with massive such risks as casualties, disasters and scandals. Risks that should be addressed by and specific tasks and authorities of the task force shall be defined in Crisis Management Regulations and Large-Scale Disaster Response Headquarters Regulations.
- (d) According to Crisis Management Regulations, considering the nature of the Company's business, the Company shall (1) enhance the reporting system by setting

up the Emergency Hotline in accordance with Emergency Hotline Regulations to establish the risk management system to deal with emergencies in restaurants and (2) specifically set forth the roles of each department for each accident level and the methods how to deal with the accident by setting “the Rules on Emergency Level Management and Stock Recovery of Restaurant Commodities and Products” with regard to the methods how to deal with emergencies in restaurants.

(3) System to Ensure the Efficiency of Directors in the Execution of their Duties

The “Rules for the Board of Directors” and “Detailed Regulations for the Board of Directors” shall define the matters to be resolved and to be reported at meetings of the Board of Directors. Each member of the Board shall ensure appropriate allocation of authorities and proper decision making in accordance with the “Rules on Segregation of Duties” and “Delegation of Authority Guidelines” for efficient and proper performance of his/her duties. Each member of the Board shall also make proposals as needed to a meeting of the Board and the Representative Director in order to establish the system to assure efficient reporting to the Board of Directors concerning the decision of the Company’s managerial policies, consideration and decision of important matters, and the enhancement and operation of the Company’s compliance system and risk management system.

(4) System to Ensure that the Directors and Employees Execute their Duties in Compliance with Laws and Regulations and Articles of Association of the Company

- (a) The Enterprise Risk Management Committee shall be established with the Representative Director and CEO of the consolidated subsidiary as its chairman and COO, CFO, Vice President for legal Governance Division and Vice President for Human Resource Division of consolidated subsidiary as committee members. The Enterprise Risk Management Committee shall have authority to conduct the surveys necessary to maintain and ensure that the Directors and employees of the Group execute their duties in compliance with laws and the Articles of Association and to provide guidance. Authorities and activities of the Enterprise Risk Management Committee shall be specified in the “Enterprise Risk Management Committee Regulations”.
- (b) A handbook of “Standards of Business Conduct” shall be developed to describe compliance in plain language and distributed to employees. Each employee will be required to submit a written oath to assure their compliance with the standards.
- (c) Training needed to secure compliance shall be provided to Directors, vice presidents, staff members and other relevant employees and contents of training shall be decided depending on their positions and responsibilities.
- (d) The “Delegation of Authority Guidelines” shall be developed to specify approval authorities of Directors and employees concerning performance of operations in the Company based on their positions and responsibilities, and to specify the necessity of prior approval of relevant departments or EMT and of resolution or reporting at meetings of the Board of Directors. In addition, the “EMT Rules” shall be formulated to ensure the EMT will examine important operating decisions in advance. All employees shall be familiarized with the above guidelines and rules.
- (e) An internal auditing department shall be established as an independent function from

all other departments to find and prevent misconducts and improve business processes.

- (f) The above initiatives shall be actively disclosed to shareholders, investors, and the society as well as to Directors and employees in order to raise their awareness for the compliance system and secure its transparency.

(5) System to Ensure Appropriateness of Operations in the Group

To maintain the appropriateness of operations performed in our entire group including McDonald's Company (Japan), Ltd. which is a member of the Company group shall implement procedures to ensure appropriateness of operations in their companies in accordance with the "Internal Control Rules", and shall maintain a reporting system to ensure that any matter deemed important for maintaining appropriateness of operations is reported to the Company.

(6) Matters related to Assistants to Audit & Supervisory Board Member Appointed by the Audit & Supervisory Board Member

The Board of Directors shall appoint employees who have sufficient expertise and knowledge to perform assistant works for the Audit & Supervisory Board Member as assistant to the Audit & Supervisory Board Member as soon as possible upon the request of the Audit & Supervisory Board Member. Directors and employees shall extend equal assistance and cooperation to the assistants in conducting investigation, auditing and other relevant activities to those they would extend to the Audit & Supervisory Board Member.

(7) Matters related to Securement of Independence of Assistants to Audit & Supervisory Board Member from Board of Directors

The assistants to the Audit & Supervisory Board Member will not belong to the Board of Directors' chain of command and order and assist the auditor independently from the Board. Reassignment of and disciplinary actions and other measures against the assistants shall be report to and approved by Audit & Supervisory Board prior to their implementation.

(8) System for Directors, Employees and Others to report to Audit & Supervisory Board Members and other systems for reporting to Audit & Supervisory Board Members

- (a) Internal Auditing, Treasury and Legal Services departments shall immediately report to the Audit & Supervisory Board Members on any violation of law or regulation or potential serious damages to the Company that they find in performing their duties.
- (b) Directors shall disseminate the reporting obligations described above as best they can in the Company.
- (c) The Enterprise Risk Management Committee shall inform violation of law or regulation or corporate ethics or potential serious damages to the Audit & Supervisory Board Members, if, as a result of an investigation into whether or not there is a serious fact of non-compliance with laws or regulations or corporate ethics or a fact that may cause significant damage to the Company is found through whistleblowing or other methods.
- (d) Directors and employees must promptly report on their performance of operations

upon the request of the Audit & Supervisory Board Members.

- (e) The Audit & Supervisory Board Members will receive a report as needed on audits conducted by the Internal Auditing department and may request additional auditing or improvement of operations or other measures that they determine necessary.

(9) System to ensure that those who reported to the Audit & Supervisory Board Members do not receive any disadvantageous treatment due to the report

According to the "Internal Control Regulations", the Company shall not give any disadvantageous treatment to the Group's officer/employee who has reported to the Audit & Supervisory Board Members of the Group on the basis of the fact that such officer/employee has so reported.

(10) Policy concerning the processing of expenses and other treatments arising from Performance of Duties of the Audit & Supervisory Board Member

According to the "Internal Control Regulations", the Company shall quickly process the expense or debt when the Audit & Supervisory Board Member requests for advance payment of expenses arising from its performance of duties.

(11) Other Procedures to Ensure Effective Auditing by the Audit & Supervisory Board Member

- (a) The Board of Audit & Supervisory Board Members may work together with the consolidated subsidiary's Internal Auditing department and the Accounting Auditor in conducting audit. The Full-Time Audit & Supervisory Board Member and a person designated by the Full-Time Audit & Supervisory Board Member may attend any meeting that discusses about important operations (regardless of the type of the meeting), express their views and ask for explanation at the meeting.

- (b) The Audit & Supervisory Board Members shall supervise the Accounting Auditor and may receive separate reports on audits conducted by the Accounting Auditor to secure independence of the Accounting Auditor from Directors.

- (c) To maintain the optimization of the performance of business of the Group, the Company shall have

McDonalds Company (Japan), Ltd., which forms the corporate group, establish the same system for work optimization as the system defined in Internal Control Regulations, and report to the Company with regard to the matters to be considered important to ensure appropriate performance of the business of the Group.

The Internal Control Regulations stipulate that the internal audit department and each division in charge of the consolidated subsidiary can directly report to the Audit & Supervisory Board Members of the Company and the prohibition of disadvantageous treatments, obligations to cooperate the assistants to the Audit & Supervisory Board Members, and processing of expense arising from the Audit & Supervisory Board Members' performance of duties etc.

6. Summary of the management status of a system to ensure appropriateness of operations

Based on a basic policy regarding a system designed to ensure the above operations are conducted appropriately, the Company has strived to improve and manage the system properly.

How the system was managed in the fiscal year is summarized below:

(1) Status of efforts for appropriate and efficient execution of duties.

The Board of Directors consists of 9 Directors including 2 Outside Directors and 4 Audit & Supervisory Board Members including 3 Outside Audit & Supervisory Board Members also attend board meetings. 13 meetings of the Board of Directors were held to discuss important matters including matters prescribed in laws and regulations, the articles of Association of the Company, and other rules, business policies and other subjects from the perspectives of compliance with laws and regulations, the Articles of Association of the Company, and other rules, and exchanged their opinions actively.

13 meetings of Audit & Supervisory Board were held to audit the execution by Directors of their duties and compliance with laws and regulations, the Articles of Association, and other rules.

In addition, the Internal Audit department with independence and expertise periodically reported to and cooperated with the Audit & Supervisory Board Members in investigation, auditing, etc.

By attending Board of Directors' meetings and interviewing the Directors and employees, the Audit & Supervisory Board Members confirmed the status of the Company's internal control system and its operation. They also provided advice to achieve a healthier business structure and more effective management of internal control. The Audit & Supervisory Board Members worked closely with the Accounting Auditor and the Internal Audit Department and exchanged information as appropriate to improve the effectiveness of the audit.

(2) Regulations Concerning the Management of the Internal Control and the Risk of Loss

The Enterprise Risk Management Committee strived to identify internal risks promptly based on reports provided by telephone, letter and e-mail. The committee also provided compliance training to employees through an e-learning system. The theme of the training was harassment, and the content of the training was to prevent harassment by continuing to embody the five Our Values, which represent our company's values, in our daily activities. 25,666 people including employees and part-time workers of the Company Group and franchisee organizations attended such training course.

7. Basic policy for controlling the Company

Not applicable.

8. Item about specific wholly owned subsidiary

Not applicable.

Consolidated Balance Sheet

As of December 31, 2021

(Millions of yen, with fractional amounts discarded)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and deposits	75,267	Accounts payable-trade	983
Accounts receivable-trade	20,557	Lease obligations	237
Raw materials and supplies	1,243	Accounts payable-other	29,169
Other	5,835	Accrued expenses	7,453
Allowance for doubtful accounts	(9)	Income taxes payable	6,856
Total current assets	102,894	Consumption tax payable	2,428
		Provision for bonuses	2,316
Non-current assets		Provision for loss on disposal of inventories	35
Property and equipment		Other	9,147
Buildings and structures	63,070	Total current liabilities	58,628
Machinery and equipment	10,113		
Tools, furniture and fixtures	7,778	Non-current liabilities	
Land	21,170	Lease obligations	415
Lease assets	537	Provision for bonuses	417
Construction in progress	359	Provision for directors' bonuses	200
Total property and equipment	103,029	Provision for directors' retirement benefits	271
		Liabilities for retirement benefits	1,388
Intangible assets		Asset retirement obligations	4,071
Goodwill	518	Deferred tax liabilities	3
Software	8,685	Deferred tax liabilities due to land revaluation	289
Other	694	Other	204
Total intangible assets	9,898	Total non-current liabilities	7,262
Investments and other assets		Total liabilities	65,890
Investment securities	56		
Long-term loans receivable	9	(Net Assets)	
Deferred tax assets	7,558	Shareholders' equity	
Lease and guarantee deposits	34,240	Common stock	24,113
Other	3,628	Capital surplus	42,124
Allowance for doubtful accounts	(1,202)	Retained earnings	132,179
Total investments and other assets	44,290	Treasury stock	(2)
Total non-current assets	157,218	Total shareholders' equity	198,414
		Accumulated other comprehensive loss	
		Revaluation reserve for land	(4,246)
		Remeasurements of retirement benefits	53
		Total accumulated other comprehensive loss	(4,192)
		Total net assets	194,222
Total assets	260,113	Total liabilities and net assets	260,113

Consolidated Statement of Income

For the Year Ended December 31, 2021

(Millions of yen, with fractional amounts discarded)

Net sales		
Sales by company-operated restaurants	214,275	
Revenue from franchised restaurants	103,420	317,695
Cost of sales	189,349	
Product cost		
Franchised restaurants occupancy expenses	64,916	254,265
Gross profit		63,429
Selling, general and administrative expenses		28,911
Operating income		34,518
Non-operating income		
Interest income	91	
Compensation income	426	
Insurance income	224	
Reversal of allowance for doubtful accounts	35	
Other	364	1,142
Non-operating expenses		
Interest expenses	9	
Loss on disposals for company-operated restaurants	1,936	
Other	96	2,042
Ordinary income		33,618
Special income		
Gain on sales of non-current assets	247	247
Special loss		
Loss on disposals of non-current assets	835	
Impairment loss	319	1,155
Income before income taxes		32,711
Income taxes-current	11,813	
Income taxes-deferred	(3,047)	8,765
Net income		23,945
Net income attributable to owners of parent		23,945

Consolidated Statement of Changes in Net Assets

For the Year Ended December 31, 2021

(Millions of yen, with fractional amounts discarded)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Subtotal
Beginning balance	24,113	42,124	113,016	(2)	179,251
Changes in during the year					
Dividends			(4,786)		(4,786)
Net income			23,945		23,945
Purchase of treasury shares				(0)	(0)
Difference for revaluation reserve for land			4		4
Changes in items other than shareholders' equity (net)					
Total changes	—	—	19,163	(0)	19,163
Ending balance	24,113	42,124	132,179	(2)	198,414

	Accumulated other comprehensive Income/(Loss)			Total
	Revaluation reserve for land	Remeasurements of defined benefit plans	Subtotal	
Beginning balance	(4,242)	72	(4,169)	175,081
Changes in during the year				
Dividends				(4,786)
Net income				23,945
Purchase of treasury shares				(0)
Difference for revaluation reserve for land	(4)		(4)	—
Changes in items other than shareholders' equity (net)		(18)	(18)	(18)
Total changes	(4)	(18)	(22)	19,140
Ending balance	(4,246)	53	(4,192)	194,222

Balance Sheets

As of December 31, 2021

(Millions of yen, with fractional amounts discarded)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and deposits	31,794	Accounts payable – trade	1,230
Accounts receivable to affiliated companies	4,833	Accounts payable – other	99
Prepaid expenses	2,524	Accounts payable to affiliated companies	3,616
Accounts receivable - other	101	Accrued expenses	294
Other	1,003	Consumption tax payable	192
Total current assets	40,256	Provision for bonuses	20
		Other	124
Non-current assets		Total current liabilities	5,578
Property and equipment		Non-current liabilities	
Buildings	3,680	Provision for bonuses	4
Structures	238	Provision for directors' bonuses	200
Tools, furniture and fixtures	0	Provision for directors' retirement benefits	149
Land	21,232	Asset retirement obligations	1,151
Total property and equipment	25,151	Deferred tax liabilities	0
		Deferred tax liabilities for land revaluation	314
		Other	204
Intangible assets		Total non-current liabilities	2,026
Land lease right	718	Total liabilities	7,604
Software	8,685		
Telephone subscription rights	37	(Net assets)	
Total intangible assets	9,441	Shareholders' equity	
Investments and other assets		Common stock	24,113
Investment securities	56	Capital surplus	42,124
Long-term loan receivable	9	Legal capital surplus	42,124
Long-term loan receivable to affiliated companies	36,758	Retained earnings	78,371
Claims provable in bankruptcy, claims provable in rehabilitation and other	54	Legal retained earnings	253
Long-term prepaid expenses	175	Other retained earnings	78,118
Lease and guarantee deposits	34,240	Retained earnings carried forward	78,118
Other	2,002	Treasury stock	(2)
Allowance for doubtful accounts	(498)	Total shareholders' equity	144,606
Total investments and other assets	72,799	Valuation and translation adjustments	(4,562)
Total non-current assets	107,393	Revaluation reserve for land	(4,562)
		Total valuation and translation adjustments	(4,562)
		Total net assets	140,044
Total assets	147,649	Total liabilities and net assets	147,649

Statement of Income

For the Year Ended December 31, 2021

(Millions of yen, with fractional amounts discarded)

Revenue		
Real estate rental income	49,053	
Dividends from subsidiaries and affiliates	5,000	54,053
Cost of sales		
Cost of real estate rent	47,196	47,196
Gross profit		6,856
Selling, general and administrative expenses		3,287
Operating income		3,569
Non-operating income		
Interest income	156	
Management service fee income	343	
Compensation income	299	
Reversal of allowance for doubtful accounts	2	
Other	27	829
Non-operating expenses		
Interest expenses	2	
Loss on disposals for company-operated restaurants	35	38
Ordinary income		4,360
Special income		
Gain on sales of non-current assets	228	228
Special loss		
Loss on disposal of non-current assets	33	33
Income before income taxes		4,556
Income taxes-current	(63)	
Income taxes-deferred	(2)	(66)
Net income		4,622

Statement of changes in net assets

For the Year Ended December 31, 2021

(Millions of yen, with fractional amounts discarded)

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings			Treasury stock	Total
		Capital surplus	Total	Legal income reserve	Other retained earnings	Subtotal		
					Carried forward retained earnings			
Beginning Balance	24,113	42,124	42,124	253	78,282	78,535	(2)	144,770
Changes during the year								
Dividends					(4,786)	(4,786)		(4,786)
Net income					4,622	4,622		4,622
Purchase of treasury shares							(0)	(0)
Total changes	—	—	—	—	(164)	(164)	(0)	(164)
Ending Balance	24,113	42,124	42,124	253	78,118	78,371	(2)	144,606

	Valuation and translation adjustment		Total
	Revaluation reserve for land	subtotal	
Beginning Balance	(4,562)	(4,562)	140,208
Changes during the year			
Dividends			(4,786)
Net income			4,622
Purchase of treasury shares			(0)
Total changes	—	—	(164)
Ending Balance	(4,562)	(4,562)	140,044

Shareholders' Meeting Reference Material

Item No.1: Proposed Disposition of Retained Earnings

The Company has set its policy for disposition of retained earnings based on the continuous payment of stable dividends also taking into consideration business factors such as business performance trends, our capital needs, retained earnings for further strengthening corporate competitiveness in a comprehensive manner. For the current fiscal year, taking into consideration of the business results, cash flows, and financial indicator such as ROE, the Company proposes to make dividends an increase of 3 yen from prior fiscal year as follows:

- i) Type of appropriated assets for dividend:
Cash
- ii) Allocation of appropriated assets for dividend and total amount thereof:
The Company pays thirty nine (39) yen per common share and the total amount of dividends to shareholders is 5,185,400,220 yen, provided that treasury stocks of 1,020 shares shall be excluded from the allocation.
- iii) Effective date of allocation of appropriated assets for dividend:
March 30, 2022

Item No.2: Partial Amendment to the Articles of Association

1. Reason for Proposal

Since the revised provisions provided for in a proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following amendment to its Articles of Association in preparation for the introduction of the system for providing reference materials for the general meeting of shareholders in electronic format.

- 1) Since the Company is obligated to stipulate in the Articles of Association that it will take measures for providing information that constitutes the content of reference materials for the general meeting of shareholders, etc. in electronic format, the Company proposes to newly establish paragraph 1 of the proposed amendments of Article 14 (MEASURES TO PROVIDE MATERIALS IN AN ELECTRONIC FORMAT).
- 2) Among items for which the measures for providing information in electronic format will be taken regarding the information that constitutes the content of reference materials for the general meeting of shareholders, etc., since the Company may limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents to the scope designated by the Ministry of Justice Order, the Company proposes to newly establish paragraph 2 of the proposed revision of Article 14 (MEASURES TO PROVIDE MATERIALS IN AN ELECTRONIC FORMAT) .
- 3) Upon the introduction of the system for providing reference materials for the general meeting of shareholders in electronic format, since the provisions for Article 14 (DISCLOSURE OF REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS, ETC. THROUGH THE INTERNET AND DEEMED DELIVERY) of the current Articles of Association will no longer be required, they will be deleted.
- 4) The Company will establish supplementary provisions regarding the effective dates of the aforementioned new establishment and deletion of the provisions. This supplementary provision shall be deleted after six months have elapsed from September 1, 2022, or after three months have elapsed from the date of the general meeting of shareholders to be held within six months from September 1, 2022, whichever is later.

2. Contents of the Proposed Amendments

Proposed Amendments to the Articles of Association are as follows.

(Underlined text indicate amendments)

Current	Proposed Amendments
<p><u>ARTICLE 14. DISCLOSURE OF REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS, ETC. THROUGH THE INTERNET AND DEEMED DELIVERY</u></p> <p><u>Upon convening a general meeting of shareholders, it may be deemed that the Company has provided the shareholders with necessary information that should be described or indicated in the reference documents for the general meeting of shareholders, business reports, non-consolidated financial statements, and consolidated financial statements, on the condition that such information is disclosed through the Internet in accordance with the Ministry of Justice Ordinance.</u></p> <p>(NEW)</p>	<p>(Delete)</p> <p><u>ARTICLE 14. MEASURES TO PROVIDE MATERIALS IN AN ELECTRONIC FORMAT</u></p> <p><u>(1) Upon convening general meetings of shareholders, the Company shall take measures to provide materials containing information to be stated in reference documents for the general meetings of shareholders and related documents in an electronic format.</u></p> <p><u>(2) The Company may omit all or part of the matters stipulated in the Ministry of Justice Ordinance from materials in a paper-based format to be delivered to shareholders who have requested delivery of materials in a paper-based format by the record date for voting rights.</u></p>

Current	Proposed Amendments
(NEW)	<p data-bbox="794 385 1157 416"><u>Supplementary Provisions</u></p> <p data-bbox="794 421 1476 562"><u>ARTICLE 1. TRANSITIONAL MEASURES REGARDING PROVISION OF MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS IN ELECTRONIC FORMAT</u></p> <ol data-bbox="842 600 1484 1653" style="list-style-type: none"> <li data-bbox="842 600 1484 996">1. <u>The deletion of Article 14 of the current Articles of Association (DISCLOSURE OF REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS, ETC. THROUGH THE INTERNET AND DEEMED DELIVERY) and the establishment of Article 14 in the amended Articles of Association (MEASURES TO PROVIDE MATERIALS IN AN ELECTRONIC FORMAT) shall become effective as of September 1, 2022.</u> <li data-bbox="842 1034 1484 1400">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 of the current Articles of Association (DISCLOSURE OF REFERENCE DOCUMENTS FOR GENERAL MEETING OF SHAREHOLDERS, ETC. THROUGH THE INTERNET AND DEEMED DELIVERY) shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u> <li data-bbox="842 1438 1484 1653">3. <u>The provisions of this Article shall be deleted on the date when six months has passed from September 1, 2022 or three months has passed from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u>

Item No.3: Appointment of Five (5) Directors

The term of office of Director Ms. Sarah L. Casanova, Mr. Arosha Wijemuni, and Mr. Masataka Ueda will expire upon the conclusion of the Meeting.

Director, Mr. Kenji Miyashita and Mr. Andrew V. Hipsley will resign as Director upon the conclusion of the Meeting.

Accordingly, the Company hereby propose the election of five (5) Directors.

The Board of Directors decides on candidates for directors based on the recommendations of the Nomination Committee, an advisory body of the Board of Directors of the Company, chaired by an independent outside director.

The candidates are as follows:

(Reference) List of Candidates for Directors

Candidate No.	Name	Position of the Company	Candidate Attributes
1	<u>Reappointed</u> Sarah L. Casanova	Representative Director and Chairperson	
2	<u>Reappointed</u> Arosha Wijemuni	Director	
3	<u>Newly appointed</u> Jo Sempels	—	<u>Outside</u>
4	<u>Reappointed</u> Masataka Ueda	Outside Director	<u>Outside</u> <u>Independent</u>
5	<u>Newly appointed</u> Tetsu Takahashi	—	<u>Outside</u> <u>Independent</u>

Note:

Position of the Company are at the time of the resolution at the Board of Directors meeting held in relation to the convocation of the meeting (as of February 22, 2022)

Newly appointed . . . Candidate for new Director (including those who had been Directors in the past)

Reappointed . . . Candidate for reappointment as Director

Outside . . . Candidate for Outside Director

Independent . . . Independent Director as stipulated by the Tokyo Stock Exchange

No	Name (Date of Birth)	Brief Personal History, and Position/Responsibilities in the Company (Important Position(s) concurrently held)	Holding Shares of the Company
1	Sarah L. Casanova (born April 6, 1965) <u>Reappointed</u>	Jan. 1991 Joined McDonald's in Canada	1,981
		Jan. 1997 Senior Director, Marketing of McDonald's Russia/Ukraine	
		Jul. 2001 Senior Director, Marketing of McDonald's Canada	
		Oct. 2004 Vice President, Marketing of McDonald's Company (Japan), Ltd.	
		Apr. 2007 Senior Vice President, Business Development of McDonald's Company (Japan), Ltd	
		Jul. 2009 Managing Director of McDonald's Malaysia	
		May. 2012 Managing Director of McDonald's Malaysia and Regional Manager of McDonald's Singapore and McDonald's Malaysia	
		Aug. 2013 Representative Director, President and CEO of McDonald's Company (Japan), Ltd.	
		Mar. 2014 Representative Director, President and CEO of the Company	
		Mar. 2019 Representative Director and Chairperson of McDonald's Company (Japan), Ltd. (Current)	
		Mar. 2021 Representative Director, and Chairperson of the Company (Current)	
		(Important Office Title/Position in Other Corporations) Representative Director and Chairperson of McDonald's Company (Japan), Ltd.	
<p>(Reasons for the nomination of the candidate for Director)</p> <p>Ms. Sara L. Casanova has served as the representative director and chief executive officer of the Company (since 2014) and its subsidiaries (since 2013) and as the Representative Director and chairperson of the Company (since 2021) and its subsidiaries (since 2019). She has a wealth of experience and insight into the McDonald's business and management. Based on her past achievements and extensive insight, the Company have judged that she can continue to contribute to the enhancement of the corporate value of the Company and nominated her as a candidate for Director.</p>			

No	Name (Date of Birth)	Brief Personal History, and Position/Responsibilities in the Company (Important Position(s) concurrently held)	Holding Shares of the Company
2	Arosha Wijemuni (born Dec. 10, 1961) <u>Reappointed</u>	Apr. 1981 Joined Air Lanka Ltd. (Currently Sri Lankan Airline) Accounts Supervisor;	—
		Jun. 1989 Accountant of Pizza Hut (UK) Ltd.	
		Sep. 1993 Finance Manager of McDonald's Saudi Arabia	
		Mar. 1998 Finance Director of McDonald's Romania	
		Feb. 2000 Senior Finance Director of McDonald's Middle East & Africa Development Company	
		Jan. 2009 Vice President, Field Service & Relationship Partner of McDonald's Company (Japan), Ltd.	
		Oct. 2010 Vice President, Chief Ownership Strategy Officer of McDonald's China	
		Jun. 2014 Vice President, Franchising, of McDonald's Asia Pacific Middle East & Africa	
		Jun. 2015 Vice President, Chief Alignment Officer of McDonald's Foundational Segment	
		Mar. 2016 Director of the Company (Current)	
Sept. 2017 Corporate Vice President, Global Franchising Officer of McD Global Franchising Limited (Current)			
(Important Office Title/Position in Other Corporations) Corporate Vice President, Global Franchising Officer of McD Global Franchising Limited			
<p>(Reasons for the nomination of the candidate for Director)</p> <p>Mr. Arosha Wijemuni has served as Senior Finance Director and Vice President of Franchising of several overseas McDonald's for many years and has served as a Director of the Company since 2016. He has a wealth of experience in advising on franchise businesses and a wealth of insight into the McDonald's business. Based on his past performance in his duties and his extensive insight, the Company have judged that he can continue to contribute to the enhancement of the corporate value of the Company and nominated him as a candidate for Director.</p>			

No	Name (Date of Birth)	Brief Personal History, and Position/Responsibilities in the Company (Important Position(s) concurrently held)	Holding Shares of the Company
3	Jo Sempels (born Dec. 21, 1967) <u>Newly appointed</u> <u>Outside</u>	Aug. 1992 Joined McDonald's in Belgium	—
		Sep. 1996 Financial Controller McDonald's Belgium	
		Jan. 1998 Finance and HR Director, McDonald's Belgium	
		Mar. 2001 Managing Director, McDonald's Belgium	
		Mar. 2005 Managing Director, McDonald's the Netherlands	
		Jul. 2015 Vice President Foundational Markets Europe, McDonald's Corporation	
		Jan. 2019 Vice President – Business Unit Lead Europe International Developmental Licensed Markets, McDonald's Corporation	
		Dec. 2019 Senior Vice President International Developmental Licensed Markets, McDonald's Corporation (Current)	
		(Important Office Title/Position in Other Corporations) Senior Vice President International Developmental Licensed Markets, McDonald's Corporation	
<p>(Reasons for the nomination of the candidate for Outside Director and expected roles)</p> <p>Mr. Jo Sempels has served as the head of finance and human resources and the managing Director of several McDonald's overseas for many years and has a wealth of experience and achievements as executives, as well as extensive insight into finance, human resources and McDonald's business. Based on his past performance in his duties and his abundant insight, we have judged that he can contribute to the enhancement of the corporate value of the Company and nominated him as a candidate for Outside Director. If he is appointed, we expect that he will contribute to the further growth of the Company's group by providing advice on the Company's business and other matters based on his abundant insight and experience.</p>			

No	Name (Date of Birth)	Brief Personal History, and Position/Responsibilities in the Company (Important Position(s) concurrently held)	Holding Shares of the Company
4	Masataka Ueda (born Apr. 5, 1955) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	Apr. 1979 Joined The Bank of Mitsubishi, Ltd (Currently MUFG Bank, Ltd.) Ueno and Shinbashi Branch	—
		Aug. 1983 Director, Business Planning and Financial Analysis Finance and Administration Group of American Express International Inc. (Japan)	
		Jan. 1987 Director, Marketing and Planning Financial Services Institutions (FSI) Group of American Express International Inc. (Japan)	
		Jan. 1989 Director, Service Establishment Marketing Card Services Group of American Express International Inc. (Japan)	
		Apr. 1990 Vice President, Marketing & Planning Consumer Financial Services (CFS) Group of American Express International Inc. (Japan)	
		Aug. 1992 Vice President, Business Development Card Services of American Express International Inc. (Japan)	
		May. 1994 Vice President, Consumer Services Group Travel Related Services, Japan of American Express International Inc. (Japan)	
		Sep. 1996 Vice President & Regional Business Leader, Korea/ Japan Group Network Services of American Express International Inc. (Japan)	
		Sep. 2000 Vice Chairperson of American Home Assurance Company	
		Dec. 2001 Chairperson & CEO, Representative of American Home Assurance Company	
		Jan. 2007 Executive Advisor of ING Direct Services	
		Mar. 2007 Chief Executive Officer and Representative Director of Dinos Cecile Co., Ltd.	
		Jul. 2013 Chairperson of the Board of Dinos Cecile Co., Ltd.	
		May. 2014 Executive Advisor of KCJ Group Ltd	
		Jun. 2014 Director of The Board Director Training Institute of Japan, Public Interest Incorporated Association (Current)	
		Jun. 2015 Advisor of Dinos Cecile Co., Ltd.	
		Mar. 2016 Advisor of Dinos Cecile Co., Ltd. (part-time) Outside Director of the Company (Current)	
		Oct. 2016 Adviser of Hikari Tsushin, Inc.	
		Feb. 2017 Chairperson of NPO Eggshell Membrane Association (Current)	
		Jul. 2017 Adviser of Scala, Inc. (Current)	
Jun. 2018 Outside Director of Higashi-Nippon Bank, Ltd. (Current)			
Sep. 2018 Senior Director of Japan Golf Tour Organization (Current)			

		<p>(Important Office Title/Position in Other Corporations)</p> <p>Director of The Board Director Training Institute of Japan, Public Interest Incorporated Association</p> <p>Chairperson of NPO Eggshell Membrane Association</p> <p>Adviser of Scala, Inc</p> <p>Outside Director of Higashi-Nippon Bank, Ltd.</p> <p>Senior Director of Japan Golf Tour Organization</p>	
<p>(Reasons for the nomination of the candidate for Outside Director and expected roles)</p> <p>Mr. Masataka Ueda has served as a Representative Director of several companies and has abundant experience and achievements as executives, as well as extensive insight into finance, marketing, human resources, etc. Based on his wealth of experience and insight, he has been making useful comments from an independent and objective perspective as an Outside Director of the Company since 2016 and have judged that he can contribute to strengthen the effectiveness of the supervisory function of the Board of Directors of the Company and nominated him as a candidate for Outside Director.</p> <p>If he is appointed, we expect that he will provide advice on the overall management of the Company based on his abundant insight and experience and supervise the management of the Company from an independent and objective standpoint, thereby strengthening the supervisory and decision-making functions of the Board of Directors of the Company and contributing to the further growth of the Company's Group.</p>			

No.	Name (Date of Birth)	Brief Personal History, and Position in the Company (Important Position(s) concurrently held)	Holding Shares of the Company
5	<p>Tetsu Takahashi (born Oct. 24, 1956)</p> <p>Newly appointed Outside Independent</p>	<p>Apr. 1986 Admitted to the Japan Bar (Tokyo Bar Association)</p> <p>Joined Miyakezaka Law Offices, Partner</p> <p>Apr. 1989 Vice Chairperson of Legal System Committee of Tokyo Bar Association</p> <p>Feb. 1996 Vice Chairperson of Legal Apprentice Training Committee of Tokyo Bar Association</p> <p>Apr. 2002 Legal System Research Committee (Commercial Code Panel) of Japan Federation of Bar Association</p> <p>Jul. 2003 Joined Kasumigaseki Partners Law Office, Representative Partner</p> <p>Mar. 2006 Outside Statutory Auditor of Apple Japan, Inc.</p> <p>Mar. 2007 Outside Director of McDonald's Company (Japan), Ltd. (Current)</p> <p>Outside Director of the Company</p> <p>Jun. 2007 Outside Statutory Auditor of GRO-BELS Co., Ltd.</p> <p>Oct. 2007 Outside Statutory Auditor of Bit-isle Inc.</p> <p>Jan. 2012 Outside Statutory Auditor of ZOOM Inc.</p> <p>Jun. 2015 Outside Director (Audit & Supervisory Committee Member) of ZOOM Inc.</p> <p>Oct. 2016 Outside Statutory Auditor of eBook Initiative Japan Co., Ltd</p> <p>Jun. 2020 Outside Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc. (Current)</p> <p>Dec. 2020 Representative Lawyer, ITN Law Office, (Current)</p> <p>(Important Office Title/Position in Other Corporations) Outside Director, McDonald's Company (Japan), Ltd. Representative Lawyer, ITN Law Office, Outside Director (Audit & Supervisory Committee Member) of Nomura Real Estate Holdings, Inc.</p>	—
<p>(Reasons for the nomination of the candidate for Outside Director and expected roles)</p> <p>Mr. Tetsu Takahashi, as a lawyer, has served as a partner of a law firm and as an Outside Director and Outside Audit & Supervisory Board member of several companies, and has a wealth of experience and achievements as a lawyer and as an outside director, as well as extensive insight into legal, compliance and corporate governance etc. Based on his wealth of experience and insight, he has been making useful comments from an independent and objective perspective as an Outside Director of McDonald's Company (Japan), Ltd, a subsidiary of the Company, since 2007. Based on this and other factors, the Company judged that it would be appropriate to appoint him as an Outside Director of the Company in order to further strengthen the effectiveness of the supervisory function of the Board of Directors of the Company, and nominated him as a candidate for Outside Director. Although he has no experience of being involved in the management of a company other than as an Outside Director, the Company judges that he can appropriately perform his duties as an Outside Director for the reasons stated above.</p> <p>If he is appointed, we expect that he will provide advice on the governance and legal affairs of the Company based on his abundant insight and experience, and supervise the management of the Company from an independent and objective standpoint, thereby strengthening the supervisory and decision-making functions of the Board of Directors of the Company and contributing to the further growth of the Company's Group.</p>			

Notes:

1. Ms. Sarah L. Casanova will be appointed as Representative Director, Chairperson of the Company by the Board of Director's Meeting after the Meeting in the event this Resolution Item is approved and passed in the Meeting. Ms. Sarah L. Casanova concurrently holds the office of Representative Director, Chairperson of McDonald's Company (Japan), Ltd. Since McDonald's Company (Japan), Ltd. is wholly-owned subsidiary of the Company, there is no conflict of special interest between the Company and Ms. Sarah L. Casanova .
2. The Company does not have any special business relation with any other director candidate.
3. Mr. Jo Sempels, Mr. Masataka Ueda and Mr. Tetsu Takahashi, the candidates for Director, are also candidates for Outside Director.
4. Mr. Masataka Ueda is currently an Outside Director of the Company, and will have held the office of Outside Director for six (6) years at the conclusion of the Meeting.
5. Mr. Tetsu Takahashi, a candidate for Outside Director, had been an Outside Director of the Company in the past.
6. Independent Outside Director
As Mr. Masataka Ueda and Mr. Tetsu Takahashi, candidates for Outside Director, are qualified as an Independent Director in the regulations of Tokyo Stock Exchange, the Company will appoint them as an Independent Director and submit this to Tokyo Stock Exchange.
7. Agreements limiting the liability entered into by and between the Company and the candidates for Directors
The Company, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, executed the agreement with Mr. Masataka Ueda, which shall limit the liability of such Outside Director arising from act provided by the provision of Article 423, Paragraph 1 of the Companies Act. Subject to the approval of the agenda to re-appoint the candidate as Outside Director, the Company shall continue the agreement with him. The limit of liability under such agreement shall be the amount prescribed by laws and regulations.
In addition, if the appointment of Mr. Arosha Wijemuni, Mr. Jo Sempels and Mr. Tetsu Takahashi are approved in this item, the Company will enter into a new agreement with them with the same terms and conditions as the above said agreement.
8. Directors and Officers liability insurance contract
The Company has entered into a liability insurance contract with an insurance company for Director and Audit& Supervisory board member, etc. as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract will cover legal damages and dispute costs in the event of a claim for damages arising from an act (including an omission) based on his / her position. Each candidate for Director will be included in the insured of the insurance contract. The Company will renew the insurance contract with the same terms and conditions at the next renewal.

**(Reference) Skill matrix of Directors and Audit & Supervisory Board Member
after the end of the Meeting (tentative)**

The main knowledge and experiences that the Company expects from each Director and each Audit & Supervisory Board member when the candidates listed in this convocation notice are appointed as originally proposed are as follows:

Position Name	Top Management in Listed Company	Marketing	IT	Law/ Compliance	Finance / Accounting	Human Resources	Global Business	C S R	McDonald's Business
Representative Director, Chairperson Sarah L. Casanova	●	●				●	●		●
Representative Director, President and CEO Tamotsu Hiro	●	●				●	●	●	●
Representative Director, Executive Vice President and COO Atsuo Shimodaira	●					●			●
Director Robert D. Larson	●					●	●		●
Director Arosha Wijemuni					●		●		●
Outside Director Jo Sempels	●				●	●	●		●
Independent Outside Director Akira Kawamura				●				●	
Independent Outside Director Masataka Ueda	●	●			●	●	●	●	
Independent Outside Director Tetsu Takahashi				●				●	
Full time Audit & Supervisory Board member Takaaki Ishii					●				●
Outside Audit & Supervisory Board member Caya Ellen					●		●		●
Independent Outside Audit & Supervisory Board member Yuko Tashiro	●				●	●	●	●	
Independent Outside Audit & Supervisory Board member Yoshiyuki Honda	●		●		●		●		

Note: This skills matrix does not represent all knowledge and experience.

Item No.4: Payment of Retirement Allowance to Retiring Director

In order to reward the retiring Director, Mr. Kenji Miyashita who will resign as Director at the conclusion of the Meeting, the Company would like to pay retirement allowance according to the provisions of the Regulations of Retirement Allowance to Retiring Directors.

The decisions of the amount, timing and method of the payment shall be entrusted to consultation among the Board of Directors.

In addition, this item has been decided by the Board of Directors in accordance with policy and internal rules for determining the contents of remuneration for Director which has been determined in advance by the Board of Directors, and is judged to be appropriate.

The policy for determining the contents of remuneration, etc. for each individual Director of the Company is as stated in “II. Status of the Company, 3. Matter concerning Directors and Audit & Supervisory Board Members of the Company, (5) Policy for determining the content of remuneration for Directors”

The brief history of Mr. Kenji Miyashita’ is as follows:

Name	Brief Personal History
Kenji Miyashita	Mar. 2015 Director, Vice President of the Company (current)

.....