

## McDonald's Holdings Company (Japan), Ltd

CEO and President, Representative Director, Tamotsu Hiiro

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## I. Basic views on corporate governance, capital structure, corporate profile and other basic information

### 1. Basic views

We consider the sustainable growth of our group and the enhancement of corporate value as important management issues, while building good relationships with all stakeholders, including shareholders, customers, local communities, employees, franchisees, and suppliers, as well as ensuring sound and transparent management.

To that end, the management decision-making and supervisory functions are separated from the business execution function. This is done to establish a timely and efficient management and execution system and engage in realizing a transparent business model at a high level with the participation of Outside Directors.

### Reasons for non-compliance with certain principles of Japan's Corporate Governance Code

As the company listed on the Standard Market of the TSE, we implement all of the principles of the Corporate Governance Code for the Standard Market. Also, we implement all of the principles of the Corporate Governance Code for the Prime Market other than the latter part of the Principle 3.1.3 (disclosure based on the TCFD recommendations or an equivalent framework).

### Disclosure based on each principle of Corporate Governance Code

【Principle 1.4 Cross-Shareholdings】

The Company doesn't hold shares of other listed companies as cross-shareholdings.

【Principle 1.7 Related Party Transactions】

The appropriateness of transactions is confirmed through the following procedures.

Transaction contracts are generally subject to review by the Legal Division, and in addition, transactions with directors are subject to Board approval in accordance with applicable laws and regulations as well as the regulations of the Board of Directors. Important transactions with major shareholders, etc., are subject to Board approval in accordance with the regulations for the Board of Directors.

【Principle 2.4 Ensuring Diversity, Including Active Participation of Women】

➢ "People Business"... It is the people themselves that support the growth of a company. Because we believe in this, at McDonald's we value a way of working that enables people to grow and play an active part in the business. To realize this, McDonald's is committed to providing opportunities for growth, enhancing talent, and recognizing contributions through our People Promise with all staff. We aim to create a workplace where a diverse team of people across gender, age, personality, and background can fully realize their strengths and contribute to business growth as a team. To realize these values, we have been implementing a variety of diversity, equity and inclusion ("DE&I") initiatives such as promoting career development of women. We will continue to listen to our people through our cross-company "Open Door! Team" project\*1 and other means to implement DE&I in ways unique to McDonald's and further the growth and development of our business. These measures include the (1) active involvement of diverse individuals, (2) diverse ways of working, and (3) career development of individual staff.

We have been selected as one of the 2024 Nadeshiko Brands, jointly designated by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) for companies that are outstanding in terms

of encouraging women's empowerment in the workplace.

\*1 "Open Door! Team": a DE&I promotion project team consisting of volunteers from within the company.

[Supplementary Principle 2.4.1 Ensuring diversity in the promotion to core human resources]

(1) Ensuring diversity

➤ Our customers' needs are diverse and continue to change at a rapid pace. To continue to meet the needs of customers in this era of change, we believe our organization needs to have diverse teams and value a culture that actively accepts diversity. We are working towards the realization of a diverse workplace with various personalities and backgrounds, including gender, age, nationality, etc

<Promotion of women in management roles>

➤ We have continued to promote women's advancement, and since we launched JWLN (Japan Women's Leadership Network) to collaborate with the global community and build an in-house network in 2008, the proportion of women in various positions as well as those in management position has been increasing, offering a greater opportunity to play an active role in the business. Also, from 2019, the "Open Door! Team", a project run by volunteers to promote career development of women, has been in action to listen to the voices of staff, aiming to create a work-friendly environment, while fostering people growth and career development. Currently, 25.5% of management positions are held by women (as of December 2023), and we have been taking actions to reach 40% by 2030.

(For Reference)

■ Recipient of the 2017 Catalyst Special Award

<https://www.catalyst.org/media-release/catalyst-japan-honors-womens-advancement-initiatives-at-deutsche-bank-group-japan-lixil-group-corporation-mcdonalds-company-japan-ltd-seiyu-gk-and-sumitomo-mitsui-banking-corporo/>

■ General business owner action plan based on the Women's Achievement Promotion Act (April 2024 – March 2025)

[https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/202403291414204495832\\_1.pdf](https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/202403291414204495832_1.pdf)

■ "Job satisfaction for all" on the company's official website

<https://www.mcdonalds.co.jp/sustainability/people/>

<Promotion of foreign nationals to management>

➤ We are continuing with new graduates and midcareer hires regardless of their nationality. Recently, we have been hiring 5 to 10 international graduates every year. Currently, there are around 20 foreign nationals and about 5 of them are playing an active role as managers. McDonald's is a global company, and as such we want to continue to expand the opportunities for talented individuals of any nationality to fill positions and play an active role in our business.

<Promotion of midcareer hires to management positions>

➤ Talented midcareer hires are working at our restaurants and offices. In recent years, midcareer hires account for about 50% (44.3% in 2023) of total annual hires. Also, 62% (in 2023) of management positions are filled by midcareer hires and they are actively driving our business. The company is planning to continue to hire people with experience and knowledge in specialized fields to fill various functional needs and positions.

(2) Policy for people development and optimal work environment for diversity

➤ We are taking actions to create a workplace where people from diverse backgrounds can play an active role

and develop an organization to promote respect for individuality, prevent isolation, offer support, and accept one another.

■ Local salaried employee system :

In September 2021, we introduced a system of limiting the workplace, working hours, and positions for restaurant employees who want to work at McDonald's with peace of mind according to their individual lifestyles.

■ Flextime program (for staff and selected restaurant employees), variable working hour program (restaurant employees)

■ Support system for restaurant managers (assigning restaurant managers to lead improvements in working environment to enable restaurant managers to promote greater work-life balance)

■ Support for childbirth, childcare, and nursing care (Shorter working hours program, and childcare and nursing care leave program, etc.)

■ Open recruitment for part-time staff · Evaluation training program

### **[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]**

The Company has adopted a defined contribution pension plan.

### **[Principle 3.1 Full Disclosure]**

(i) Management Principles, etc.

<Business Principles>

At McDonald's, our purpose is to feed and foster communities by bringing delicious food and smiles not only to our customers but also to our employees and local communities. Founded on QSC&V (Quality, Service, Cleanliness and Value), McDonald's values are shared and embodied by all employees with the mission of "making delicious feel-good moments easy for everyone."

<Business Policies>

Our basic policy is to ensure food safety and security and to provide customers with the best possible restaurant experience, including convenience, the highest quality, service, cleanliness and value.

In addition, we will build good relationships with all stakeholders, including shareholders, customers, local communities, employees, franchisees, suppliers, etc., and ensure the soundness and transparency of management, and will work to achieve sustainable growth and enhance corporate value as an important management issue. In addition to complying with laws and regulations, to fulfill our responsibilities with respect to various Environmental, Social and Governance (ESG) issues, we will continue to focus on our restaurant operations, procurement of food and materials, reduction of environmental impact, and contribution to local communities, and will leverage our strengths and scale to achieve the Sustainable Development Goals (SDGs), set as a global agenda by the United Nations.

<Business Strategies>

(1) Key Business Performance Targets

We aim to increase corporate value through continuous growth and improved profitability, and use the following items as key performance indicators.

Growth: All store growth rate

Profitability : Operating income growth rate, operating margin

Investment efficiency: ROE

(2) Medium- to Long-Term Corporate Management Strategy

The Medium-term Management Plan covering fiscal years 2022 through 2024 is as follows, with Brand, Menu/Value, and Restaurant/Digital/People as the pillars for growth.

1. Three Pillars for Growth

- Brand: Fulfill our social responsibility based on McDonald's Purpose
- Menu/Value: Propose menu items for a wider range of customers and dining situations
- Restaurants, digital and people: Accelerate investments to further advance the "fusion of digital and people" and create a restaurant experience a step ahead of customer expectations

2. Financial Targets

All store sales	+ 100 billion yen Average annual growth rate of around 5%
Operating income	Average annual growth rate of 3-5% Operating profit margin: 10% or more
ROE	10% or more

For more information on the Medium-term Management Plan for fiscal years 2022 to 2024 please refer to the following

([https://ircms.irstreet.com/contents/data\\_file.php?template=1547&brand=74&data=328667&filename=pdf\\_file1.pdf](https://ircms.irstreet.com/contents/data_file.php?template=1547&brand=74&data=328667&filename=pdf_file1.pdf) )

<Financial strategy, allocation of management resources>

We aim to secure adequate funds for business activities, maintain liquidity, and achieve a sound financial position by generating stable operating cash flow. Our policy is to allocate working capital and capital investment mainly from own funds generated through business activities, and to procure funds through borrowings and other means as necessary.

, We allocate management resources to investments to achieve sustainable growth and improved profitability over the medium to long term.

In addition, our dividend policy strives to return profits to shareholders by comprehensively considering business performance, dividend payout ratio and cash flow, while maintaining financial indicators such as equity ratio and return on equity at a reasonable level. Our basic policy is to distribute the surplus once a year as a year-end dividend, and the decision-making body for the distribution of this surplus is the General Meeting of Shareholders.

(ii) Basic Views and Guidelines on Corporate Governance

We consider the sustainable growth of our group and the enhancement of corporate value as important management issues, while building good relationships with all stakeholders, including shareholders, customers, local communities, employees, franchisees, and suppliers, as well as ensuring sound and transparent management.

To that end, the management decision-making and supervisory functions are separated from the business execution function. This is done to establish a timely and efficient management and execution system and

engage in realizing a transparent business model at a high level with the participation of Outside Directors.

### (iii) Board Policies and Procedures: Remuneration of Senior Management and Directors

In order to ensure transparency and objectivity in the Company's decision-making regarding remuneration for directors, the Company has voluntarily established the Compensation Committee, which is chaired by an independent outside director. The Compensation Committee determines compensation in accordance with the policy established by the Board of Directors.

The policy in determining the remuneration of Directors is 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 is competitive in comparison with other companies in the same industry and companies of the same size in other industries.
- While developing excellent talent within the company, compensation is set at a competitive and effective level to attract diverse outstanding talents as board members from within Japan and overseas.

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 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 monetary compensation 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 from the Company and its group companies for all positions as a director and employee.

#### 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 key performance indicators (KPIs) to raise awareness towards the improvement of business performance for each fiscal year and (ii) compensation using a phantom stock 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 shares of phantom stock 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 formulated 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

\* The ratio of performance-based compensation (① and ②) is when the target is 100% achieved (the standard amount is applied).

\* Even within the same job title, the percentage of compensation by type will be determined for each individual.

\* When the Compensation Committee decides that there is a reasonable grounds, performance-based compensation can be granted exceeding the above.

\* 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.

(iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* candidates;

A proposal for appointment/dismissal of the senior management and nomination of directors and *kansayaku* candidates shall be created by representative directors, based on the required qualifications for directors and *kansayaku* and the policy on the composition of the Board of Directors as set forth in this report. After deliberation of the proposal by the Nomination Committee and after obtaining consent of the *Kansayaku* Board specially for nomination of *Kansayaku* candidates, the proposal shall be resolved by the Board of Directors.

(v) The reasons for the appointment of individual candidates for Directors and *Kansayaku* are as follows.

Tamotsu Hiiro

Mr. Tamotsu Hiiro has served as the president and representative director of Johnson & Johnson K.K. and other positions, and has led the Company group as a director of the Company and the representative director, president and chief executive officer of the subsidiary of the Company since 2019 and as the representative director, president and chief executive officer of the Company and its subsidiary since 2021, and he has made significant contribution to the enhancement of corporate value of the Company. Based on his past

performance in his duties and his abundant insight regarding management and McDonald's business, we have judged that he can continue to contribute to the enhancement of the corporate value of the Company and have therefore elected him as a director.

#### Fusako Znaiden

Ms. Fusako Znaiden has served as the Chief Marketing Officer of the subsidiary of the Company since 2018, and as a director of the Company (since 2023), and as a director of the subsidiary (since 2022), after having served as a brand manager and head of marketing for several companies, and she has made significant contributions to marketing and other activities of the Company's group. Based on her past performance in her duties and her abundant insight regarding marketing and McDonald's business, we have judged that she can continue to contribute to the enhancement of the corporate value of the Company and have therefore elected her as a director.

#### Thomas Ko

Mr. Thomas Ko has served as director or vice president of strategy & insights, CFO, managing director of several McDonald's companies or markets overseas for many years, and has led the Asia business of International Development Licensed markets of McDonald's Corporation as the Business Unit Lead since 2020. He has a wealth of experience and extensive insight into McDonald's business strategy. He contributed to the improvement in performance of the McDonald's Company (Japan), Ltd., the subsidiary of the Company, through strategic planning as a Vice President in the past. Based on his wealth of experience and insight, we have judged that he can contribute to the enhancement of the corporate value of the Company and have elected him as a director.

#### Jo Sempels

Mr. Jo Sempels has served as head of finance and human resources and a managing director of several McDonald's companies overseas for many years and has a wealth of experience as an executive, as well as extensive insight into finance, human resources and McDonald's business. Based on this wealth of experience and insight, he has provided valuable advice and opinions on the Company's management from an objective perspective as an outside director of the Company since 2022, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the decision-making function of the Board of Directors of the Company and have elected him as an outside director.

#### Andrew Gregory

Mr. Andrew Gregory has served as Chief Financial Officer, Managing Director, CEO, and other positions at McDonald's overseas, and has abundant experience as a manager as well as extensive insight into finance and McDonald's business. Based on this wealth of experience and insight, he has given valuable advice and opinions on the Company's management from an objective perspective as an outside director of the Company since 2023, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the decision-making function of the Board of Directors of the Company and have elected him as an outside director.

#### Akira Kawamura

As a lawyer, Mr. Akira Kawamura has served as a partner of a law firm, the president of the International Bar Association (IBA), and the president of the Japan Association of Arbitrators, and has a wealth of experience as a lawyer in Japan and overseas, as well as a wealth of insight into corporate legal affairs, compliance, international legal affairs, and arbitration. Based on this wealth of experience and insight, he has given

valuable advice and opinions on the Company's management from an independent and objective perspective as an outside director of the Company since 2002, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the supervisory function of the Board of Directors of the Company and have elected him as an independent outside director.

#### Masataka Ueda

Mr. Masataka Ueda has served as a representative director, etc. of several companies and has abundant experience as a manager, as well as extensive insight into finance, marketing, human resources, etc. Based on this wealth of experience and insight, he has given valuable advice and opinions on the Company's management from an independent and objective perspective as an outside director of the Company since 2016, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the supervisory function of the Board of Directors of the Company and have elected him as an independent outside director.

#### Tetsu Takahashi

As a lawyer, Mr. Tetsu Takahashi 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 as a lawyer and as an outside director, as well as extensive insight into corporate legal affairs, compliance and corporate governance, etc. Based on this wealth of experience and insight, he has given valuable advice and opinions on the Company's management from an independent and objective perspective as an outside director of the Company since 2022, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the supervisory function of the Board of Directors of the Company and have elected him as an independent outside director.

#### Yuko Tashiro

Ms. Yuko Tashiro is a U.S. certified public accountant who has served as a partner of an auditing firm, Chief Financial Officer of several companies, and a Representative Director, and has abundant experience and achievements as an accountant and manager, as well as a wealth of insight regarding finance and other fields. Based on this wealth of experience and insight, she has given valuable advice and opinions on the Company's management from an independent and objective perspective as an outside director of the Company since 2023, and therefore we have judged that she can continue to contribute to strengthening the effectiveness of the supervisory function of the Board of Directors of the Company and have elected her as an independent outside director.

#### Sonoko Kajiyama

Ms. Sonoko Kajiyama is a certified public accountant who has worked for a big accounting firm and internal audit teams of global companies, has led an internal audit department of a global corporation as senior vice president, and has abundant experience as an accountant and auditor, as well as a wealth of insight regarding finance, accounting, and auditing. Based on this wealth of experience and insight, we have judged that she can contribute to strengthening the supervisory and auditing functions, etc. of the *Kansayaku* Board of the Company and have therefore elected her as an independent outside *kansayaku*.

#### Ellen Caya

Ms. Ellen Caya has taken charge of internal audit for years in other companies and McDonald's Corporation, an American corporation which grants, as licensor, to McDonald's Company (Japan), Ltd., a right to operate McDonald's business, and has thorough knowledge and experiences in auditing, corporate governance, and



accounting. Based on this wealth of experience and insight, she has given valuable advice and opinions from an objective perspective as an outside *kansayaku* of the Company since 2020, and therefore we have judged that she can continue to contribute to strengthening the supervisory and auditing functions, etc. of the *Kansayaku* Board of the Company and have elected her as an outside *kansayaku*.

Yoshiyuki Honda

Mr. Yoshiyuki Honda is a certified public accountant and a U.S. certified public accountant who has been engaged in auditing business, has also served as CFO and representative director and representative executive officer of several companies, and has abundant experience as CFO and manager, as well as expert knowledge on corporate accounting and finance, and extensive insight on corporate management. Based on this experience and insight, he has given valuable advice and opinions from an independent and objective perspective as an outside *kansayaku* of the Company since 2016, and therefore we have judged that he can continue to contribute to strengthening the supervisory and auditing functions, etc. of the *Kansayaku* Board of the Company and have elected him as an independent outside *kansayaku*.

Makiko Hamabe

Ms. Makiko Hamabe has been engaged in corporate communications and investor relations for many years and has abundant experience and achievements in dialogue with stakeholders, as well as extensive insight into ESG and sustainability issues. Based on this wealth of experience and insight, she has given valuable advice and opinions from an objective standpoint as an outside *kansayaku* of the Company since 2023, and therefore we have judged that she can continue to contribute to strengthening the supervisory and auditing function, etc. of the *Kansayaku* Board of the Company and have elected her as an independent outside *kansayaku*.

【Supplementary Principle 3.1.3 Sustainability Initiatives】

Our group's sustainability initiatives and investments in human capital, etc. are disclosed on the following website.

<https://www.mcdonalds.co.jp/sustainability/>

【Supplementary Principle 4.1.1 Scope of delegation to management】

In accordance with the regulations of the Board of Directors and internal rules, the Board of Directors shall resolve matters regarding the Annual General Shareholders Meeting and Board of Directors, business plans, commencement of important new business and expansion or downsizing of business, other than those stipulated by laws and other important business operations, and delegates other matters to the President and Representative Director and other members of the management team.

【Principle 4.8 Effective Use of Independent Directors】

Four directors, or more than one-third of the Company's ten directors, are independent outside directors.

【Principle 4.9 Independence Standards and Qualifications for Independent Directors】

The Company shall determine that the Company's Outside Directors and Outside *Kansayaku* possess sufficient independence from the Company when all of the following requirements are satisfied:

1. Individuals who have not satisfied either of the following conditions (A) through (G) for the past three fiscal years:

(A) An entity for which the Company or its subsidiary (the "Company Group") is a major client\*1 or business personnel\*2 thereof.

- (B) A major client of the Company Group\*3 or business personnel thereof.
- (C) A major shareholder (directly or indirectly holding a voting interest of 10% or more) of the Company or business personnel thereof.
- (D) A consultant, accounting expert or legal expert who has received compensation in the form of a large amount of money or other assets\*4, other than officer's compensation from the Company Group (or an individual belonging to an entity such as a corporation, association, or other group that has received such assets).
- (E) An independent auditor of the Company Group (or an individual belonging to a corporation, association or other group that serves as an independent auditor of the Company Group).
- (F) Business personnel of another company in cases where the business personnel of the Company Group have been appointed as outside officers of such other company.
- (G) An entity which has received a large amount of money or other assets as donation from the Company Group or business personnel thereof.

2. The individual is not a relative\*5 of a person who meets either of the following conditions "a." or "b."
- a. An individual who satisfies any of the foregoing conditions (A) through (E) in Section 1 above for one of the past three fiscal years. However, the business personnel stipulated in conditions (A) through (C) shall refer only to key business personnel\*6. Condition (D) or (E) shall apply only to persons with specialized qualifications, such as certified public accountants and lawyers.
  - b. Key business personnel of the Company Group in the current fiscal year or any of the past 3 fiscal years. (In the case of outside auditors, key business personnel include non-executive directors)

Notes.:

- 1. An entity for whom the Company Group is a major client refers to a supplier the trading amount with the Company Group of which exceeds the higher of ¥100 million or 2% of the consolidated net sales of the supplier group, in the most recent fiscal year.
- 2. Business personnel refers to the executive directors, executive officers, other officers who execute the operations of corporations, etc., ordinary employees and others who conduct business operations.
- 3. A major client of the Company Group refers to an entity that satisfies any of the following conditions:
  - (1) A client the Company Group's trading amount with which exceeds 2% of the Company Group's consolidated net sales, in the most recent fiscal year.
  - (2) An entity from which the Company Group has borrowed funds, where the total amount of the Company Group's borrowings from the financial institutions exceeds 2% of the Company Group's consolidated total assets in the most recent fiscal year.
- 4. A large amount of money or other assets refers to a monetary compensation value per fiscal year which exceeds the higher of ¥10 million or 2% of the entity's net sales in the most recent fiscal year.
- 5. Relatives refer to spouses, relatives within the second degree of kinship and those with whom a livelihood is shared.
- 6. Key business personnel refer to business personnel such as executive directors, executive officers and other officers who execute the operations of corporations, etc., as well as those who execute key operations, such as division managers.

**[Supplementary Principle 4.10.1 Authority and Role of the Nomination Committee and Compensation Committee]**

The Board of Directors shall establish the Nomination Committee and the Compensation Committee. The Nomination Committee shall deliberate on appointment/dismissal of senior management and nomination of

directors and *kansayaku*, and shall communicate the results of its deliberations to the Board of Directors for its deliberation and resolution, and each director shall make decisions with reference to such results. The Compensation Committee shall determine the specific amount of compensation, calculation method and other conditions for Directors based on the policy established by the Board of Directors and under the delegation by the Board of Directors.

The majority members and the chairpersons of the Nomination Committee and the Compensation Committee shall be appointed from independent directors, in order to ensure their independence.

[Supplementary Principle 4.11.1 Policy on Diversity of the Board of Directors, etc.]

Our directors and *kansayaku* need to have a diverse and high level of knowledge, experience, and ability in order to supervise the execution of business and make important decisions. In particular, we believe that it is necessary to incorporate a wide range of knowledge and experience in business management including marketing and IT, and specialized knowledge in the areas of law, finance and accounting and human resources in addition to knowledge of McDonald's Business. From the perspective of diversity and inclusion, we also believe it is important to maintain diversity in terms of gender, nationality, and background. In order to enable active and substantive deliberations, the maximum number of Directors and *kansayaku* shall be ten (10) and four (4), respectively, as stipulated in the Articles of Incorporation.

Based on the above, we have prepared a skill matrix and analyzed the skills of the current directors and *kansayaku*, and confirmed that the current directors and *kansayaku* meet the above requirements. The skill matrix is provided at the end of this report.

[Supplementary Principle 4.11.2 Status of concurrent positions of directors and *Kansayaku*]

The number of concurrent positions held by the Company's directors and *Kansayaku* at other listed companies is kept within reasonable limits.

The status of important concurrent positions held by the Company's directors and *Kansayaku* are provided at the end of this report.

[Supplementary Principle 4.11.3 Evaluating the Effectiveness of the Board of Directors]

In order to improve the functioning of the Board of Directors, the Company will analyze and evaluate the effectiveness of the Board of Directors once a year based on the following perspectives at a meeting of the Board of Directors, based on a survey conducted to each Director and Corporate Auditor.

- (1) Size and composition of the Board of Directors
- (2) Method of operation of the Board of Directors
- (3) Roles and responsibilities of the Board of Directors
- (4) Provision of information and training to directors and auditory & supervisory board members
- (5) Relationship with investors and shareholders

The results of the above analysis and evaluation for fiscal 2023 are as follows:

#### 1 Summary of Analysis and Evaluation Results

##### (1) Conclusion

The Board of Directors of the Company assessed that the Board of Directors as a whole was evaluated as effectively fulfilling its roles and responsibilities in 2023.

##### (2) Analysis and Evaluation

###### (a) Size and composition of the Board of Directors

- Although there were some opinions that broadening the expertise of Directors should be considered, the Board of Directors' diversity (knowledge, experience, ability, gender, nationality, age, etc.) of its members (including *kansayaku*) was evaluated as adequate at present.

(b) Method of operation of the Board of Directors meetings

- The schedule of the Board of Directors meetings, the duration for preliminary review of the meeting materials, the deliberation time, and the explanations given on the day of the meetings were evaluated to be appropriate.

- In particular, the Board of Directors was highly evaluated for the atmosphere of free and constructive discussion and exchange of opinions at the Board of Directors meetings, the active expression of opinions by Directors and *Kansayaku*, including Outside Directors and *Kansayaku*, and the appropriateness of the proceedings by the Chairperson of the Board of Directors.

- On the other hand, the number and contents of items to be discussed at meetings and the volume of the meeting materials were evaluated as needing further improvement and consideration.

(c) Roles and Responsibilities of the Board of Directors

- With regard to the roles and responsibilities of the Board of Directors, the Board of Directors as a whole was evaluated to be effective in supervising management, which is one of the important roles and responsibilities of the Board of Directors, including the fact that the Board of Directors fully fulfill its roles and responsibilities in supervising each other and the representative directors, and appropriately manages conflicts of interest with management, major shareholders, and other stakeholders. In particular, the Board of Directors was highly evaluated for appropriately supervising the management of major risks that could have a significant impact on the Company's finances and management, including the degree and timing of risk materialization, the nature of the impact on the Company's business performance and other conditions if such risks materialize, and the management's analysis of countermeasures to deal with such risks.

- On the other hand, although it was confirmed that improvement has been made in discussions on the appointment and dismissal of directors and representative directors, and the supervision of succession planning by CEOs and other directors, and the supervision of the actions to sustainability issues, which were evaluated as needing further improvement in 2022, it was confirmed that there is a need to further deepen discussions and to consider the frequency of reporting.

(d) Provision of information and training to directors and *kansayaku*

- The provision of information and training to directors and *kansayaku* was generally highly evaluated.

(e) Relationship with investors and shareholders

- Although there is room for improvement, financial information, such as the company's financial position and operating results, and non-financial information, such as management strategies, management issues, risks, governance, and other information related to ESG factors, were evaluated as being disclosed and provided to users in a manner that is accurate, easy for users to understand, and highly useful as information.

[Supplementary Principle 4.14.2 Training Policy for Directors and *Kansayaku*]

We provide explanations of legal responsibility as directors or *kansayaku*, and our systems and businesses to newly appointed directors and *kansayaku*, and also provide such explanations at appropriate opportunities thereafter. We also invite them to attend the Kick-off Meeting, a business briefing session including franchisees and business partners at the beginning of the year, as well as various other briefing sessions held by the Company, and invite them to participate in product tastings, in order to deepen their understanding of

the Company's business and products. In addition, the Company will take necessary measures, including providing and mediating opportunities and supporting expenses, to enable directors and *Kansayaku* to attend external training, etc., when necessary.

**【Principle 5.1, Supplementary Principle 5.1.2 Policy for Constructive Dialogue with Shareholders】**

The Company's policy on the development of systems and initiatives to promote constructive dialogue with shareholders is as follows.

(i) General dialogue with shareholders

The Company promotes IR communication by designating the person in charge of investor relations to oversee overall dialogue with shareholders.

(ii) Organic cooperation between divisions

Under the direction of the representative director and President, the person in charge of IR shares information as appropriate with the relevant divisions and ensures organic cooperation among the divisions.

(iii) Enhancement of the means of dialogue

The Representative Director and President of the Company or Director and Chief Financial Officer of the subsidiary provide explanations to shareholders and investors at the Annual General Shareholders Meeting and at the financial results briefings at the conclusion of the fiscal year and for the second quarter. In addition, IR staff responds to inquiries from shareholders and investors on an individual basis.

(iv) Feedback on the dialogue with shareholders

The person in charge of IR shares the details of dialogue with shareholders and investors with the Board of Directors, Representative Director and other senior management as appropriate.

(v) Information management

The Company has established rules for the prevention of insider trading and for the management of confidential information, and manages information accordingly. We will not provide insider information in dialogue with shareholders or investors.

**【Principle 5.2 Establishing and disclosing business strategies and business plans】**

According to the Tokyo Stock Exchange's request, the company is considering actions to implement management that is conscious of cost of capital and stock price. The company discloses the Medium-term Management Plan as described in "I. 1. Principle 3.1 (i)" of this report.

## 2. Capital structure

Foreign shareholding ratio	More than 30%
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## Major shareholders

Name / Company name	Number of shares owned	Percentage (%)
MCDONALD'S RESTAURANTS OF CANADA LIMITED	33,575,000	25.25
MCD APMEA SINGAPORE INVESTMENTS PTE. LTD.	13,385,000	10.07
STATE STREET BANK WEST CLIENT - TREATY 505234	2,201,965	1.66
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,472,100	1.11
BNYM AS AGT/CLTS NON TREATY JASDEC	1,104,465	0.83
CUSTODY BANK OF JAPAN, LTD. (ACCOUNT IN TRUST)	908,265	0.68
MCDONALD'S GROUP STOCKS SOCIETY	716,800	0.54
STATE STREET BANK AND TRUST COMPANY 505103	654,150	0.49
JP MORGAN CHASE BANK 385794	636,400	0.48
SMBC NIKKO SECURITIES INC.	531,779	0.40

Controlling shareholder (except for parent company)	None
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Parent company	None
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## Supplementary information

None

## 3. Corporate profile

Listed stock market and market section	Tokyo Standard
Fiscal year-end	December
Type of business	Retail
Number of employees (consolidated) as of the previous fiscal year-end	More than 1,000
Net sales (consolidated) in the previous fiscal year	More than ¥100 billion and less than ¥1 trillion
Number of consolidated subsidiaries as of the previous fiscal year-end	Less than 10

## 4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholder

None

## 5. Other special circumstances that may have material impact on corporate governance

None

## II. Business management organization and other corporate governance systems regarding decision-making, execution of business, and oversight in management

### 1. Organizational composition and operation

Organization form	Company with Kansayaku Board
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#### Directors

Maximum number of Directors stipulated in the articles of Association	10
Term of office of Directors stipulated in the articles of Association	2 years
Chairperson of the board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	4

#### Outside Directors' relationship with the Company (1)

Name	Attribute	Relationship with the Company *										
		a	b	c	d	e	f	g	h	i	j	k
Jo Sempels	From another company							○				
Andrew Gregory	From another company	△						○				
Akira Kawamura	Lawyer											
Masataka Ueda	From another company											
Tetsu Takahashi	Lawyer											
Yuko Tashiro	CPA											

\* Categories for "Relationship with the Company"

"○" when the Director presently falls or has recently fallen under the category

"△" when the Director fell under the category in the past

"○" when a close relative of the Director presently falls or has recently fallen under the category

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. Party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Kansayaku

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between the Company and which Outside Directors/Kansayaku are mutually appointed (the Director himself/herself only)

- j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- k. Others

**Outside Directors’ relationship with the Company: 2**

Name	Designation as Independent Director	Supplementary information of the relationship with the Company	Reasons for appointment
Jo Sempels		He is the senior Vice President and President the International Developmental Licensed Markets and Senior Leadership Team, the U.S. McDonald’s Corporation that indirectly holds 35.32% (as of December 31, 2023) of the Company’s shares.	Mr. Jo Sempels has served as head of finance and human resources and a managing director of several McDonald's companies overseas for many years and has a wealth of experience as an executive, as well as extensive insight into finance, human resources and McDonald's business. Based on this wealth of experience and insight, he has provided valuable advice and opinions on the Company's management from an objective perspective as an outside director of the Company since 2022, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the decision-making function of the Board of Directors of the Company and have elected him as an outside director.
Andrew Gregory		He is the senior Vice President, the International Developmental Licensed Markets, the U.S. McDonald’s Corporation that indirectly holds 35.32% (as of December 31, 2023) of the Company’s shares. In addition, Mr. Andrew Gregory was previously an executive of McDonald's Company (Japan), Ltd., a subsidiary of the Company. From February 2010 to December 2010, he was responsible for restaurant development as	Mr. Andrew Gregory has served as Chief Financial Officer, Managing Director, CEO, and other positions at McDonald's overseas, and has abundant experience as a manager as well as extensive insight into finance and McDonald's business. Based on this wealth of experience and insight, he has given valuable advice and opinions on the Company's management from an objective perspective as an outside director of the Company since 2023, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the decision-making function of the Board of Directors of the Company and have elected him as an outside director.



		Vice President of restaurant development Division, and from January 2011 to January 2013, he was responsible for national operations, supply chain and restaurant development at McDonald's Company (Japan), Ltd., as Senior Vice President, Chief Support Officer (CSO).	
Akira Kawamura	○	–	As a lawyer, Mr. Akira Kawamura has served as a partner of a law firm, the president of the International Bar Association (IBA), and the president of the Japan Association of Arbitrators, and has a wealth of experience as a lawyer in Japan and overseas, as well as a wealth of insight into corporate legal affairs, compliance, international legal affairs, and arbitration. Based on this wealth of experience and insight, he has given valuable advice and opinions on the Company's management from an independent and objective perspective as an outside director of the Company since 2002, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the supervisory function of the Board of Directors of the Company and have elected him as an independent outside director. Also, he is listed as an independent director in the Tokyo Stock Exchange, based on our judgment that he meets the independence standards set forth in the "Guidelines for Listing Management, etc." and the Standards and Qualifications for Independence set forth by the Company, and since there is no special interest in the Company, he will not cause any possible conflicts of interest with general shareholders.
Masataka Ueda	○	–	Mr. Masataka Ueda has served as a representative director, etc. of several companies and has abundant experience as a manager, as well as extensive insight into finance, marketing, human resources, etc. Based on this wealth of experience and insight, he has given valuable advice and opinions on the Company's management from an independent and objective perspective as an outside director of the Company since 2016, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the

			<p>supervisory function of the Board of Directors of the Company and have elected him as an independent outside director. Also, he is listed as an independent director in the Tokyo Stock Exchange, based on our judgment that he meets the independence standards set forth in the "Guidelines for Listing Management, etc." and the Standards and Qualifications for Independence set forth by the Company, and since there is no special interest in the Company, he will not cause any possible conflicts of interest with general shareholders.</p>
Tetsu Takahashi	○	—	<p>As a lawyer, Mr. Tetsu Takahashi has served as a partner of a law firm and as an outside director and outside audit &amp; supervisory board member of several companies, and has a wealth of experience as a lawyer and as an outside director, as well as extensive insight into corporate legal affairs, compliance and corporate governance, etc. Based on this wealth of experience and insight, he has given valuable advice and opinions on the Company's management from an independent and objective perspective as an outside director of the Company since 2022, and therefore we have judged that he can continue to contribute to strengthening the effectiveness of the supervisory function of the Board of Directors of the Company and have elected him as an independent outside director.</p> <p>Also, he is listed as an independent director in the Tokyo Stock Exchange, based on our judgment that he meets the independence standards set forth in the "Guidelines for Listing Management, etc." and the Standards and Qualifications for Independence set forth by the Company, and since there is no special interest in the Company, he will not cause any possible conflicts of interest with general shareholders.</p>
Yuko Tashiro	○	—	<p>Ms. Yuko Tashiro is a U.S. certified public accountant who has served as a partner of an auditing firm, Chief Financial Officer of several companies, and a Representative Director, and has abundant experience and achievements as an accountant and manager, as well as a wealth of insight regarding finance and other fields. Based on this wealth of experience and insight, she has given valuable advice and opinions on the Company's management from an independent and objective perspective as an outside director of the Company since 2023, and therefore we have judged that she can continue to contribute to strengthening the effectiveness of the supervisory function of the Board of Directors of the Company and have elected her as an independent outside director.</p> <p>Also, she is listed as an independent director in the Tokyo Stock Exchange, based on our judgment that he meets the independence standards set forth in the "Guidelines for Listing Management, etc." and</p>

			the Standards and Qualifications for Independence set forth by the Company, and since there is no special interest in the Company, she will not cause any possible conflicts of interest with general shareholders.
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Voluntary establishment of committee(s) corresponding to a nominating committee or remuneration committee

Established

Voluntary establishment of committee corresponding to	Name of committee	Number of total members	Full-Time member (X)	Internal Director (X)	Outside Director (X)	Outside Expert (X)	Others (X)	Chairman
nominating committee	Nomination committee	6	0	1	5	0	0	Outside Director
remuneration committee	Compensation committee	6	0	1	5	0	0	Outside Director

## Supplementary information

The Nomination Committee and the Compensation Committee have been established as an optional advisory bodies under the Board of Directors to ensure objectivity and transparency in matters such as the selection/dismissal of Director and remuneration of Directors. The members of these committees are selected by the Board of Directors and a majority of the members of these committees are Independent Outside Directors. These committees are chaired by Independent Outside Directors.

The Nomination Committee deliberates on the selection and dismissal of Directors and *Kansayaku*, and the Board of Directors makes decisions on the selection and dismissal of Directors and *Kansayaku*, referring to the results of the deliberations.

The members of the Nomination Committee are as follows:

Masataka Ueda (Chairperson of the Nomination Committee / Independent Outside Director), Tamotsu Hiiro (Representative Director, President), Jo Sempels (Outside Director), Akira Kawamura (Independent Outside Director), Tetsu Takahashi (Independent Outside Director), Yuko Tashiro (Independent Outside Director)

In Addition, remuneration for Directors is determined by the Compensation Committee. The remuneration decision for the Director who is a member of the Remuneration Committee will be made by the other members of the Remuneration Committee. The Compensation Committee determines the specific amount of remuneration or calculation method and other conditions for Directors based on the policy established by the Board of Directors and the delegation from the Board of Directors.

The members of the Compensation Committee are as follows:

Akira Kawamura (Chairperson of the Compensation Committee / Independent Director), Tamotsu Hiiro (Representative Director, President), Andrew Gregory (Outside Director), Masataka Ueda (Independent Outside Director), Tetsu Takahashi (Independent Outside Director), Yuko Tashiro (Independent Outside Director)

## Kansayaku

Establishment of Kansayaku Board	Established
Maximum number of Kansayaku Board stipulated in the Articles of Association	4
Number of Kansayaku Board	4

## Cooperation among Kansayaku , Independent Auditors and Internal Audit Function

Ernst & Young ShinNihon LLC, the Independent Auditor, Internal Auditing department and the Kansayaku Board are responsible for reporting the results of statutory audits based on the Corporate Law and the Financial Instruments and Exchange Act. In addition, collaborations are made including a mutual exchange of information and opinions as required, striving to secure the effectiveness and efficiency of audits.

Appointment of Outside Kansayaku	Appointed
Number of Outside Kansayaku	4
Number of Independent Kansayaku	3

## Outside Kansayaku's relationship with the Company: 1

Name	Attribute	Relationship with the Company *											
		a	b	c	d	e	f	g	h	i	j	k	
Sonoko Kajiyama	CPA												
Ellen Caya	From another company									○			
Yoshiyuki Honda	CPA												
Makiko Hamabe	From another company												

\* Categories for "Relationship with the Company"

"○" when the Kansayaku presently falls or has recently fallen under the category

"□" when the Kansayaku fell under the category in the past

"○" when a close relative of the Kansayaku presently falls or has recently fallen under the category

"▲" when a close relative of the Kansayaku fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive Director or accounting advisor of the Company or its subsidiaries

c. Non-executive Director or executive of a parent company of the Company

d. Kansayaku of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. Party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Kansayaku

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Kansayaku himself/herself only)

k. Executive of a company, between the Company and which Outside Directors/Kansayaku are mutually appointed (the Kansayaku himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Kansayaku himself/herself only)

m. Others

## Outside Kansayaku's relationship with the Company: 2

Name	Designation as Independent Kansayaku Board Member	Supplementary information of the relationship with the Company	Reasons for appointment
Sonoko Kajiyama	○		<p>Ms. Sonoko Kajiyama is a certified public accountant who has worked for a big accounting firm and internal audit teams of global companies, has led an internal audit department of a global corporation as senior vice president, and has abundant experience as an accountant and auditor, as well as a wealth of insight regarding finance, accounting, and auditing. Based on this wealth of experience and insight, we have judged that she can contribute to strengthening the supervisory and auditing functions, etc. of the <i>Kansayaku</i> Board of the Company and have therefore elected her as an independent outside <i>kansayaku</i>. Also, she is listed as an independent <i>kansayaku</i> in the Tokyo Stock Exchange, based on our judgment that he meets the independence standards set forth in the "Guidelines for Listing Management, etc." and the Standards and Qualifications for Independence set forth by the Company, and since there is no special interest in the Company, he will not cause any possible conflicts of interest with general shareholders.</p>
Ellen Caya		<p>She is the Vice President, Internal Audit and Controls, Chief Audit Executive, the U.S. McDonald's Corporation that indirectly holds 35.32% (as of December 31, 2023) of the Company's shares.</p>	<p>Ms. Ellen Caya has taken charge of internal audit for years in other companies and McDonald's Corporation, an American corporation which grants, as licensor, to McDonald's Company (Japan), Ltd., a right to operate McDonald's business, and has thorough knowledge and experiences in auditing, corporate governance, and accounting. Based on this wealth of experience and insight, she has given valuable advice and opinions from an objective perspective as an outside <i>kansayaku</i> of the Company since 2020, and therefore we have judged that she can continue to contribute to strengthening the supervisory and auditing functions, etc. of the <i>Kansayaku</i> Board of the Company and have elected her as an outside <i>kansayaku</i>.</p>
Yoshiyuki Honda	○	-	<p>Mr. Yoshiyuki Honda is a certified public accountant and a U.S. certified public accountant who has been engaged in auditing business, has also served as CFO and representative director and representative executive officer of several companies, and has abundant experience as CFO and manager, as well as expert knowledge on corporate accounting and finance, and</p>

			<p>extensive insight on corporate management. Based on this experience and insight, he has given valuable advice and opinions from an independent and objective perspective as an outside <i>kansayaku</i> of the Company since 2016, and therefore we have judged that he can continue to contribute to strengthening the supervisory and auditing functions, etc. of the <i>Kansayaku</i> Board of the Company and have elected him as an independent outside <i>kansayaku</i>. Also, he is listed as an independent <i>kansayaku</i> in the Tokyo Stock Exchange, based on our judgment that he meets the independence standards set forth in the "Guidelines for Listing Management, etc." and the Standards and Qualifications for Independence set forth by the Company, and since there is no special interest in the Company, he will not cause any possible conflicts of interest with general shareholders.</p>
Makiko Hamabe	○	—	<p>Ms. Makiko Hamabe has been engaged in corporate communications and investor relations for many years and has abundant experience and achievements in dialogue with stakeholders, as well as extensive insight into ESG and sustainability issues. Based on this wealth of experience and insight, she has given valuable advice and opinions from an objective standpoint as an outside <i>kansayaku</i> of the Company since 2023, and therefore we have judged that she can continue to contribute to strengthening the supervisory and auditing function, etc. of the <i>Kansayaku</i> Board of the Company and have elected her as an independent outside <i>kansayaku</i>. Also, she is listed as an independent <i>kansayaku</i> in the Tokyo Stock Exchange, based on our judgment that she meets the independence standards set forth in the "Guidelines for Listing Management, etc." and the Standards and Qualifications for Independence set forth by the Company, and since there is no special interest in the Company, she will not cause any possible conflicts of interest with general shareholders.</p>

## Independent Directors/Kansayaku

Number of Independent Directors/Kansayaku

7

## Other matters relating to Independent Directors/Kansayaku

The Company's Board of Directors has established standards and qualifications for determining the independence of Outside Directors and Outside *Kansayaku*.

The details are as stated in "[Principle 4-9] Independence Standards and Qualifications for Independent Directors" above.

The Company designates all outside directors who fulfill the qualifications for Independent Directors as Independent Directors in accordance with the independence standards set forth in the "Guidelines for Listing Management, etc." and the Standards and Qualifications for Independence set forth by the Company.

## Incentives

Incentive policies for Directors

Introduction of performance-linked compensation system (including the stock price linked incentive) and others

### Supplementary information

None

Recipients of stock options

-

### Supplementary information

None

## Director remuneration

Disclosure of individual Directors' remuneration

Selected Directors

### Supplementary information

In fiscal year 2023, Directors receiving a consolidated remuneration of 100 million yen or more include Representative Director Sarah L. Casanova and Representative Director Tamotsu Hiiro. Breakdown of remunerations are as follows:

Sarah L. Casanova: monthly remuneration of 74 million yen from the Company, stock price linked type compensation of 88 million yen, performance linked compensation of 25 million yen and a retirement benefit of 8 million yen. McDonald's Japan Co., Ltd., a consolidated subsidiary company, provides a monthly remuneration of 74 million yen, stock price linked compensation of 88 million yen, performance linked compensation of 25 million yen and retirement benefits of 8 million yen.

Tamotsu Hiiro: monthly remuneration of 32 million yen from the Company, stock price linked type compensation of 49 million yen, performance linked compensation of 30 million yen and a retirement benefit of 8 million yen. McDonald's Japan Co., Ltd., a consolidated subsidiary company, provides a monthly remuneration of 32 million yen, stock price linked compensation of 49 million yen, performance linked compensation of 30 million yen and retirement benefits of 8 million yen.

Sarah L. Casanova retired from the positions of Representative Director and Chairperson of the Board of Directors and Director upon expiration of her term of office at the conclusion of the 53rd Annual General Meeting of Shareholders scheduled to be held on March 26, 2024.

Policy on determining remuneration amounts and calculation methods

Established

### Disclosure of policy on determining remuneration amounts and calculation methods

Regarding the remuneration amount for Directors, an overall approach is taken to review the Company's performance, the Director's position and responsibilities to determine the amount within the limit approved at the general meeting of shareholders. During the 47th Ordinary General Meeting of Shareholders held on March 28, 2018, a decision was made to set the remuneration amount for Directors at 1.2 billion yen per year or lower (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). Monthly remuneration, stock price linked remuneration, performance linked remuneration and retirement allowance are provided within the limits based on Article 361, Paragraph 1 of the Company Act.

## Supporting system for Outside Directors and/or Outside Kansayaku Board Members

Legal Division is the contact for Outside Directors, and a Full-Time *Kansayaku* and Internal Auditing department and Legal Division are the contact for Outside *Kansayaku*, providing information and explanation of the Company or the overall group necessary for the auditing process.

Also, Ernst & Young ShinNihon LLC, the Independent Auditor, Internal Auditing department and the *Kansayaku* Board are responsible for reporting the results of statutory audits based on the Corporate Law and the Financial Instruments and Exchange Act. In addition, collaborations are made including a mutual exchange of information and opinions as required, striving to secure the effectiveness and efficiency of audits.

## Status of persons who have retired from the position of President and Chief Executive Officer, etc. [Updated]

Name	Job title /Position	Business details	Work style/conditions (Full-time/Part-time, with or without remuneration, etc.)	Retirement date of the president, etc.	Term of office
Sarah L. Casanova	-	Handover of duties during her term of office as Representative Director of McDonald's Company (Japan), Ltd., a consolidated subsidiary of the Company, based on a service agreement with the subsidiary	Part-time with remuneration	March 26, 2024	until October 31, 2024

Total number of advisors, counselors, etc. who each are a former president and Chief Executive Officer

1

[Updated]

### Other matters [Updated]

On March 26, 2024, Sarah L. Casanova retired as Representative Director and Chairperson of the Company due to the expiration of her term of office and also resigned as Representative Director and Chairperson of McDonald's Company (Japan), Ltd., a consolidated subsidiary of the Company.

## 2. Matters on functions of business execution, auditing, oversight, nomination and remuneration decisions: overview of current corporate governance system

We are a company with Board of Directors, *Kansayaku* Board and Independent Auditors.

The Group adopts the executive officer system and separates the Directors and the duties performed by the executive officers. The Board of Directors, made of nine individuals including four Independent Directors, makes important business decisions, executes and supervises the duties of a Director. Executive officers are responsible for the implementation of an agile operation.

Also, the Company has setup the "Executive Management Team (EMT)", consisting of the CEO and other members selected by the CEO, within McDonald's Company (Japan), Ltd., an operating company. EMT receives reports as required from executive officers and collaborates with them to ensure a smooth execution of the business, and makes business decisions to the extent set by the Board of Directors of the said company to ensure a speedy decision-making process.

Nominations of candidates for Directors and *Kansayaku* are deliberated in advance by the Nomination Committee, and decisions are made by the Board of Directors with reference to the results of such deliberations.

Remuneration for Directors is determined by the "Compensation Committee", an optional advisory body and



chaired by an Outside Director.

Regarding the Company's internal audit organization, an independent Internal Auditing department under direct control by the CEO, is established. The scope of internal audit includes the Company and its consolidated subsidiaries. Through this and based on the risk-approach concept, identification of latent or obvious risks that may exist in individual business processes and auditing of the business and assets are made. Its mission is to make contributions in the areas of compliance in laws and regulations, maintain company assets, streamline the operation and strengthen internal control functions.

Specifically, an audit is conducted based on an annual internal audit plan approved by the CEO, and report the results to the head of the audited division. The Internal Auditing department and the audited division discuss a remediation plan and Internal Audit submits the audit report to the CEO and *Kansayaku* after the agreed remediation plan is made. A time frame for remediation is set for the audited division, and a follow-up audit is made promptly after the set time to check the remediated results and ensure the effectiveness of internal audits.

Regarding audits conducted by *Kansayaku*, the *Kansayaku* Board consisted of one Full-Time and three Outside *Kansayaku*, is set up to monitor the business. Further, close collaborations are made with Internal Auditing department to conduct strict audits in accordance with "Auditing Standards for *Kansayaku*."

Also, Ernst & Young ShinNihon LLC, the Independent Auditor, Internal Auditing department and the *Kansayaku* Board are responsible for reporting the results of statutory audits based on the Corporate Law and the Financial Instruments and Exchange Act. In addition, collaborations are made including a mutual exchange of information and opinions as required, striving to secure the effectiveness and efficiency of audits.

The Company has entered into an agreement with Directors (Mr. Thomas Ko, Mr. Jo Sempels, Mr. Andrew Gregory, Mr. Akira Kawamura, Mr. Masataka Ueda, Mr. Tetsu Takahashi and Ms. Yuko Tashiro) and *Kansayaku* (Ms. Sonoko Kajiyama, Ms. Ellen Caya, Mr. Yoshiyuki Honda and Ms. Makiko Hamabe) to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the said agreement is the amount stipulated in laws and regulations.

### 3. Reason for adoption of current corporate governance system

The Company have selected a company with *Kansayaku* Board that has the dual check function of supervision by the Board of Directors and legality audits by *Kansayaku* for business execution.

Under the system of a company with *Kansayaku* Board, the Company have appointed several independent outside Directors for the purpose of receiving advice, etc. from an independent and objective standpoint, and strengthening the supervisory function.

In addition, the majority of the members of the Compensation Committee and the Nomination Committee, which are advisory bodies to the Board of Directors, are Independent Outside Directors and the Independent Outside Directors chair these committees to ensure objectivity and transparency in the remuneration of Directors and the selection/dismissal of Directors.

Regarding business execution, the Board of Directors, the decision-making body of the business and supervision body of the operation, and the business execution body of executive officers are separated to ensure a management system that can respond quickly to changes in business environment.

## Implementation of measures for shareholders and other stakeholders

### 1. Measures to vitalize the general meeting of shareholders and enable smooth exercise of voting rights

	Supplementary information
Scheduling AGMs avoiding the peak day	To ensure convenience of our shareholders, AGM is scheduled in the afternoon to avoid the peak day and selects a day to avoid overlapping with that of other companies.
Exercise of voting rights via the Internet	We have introduced the exercise of voting rights via the Internet
Other	AGM is introduced in both video images and in writing on the Company's official website. The Company also provide live streaming of AGM on the day of AGM (participatory virtual AGM)

### 2. IR activities

	Supplementary information	Briefing by the representative directors
Regular briefings for retail investors	Full-year financial results and Q2 financial results announcements.	Yes
Posting of IR materials on website	Presentation in a video format at the full-year financial results and Q2 financial results briefings. Various relevant materials including earnings summary are posted as well.	
Establishment of department and/or manager in charge of IR	IR Department is established.	

### 3. Measures to ensure due respect for stakeholders

	Supplementary information
Stipulation of internal rules for respecting the position of stakeholders	These are stipulated in the "Code of Business Conduct."
Implementation of environmental activities, CSR activities etc.	<p>Sustainability &amp; ESG Department is set up in McDonald's Company (Japan), Ltd., a consolidated subsidiary company. As part of the Company's social responsibilities, the Department conducts energy &amp; waste management, implements environmental conservation activities including the reduction of environmental impact, and engages in various social contribution programs such as supporting the Ronald McDonald House Charities, supporting kids sports, providing food education and giving back to our communities.</p> <p>In line with the main objectives of the SDGs, McDonald's Japan will continue to be committed to realizing a sustainable society and better environment with a focus on the four areas of "Food Quality &amp; Sourcing," "Our Planet," "Community Connection," and "Job, Inclusion and Empowerment."</p> <p>The efforts to address such issues are communicated to our stakeholders through our annual Sustainability Report, to help ensure an appropriate disclosure of information.</p>
Development of policies on information provision to stakeholders	In compliance with the information disclosure guidance of the Tokyo Stock Exchange, we strive to disclose information in a timely and appropriate fashion. Also, "Insider Trading Prevention Regulations" have been formulated and used by the Legal Division to provide reminders to the employees.

### **III. Matters related to the internal control system**

#### **1. Basic views on the internal control system and the progress of system development**

Systems of the Company Group to ensure Directors' operations are performed properly in accordance with the laws and regulations and the Article 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 risk management, including the development and implementation of action plans 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 vice president in charge of legal, vice president in charge of human resources, vice president in charge of McOpCo, Chief Restaurant Officer (CRO) and Chief Financial Officer (CFO) of consolidated subsidiary company as committee members. The Enterprise Risk Management Committee shall have authority to conduct the surveys necessary to maintain 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 all 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 Group 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 practically 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 in the Company.

- (c) In the event that the Enterprise Risk Management Committee is notified of a fact which allegedly violates laws and regulations, corporate ethics, etc., or is likely to cause significant damage to the Company through whistle-blower hotline or by any other means, and as a result of the fact-finding investigation such material fact as violate laws and regulations or is likely to cause significant damage to the Company is found, the Enterprise Risk Management Committee shall report such fact to the Audit & Supervisory Board Members.
- (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 Audit & Supervisory Board 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 McDonald's 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.

## 2. Basic views on excluding organized crime and the progress of system development

The Group has no relations whatsoever with corporate extortionists, organized crime groups and other anti-social forces, and it will continue to firmly refuse any unjust demands from such anti-social forces. In case when an organized crime group or such threatens us by using product complaints as an excuse for the purpose of receiving illegal monetary gains, we will deal with the principles of “we are not afraid of organized crime groups”, “we will not pay to the organized crime groups” and “we will not make use of the organized crime groups.”

The principle ideas of rejecting the above anti-social forces are listed in the “Code of Business Conducts” handbook.

In addition, prior to initiating transactions with new business partners, the Company conducts compliance checks to confirm that the counterparties to such transactions do not fall under the category of antisocial forces.

## IV. Other

### 1. Adoption of anti-takeover measures

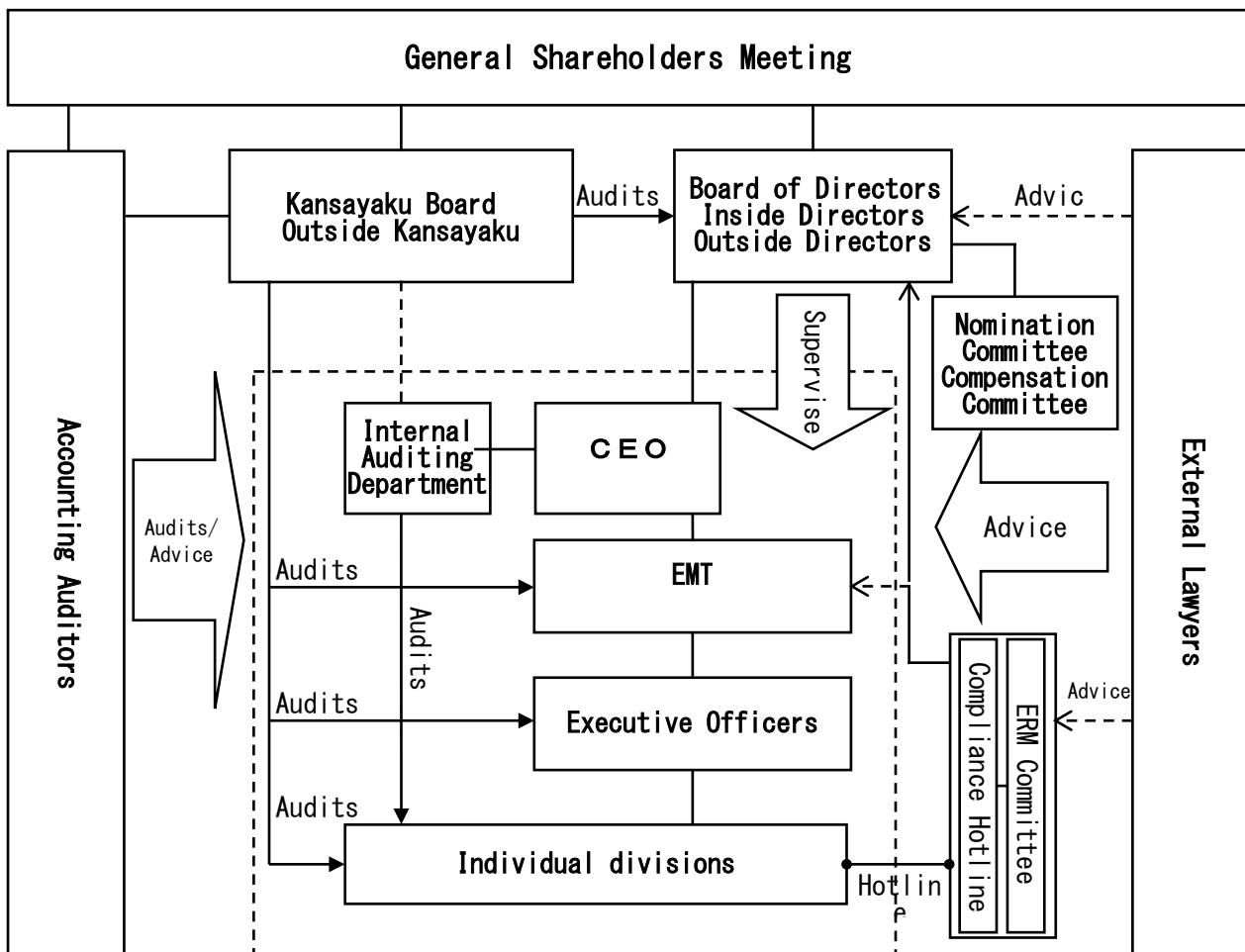
Adoption of anti-takeover measures	Not adopted
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#### Supplementary information

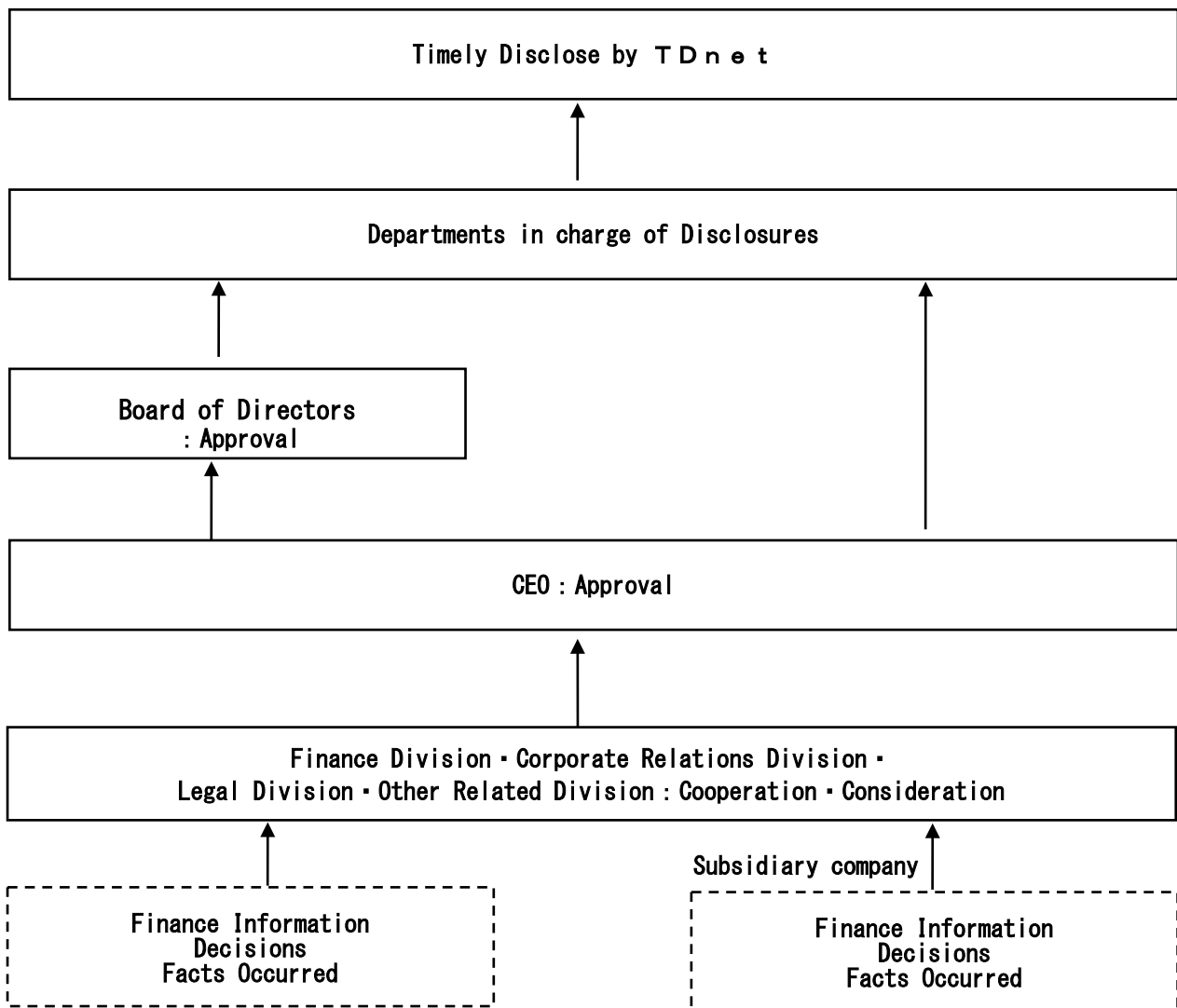
None

### 2. Other matters concerning the corporate governance systems

The following is a chart of the corporate governance system of the Group:



<Chart of the Timely Disclosure System of the Group>





The main knowledge and experiences that the Company expects from each Director and each *Kansayaku* (Skill matrix)

Name	Position	Corporate Management	Marketing	IT	Law/ Compliance	Finance Accounting	Human Resources	Global Business	Society / Environment	McDonald's Business
<b>Tamotsu Hiiro</b>	Representative Director, President and CEO	○	○				○	○	○	○
<b>Fusako Znaiden</b>	Director	○	○					○	○	○
<b>Thomas Ko</b>	Director	○				○	○	○		○
<b>Jo Sempels</b>	Outside Director	○				○	○	○		○
<b>Andrew Gregory</b>	Outside Director	○				○	○	○		○
<b>Akira Kawamura</b>	Independent Director				○			○	○	
<b>Masataka Ueda</b>	Independent Director	○	○			○	○	○	○	
<b>Tetsu Takahashi</b>	Independent Director	○			○				○	
<b>Yuko Tashiro</b>	Independent Director	○				○	○	○	○	
<b>Sonoko Kajiyama</b>	Full-time Independent <i>Kansayaku</i>					○		○	○	
<b>Ellen Caya</b>	Outside <i>Kansayaku</i>	○				○		○		○
<b>Yoshiyuki Honda</b>	Independent <i>Kansayaku</i>	○		○		○		○		
<b>Makiko Hamabe</b>	Independent <i>Kansayaku</i>	○		○		○			○	

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

The status of important concurrent positions held by the Company's directors and Kansayaku

<b>Position in the Company</b>	<b>Name</b>	<b>Name and position of the company at which you hold concurrent positions</b>
Representative Director, President and CEO	Tamotsu Hiiro	Representative Director, President and CEO, McDonald's Company (Japan), Ltd. Deputy Chairmanship, the Japan Association of Corporate Executives (Keizai Doyu Kai)
Director	Fusako Znaiden	Director, Senior Vice President and Chief Marketing Officer (CMO), McDonald's Company (Japan), Ltd. Orion Breweries, Ltd., Part-time Director STEM Girls Ambassadors
Director	Thomas Ko	Asia Business Unit Lead, International DL Markets, McDonald's Corporation
Outside Director	Jo Sempels	Senior Vice President and President International Developmental Licensed Markets and Senior Leadership Team, McDonald's Corporation Director, Grand Foods Holdings Limited
Outside Director	Andrew Gregory	Senior Vice President, Global Franchising & Development Officer, McDonald's Corporation:
Independent Director	Akira Kawamura	Of Counsel, Lawyer, Anderson Mori & Tomotsune Disciplinary Tribunal Committee Member, World Athletics Adviser, Japan Association of Arbitrators
Independent Director	Masataka Ueda	Director, The Board Director Training Institute of Japan, Public Interest Incorporated Association Adviser, Scala, Inc. Outside Director, Higashi-Nippon Bank, Ltd. Senior Director, Japan Golf Tour Organization Chairperson, the specified nonprofit organization FTJ
Independent Director	Tetsu Takahashi	Representative Lawyer, ITN Law Office Outside Director (Audit & Supervisory Committee Member), Nomura Real Estate Holdings, Inc.
Independent Director	Yuko Tashiro	Director, Chairman, the Board of Accordia Golf Co., Ltd. Outside Director, Yamaha Motor Co., Ltd. Director, NPO Mirai Kaihatsu Kenkyujo
Full-Time Independent Kansayaku	Sonoko Kajiyama	Statutory Auditor, McDonald's Company (Japan), Ltd.
Outside Kansayaku	Ellen Caya	Vice President, Internal Audit and Controls, Chief Audit Executive, McDonald's Corporation
Independent Kansayaku	Yoshiyuki Honda	Director, Sumida Corporation
Independent Kansayaku	Makiko Hamabe	Representative, Makiko Hamabe Office Outside Director, Otsuka Corporation