

Basic Axes

Promotion of ESG (Environment)

Environment

# Climate Change Action and Environmental Initiatives

In accordance with the Skylark Group Charter of Corporate Behavior, Skylark Group has established the Group Sustainability Committee and is voluntarily and actively undertaking environmental initiatives to minimize the impacts of climate change.

|  |   |
|--|---|
| 1. Compliance with laws and regulations    | We comply with environmental laws and ordinances and promptly respond to legal revisions.   |
| 2. Environmental conservation              | Across the entire supply chain, spanning procurement of food ingredients to production, logistics, in-store processing, and disposal, we make efforts to conserve energy and water and reduce food loss and wastes. |
| 3. Enhancement of environmental awareness  | We promote environmental education by which every individual maintains awareness of environmental conservation.   |
| 4. Environmental management                | We set environmental targets and aim to continuously reduce our environmental impacts.  |
| 5. Disclosure of environmental information | We actively disclose environmental information and strive for transparency in our environmental conservation activities.  |

## Climate change initiatives

### Information disclosure related to the TCFD Recommendations

Skylark Group positions climate change as one of the important management risks that we face. We endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and disclose all 11 items of the TCFD Recommendations. Understanding the risks and opportunities presented to our company by climate change, we disclose our climate-related initiatives and targets along with our progress toward these.

In 2023, we conducted scenario analysis for a “2°C (1.5°C) scenario” and a “4°C scenario.” In terms of main risks presented by climate change, we carried out quantitative evaluations of (1) the impacts of carbon tax introductions, (2) the impacts of changes in electricity prices, (3) the impacts of flooding, and (4) the impact of storm surges.

### Governance

Skylark Group has established the Group Sustainability Committee under the supervision of its Board of Directors as a decision-making body for sustainability-related initiatives. The Committee consists of the Chairman and Chief Executive Officer, President and Chief Operating Officer, all executive officers, and Group company presidents.

Our activities to promote sustainability are reported to the Board of Directors. Outside directors also participate in the Committee as advisors so that issues can be identified and advice can be received based on an outside perspective.

### Risk management

We have established the Group Risk and Compliance Committee as an organization that oversees management of risks, including climate change-related risks, for the entire Group. The Committee consists of the Chairman and Chief Executive Officer and all executive officers, with the President and Chief Operating Officer serving as chair. The Committee centrally identifies climate change-related and other risks, and pinpoints those that should be tackled in consideration of factors such as their degree of impact. With regard to climate-related risks and opportunities, the Group Risk and Compliance Committee sets

out and operates an annual review process, based on the status of our actions and changes in the environment.

We also endeavor to ensure transparency in our risk management system, through means such as sharing information on the content of Group Risk and Compliance Committee deliberations with outside directors. By having outside officers also participate in the Committee as advisors, we have built a structure that allows issues to be identified and advice to be received from outside perspectives.

### Strategy

The short-term, medium-term, and long-term climate-related risks and opportunities and the financial impacts of major risks on our business that we recognize are shown below. We also disclose measures to address climate-related risks and opportunities on our website.

Once a year, we check the content of our measures to address climate-related risks and opportunities, update the status of our actions, and explain the resilience of our strategy.

#### Financial impacts of main risks

| Item                                     | Scenario             | Value of impacts on business in 2030 (estimated) |
|--|----------------------|--|
| Impacts of carbon tax introductions      | 4°C scenario         | —  |
|  | 2°C (1.5°C) scenario | -3.22 billion yen                                |
| Impacts of changes in electricity prices | 4°C scenario         | 0.3 billion yen                                  |
|  | 2°C (1.5°C) scenario | -0.64 billion yen                                |
| Impacts of flooding                      | 4°C scenario         | -2.63 billion yen                                |
|  | 2°C (1.5°C) scenario | -1.49 billion yen                                |
| Impacts of storm surges                  | 4°C scenario         | -0.34 billion yen                                |
|  | 2°C (1.5°C) scenario | -0.33 billion yen                                |

#### Assumed amounts of carbon taxes in 2030:

For 4°C scenario, USD 0/t-CO<sub>2</sub>; for 2°C (1.5°C) scenario, USD 140/t-CO<sub>2</sub> (source: “World Energy Outlook 2022,” IEA)

#### Assumed electricity prices in 2030:

For 4°C scenario, USD 209/MWh; for 2°C (1.5°C) scenario, USD 231/MWh (Source: graph in “World Energy Outlook 2019,” IEA)

#### Assumed multiple of occurrence of flooding in 2030:

For the 4°C scenario, 3-fold; for the 2°C (1.5°C) scenario, 1.7-fold (calculated from sources including “TCFD Guidance,” Ministry of the Environment, and “Recommendations for Flood Control Planning Based on Climate Change,” Ministry of Land, Infrastructure, Transport and Tourism, after mapping the locations of all stores, factories, headquarters, and other workplaces of all Group companies)

#### Assumed multiple of occurrence of storm surges in 2030:

For the 4°C scenario, about 1.08-fold; for the 2°C (1.5°C) scenario, about 1.06-fold (source: “Climate impact explorer,” CLIMATE ANALYTICS, after mapping the locations of all stores, factories, headquarters, and other workplaces of all Group companies)

\* Franchise stores of Tomato and Associates are not included in estimates of the impacts of flooding and storm surges on assets.

\* Franchise stores of Tomato and Associates and Skylark Restaurants are not included in estimates of the impacts of losses from business suspension due to flooding.

### Indicators and goals

KPIs related to decarbonization, water resource conservation, and de-plasticization, covering the entire Skylark Group, are as follows. Materiality-specific KPIs are posted on P19-20 of

|                                 | Major Indicators                           | KPI                                |                                  |
|---------------------------------|--|------------------------------------|----------------------------------|
|                                 |  | 2030                               | 2050                             |
| Decarbonization                 | Rate of reduction in GHGs (Scopes 1, 2)    | 50.4% reduction (compared to 2018) | 0                                |
|                                 | Rate of reduction in GHGs (Scope 3)        | 30% reduction (compared to 2018)   | 0                                |
|                                 | Rate of reduction in GHGs (Scopes 1, 2, 3) | 37% reduction (compared to 2018)   | 0                                |
| Preservation of water resources | Amount of water intake                     | 10% reduction (compared to 2018)   | 20% reduction (compared to 2018) |

In the scenario analyses, we analyzed two scenarios: the 2°C (1.5°C) scenario in which impacts manifest as the transition to a low-carbon society takes place, and the 4°C scenario in which physical impacts associated with climate change manifest.

[Web](#) [Our measures to address major climate-related risks and opportunities](#)

#### Measures to address major risks (excerpt)

|  |  |
|--|--|
| Addressing impacts of the introduction of carbon taxes                       | (1) Energy and power saving: Reduction of energy usage<br>(2) Use of renewable energy<br>(3) Development of environmentally considerate stores |
| Addressing the impacts of changes in electricity prices                      | Power-saving activities at stores  |
| Addressing the impacts of flooding<br>Addressing the impacts of storm surges | Status of countermeasures against flooding and storm surges for employees, stores, MDCs, and headquarters                                      |

#### Measures to address main opportunities (excerpt)

|  |   |
|--|---|
| Addressing opportunities in the 2°C (1.5°C) scenario | Example: De-plasticization and other activities to promote decarbonization  |
| Addressing opportunities in the 4°C scenario         | (1) Opportunities through increased occasions for store visits<br>(2) Opportunities through product development matching consumer needs<br>(3) Opportunities through increased use of delivery services<br>(4) Opportunities through increased demand for retail sales products |

this Integrated Report, with additional details available on our website.

[Web](#) [ESG Data Book](#)

|                                  | Major Indicators  | KPI                              |                                  |
|----------------------------------|---|----------------------------------|----------------------------------|
|                                  |   | 2026                             | 2030                             |
| Reduction of plastic consumption | Amount of single-use plastics used                                    | 50% reduction (compared to 2020) | 50% reduction (compared to 2020) |
|                                  | Percentage of petroleum-derived materials used in single-use plastics | 50%                              | 0                                |

## Decarbonization



### Launch of CO<sub>2</sub> Reduction Subcommittee in 2023

We launched the company-wide CO<sub>2</sub> Reduction Subcommittee in 2023 and are undertaking the following initiatives.

#### • Accurate calculation

We obtained a third-party assurance for energy usage, in addition to Category 1 of Scope 1, 2 and 3 for CO<sub>2</sub> emissions in 2023.

#### • Setting of KPIs for reducing CO<sub>2</sub> emissions

We set yearly KPIs in accordance with the Science Based Targets (SBT) initiative and based on accurate calculation of CO<sub>2</sub> emissions. We report on the progress of those KPIs and on our initiatives to reduce usage to the Sustainability Committee every quarter.

[Web](#) Energy-related usage reduction KPIs and results

#### • Example of CO<sub>2</sub> reduction efforts

We have opened an environmentally friendly store that emits virtually zero greenhouse gases through the use of solar power, CO<sub>2</sub>-free power, carbon neutral gas, and electric motorbikes for delivery.

[Web](#) Environmentally friendly model stores



In our central kitchens and stores, we are actively switching to renewable energy through solar power generation. We are working toward introduction at 100 facilities during 2024 as a KPI.

[Web](#) Introduction of on-site solar power generation service for in-house use

[Web](#) Introduction of off-site PPA service using solar power generation

## Food loss reduction



Recognizing our responsibility for food production and its consumption, we are working to reduce food loss.

### Initiatives at our central kitchens

We are increasing the ratio of highly processed products that are processed in our central kitchens and reducing the number processes in stores in order to reduce food loss. Food waste is recycled into fertilizers or animal feed and the total food recycling rate at our central kitchens is approximately 90%.

### Initiatives at our stores

Through promotion via notifications on table terminals, the use of our "Mottainai Pack" (20 yen; tax included) for taking home meal leftovers tripled last year (as of June 2023; approximately 109,000 packs per year). We recycle 100% of stores' waste cooking oil into feed, fats, oils, and other products, while also conducting research into the future recycling of other wastes.

### Initiatives by the Food Waste Reduction Subcommittee

Launched in 2022, the Food Waste Reduction Subcommittee works to reduce waste across the company.

#### • Accurate calculation

Previously, we only weighed amounts and types of waste generated in our stores. However, we now also ask business partners to weigh our waste to gain more accurate data to lead to further reduction of waste.

#### • Setting of yearly reduction KPIs

Based on accurate calculations of amounts of waste, we set yearly KPIs for reduction amounts and report on amounts of waste and reduction initiatives to the Sustainability Committee every quarter.

#### • Case study of reduction

Our Syabu-Yo all-you-can-eat shabu-shabu stores propose environmentally friendly dining that addresses the social issue of food loss.

[Web](#) Komamedori Project (Food loss initiative)



"Komamedori" is an initiative to encourage customers to take what they can eat and enjoy their meals without leaving any leftovers. Not overeating, not leaving out food, and being happy for both customers and the earth.

#### • Training for employees

In May 2023, we held a Food Loss Reduction Study Session for store employees. In the session, we provided complementary knowledge and shared information on measures to reduce loss. Because the amounts and types of waste for disposal differ by store, we determine reduction measures and KPIs on a per-store basis in monthly discussions with superiors, and connect this to action.

## Preservation of water resources



All our employees work together to conserve water with the aim of global environmental protection and cost reduction. Using the "Water Risk Atlas" of the WRI's Aqueduct, we conducted an investigation of our company's sites located in water risk areas where the amounts and quality of water resources are at risk. As of the end of 2023, no sites were located in watersheds at high or very high water risk. One facility in Japan and one overseas were located in high water stress watersheds. We are working to address these appropriately.

We use high depth groundwater, use rainwater for cooling outdoor facilities, and use secondary water for cleaning at manufacturing sites to reduce actual water usage. To achieve both hygiene management and water conservation, we have set rules for hand-washing procedures and standards for the amount of water used in hand-washing areas, and are working to spread these rules through employees education. We are

also actively installing water-saving equipment including water-saving frames, nozzles, toilets, and dishwashers.

### About wastewater treatment

As we use considerable amounts of water for cooking and for cleaning dishes and utensils, we also attach importance to wastewater. About 90% of our wastewater is discharged to third parties for treatment, but we also perform primary and secondary wastewater treatment in-house in accordance with legal and regulatory standards. We also inspect the water quality and temperature of wastewater at least once a year and properly manage these.

## Reduction of plastic consumption



As a company with approximately 3,000 stores nationwide, since 2018 we have been taking the lead in tackling the reduction of petroleum-based plastic products.

In 2021, we launched the Group Sustainability Committee and its subordinate bodies, the Packaging Materials and Consumables

Subcommittee and the Consumables Reduction Subcommittee. To date, these have been reducing the size and thickness of plastic bags, garbage bags, and disposable containers and packaging materials for delivery and take-out, while also initiating charges for disposable cutlery and plastic bags.

#### • Total cumulative donations to the Green Fund: 2,669,973 yen

From the perspective of valuing limited resources, from January 2023 we began charging for disposable cutlery. We donate a portion of the revenue from these to the Green Fund of the National Land Afforestation Promotion Organization.



[Web](#) Click here for details of our de-plasticization initiatives that have accelerated since 2018



## Biodiversity



Based on strict procurement standards, we strive to procure sustainable raw materials that are environmentally and socially friendly, protective of basic human rights as well as protective of biodiversity. In addition to actively using FSC/PEFC certified paper products (paper straws, copy paper, etc.), 30% of the coffee beans used for the coffee that we serve at Gusto restaurants, our main brand, and at several other restaurants are Rainforest Alliance certified beans. In addition, we are discussing with our suppliers to change the blend of frying oils to reduce the ratio

of palm oil and introduce RSPO-certified palm oil. In addition, we intend to develop new production areas to increase the ratio of production areas with JGAP-certification or equivalent farm management standards for domestically produced vegetables and rice.

[Web](#) Click here for details of the formulation of our Group Biodiversity Policy in 2023

Basic Axes

Promotion of ESG (Social)

Social

# Contributing to Enriched Lifestyles and the Advancement of Society

Skylark Group practices sustainability management aimed at achieving our purpose: “To contribute to enriching people’s lives and to the advancement of society as a whole by creating the future of dining.”

In corporate management, we engage in appropriate collaboration with our multi-stakeholders, based on the importance of co-creation of value with customers, business partners, employees, local communities, shareholders, investors, the global environment, and other stakeholders.

## Relationships with customers

### Customer orientation

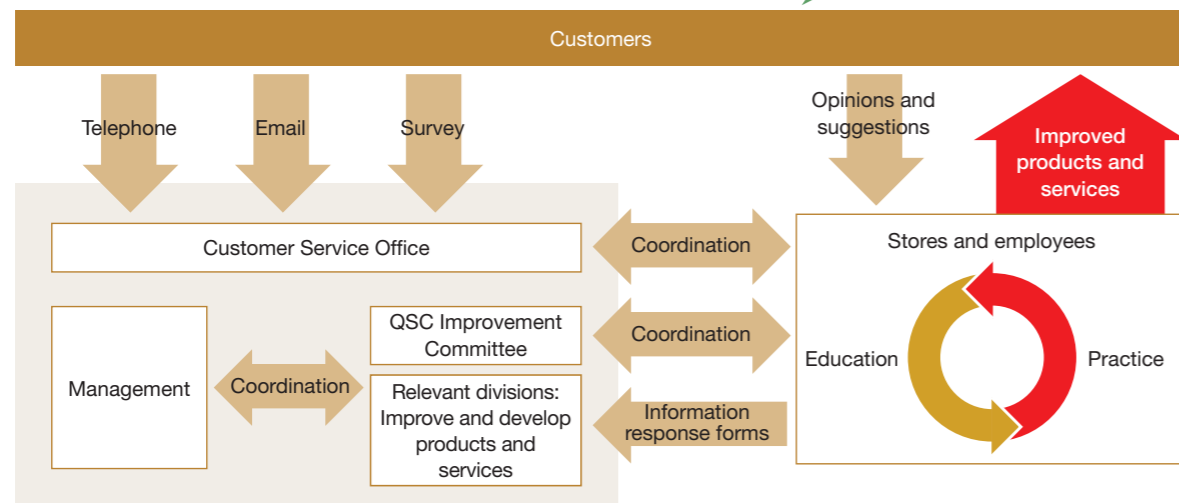


In order to meet the food service needs of all people, we are working to develop menus and improve services based on data analysis by time of day, customer attributes, store location, individual restaurant, and usage occasions by utilizing big data such as sales performance data from POS systems, smartphone apps, and customer surveys. In FY2022, we established a system whereby all management and relevant departments can view opinions, requests, and other customer feedback received by the Customer Service Office on a daily basis, and utilize them to review business operations by the QSC Improvement Committee to make prompt improvements to products and services. As a result of such initiatives, overall customer satisfaction has risen from 73% in 2021 to 81% in 2022 and 85% in 2023.



April 2024 Grand Menu (Menu focused on product development incorporating customer feedback)

Overall customer satisfaction  
81% → 85%



### Health & nutrition



In response to the growing health consciousness of customers in recent years, Skylark Group has developed menus that are nutritionally balanced and low in calories and fat, including vegetable-rich menus and low-carbohydrate menus, and reviews product portion sizes as appropriate. In addition to offering a wide variety of menu options to meet the various needs of customers based on factors such as age, physical constitution, and physical condition that day, we also provide several types of side dishes, a series of small-sized side dishes, toppings, sauces, and dressings that customers can combine themselves to choose the volume and flavor of their meals. In doing so, we strive to provide appropriate information such as salt and calorie content, ingredient origin information, and up-to-date allergy information. We will endeavor to provide personal nutrition suggestion to customers through our Digital Menu Books in the future.

### Example of Gusto's menu



### Food safety and security



▶ See P25-26 for details of safety and security initiatives.

## Relationships with business partners

### Responsible procurement



By establishing procurement management regulations and complying with laws and regulations to fulfill our social responsibilities through our business, we promote the purchase of safe, high-quality food materials and work to address social issues.

In the selection of suppliers, we confirm not only financial reliability and quality stability but also the status of suppliers' employee management (assurance of occupational health and safety), consideration for human rights (child labor, forced labor, discrimination, freedom of association, collective bargaining, long working hours), consideration of the environment (energy, climate change, water resources, biodiversity, food loss, and resource use), and antisocial acts. Our selections prioritize suppliers that

carry out their social responsibilities.

We require that employees of our suppliers are provided with information on our environmental policy and require their understanding and cooperation in communication with our company, training, and more. Together with suppliers, we aim for the coexistence and co-prosperity of corporate activities, society, and the environment.

Although we currently procure from 40 countries, we make decisions not based on each countries' laws, customs, and current conditions but rather based on whether significant gaps exist in light of applicable Japanese law. We strive for responsible procurement by implementing a strict policy of not initiating transactions when any problem exists.

[Web About responsible procurement](https://corp.skylark.co.jp/en/sustainability/environment/supply/)

### 1 About selection of suppliers

When selecting new suppliers, we carry out due diligence on all suppliers prior to the start of transactions, as follows. We do so in accordance with our Detailed Rules for Sustainable

Procurement Management and with the objective of managing risks involved with environmental issues and societal issues.

#### Due diligence process

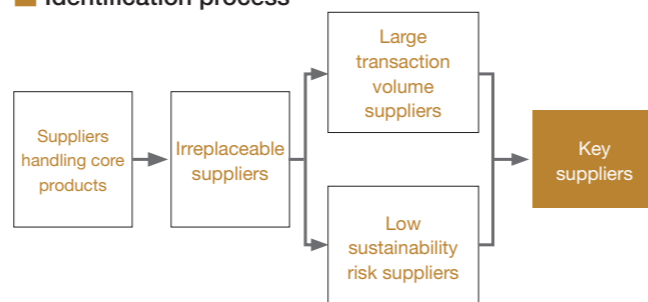


## 2 About supplier monitoring and audits

| Item  | FY2023 |
|---|--------|
| Total number of suppliers   | 743    |
| Number of primary suppliers   | 280    |
| Number of key primary suppliers*  | 28     |
| Number of major suppliers other than primary suppliers                                    | 30     |
| Total number of key suppliers   | 58     |
| Number of suppliers evaluated   | 119    |
| Percentage of major suppliers evaluated   | 5.2%   |
| Number of suppliers evaluated as having negative impacts                                  | 3      |
| Number of suppliers for which transactions having significant negative impacts were ended | 0      |
| Number of suppliers who supported improvement plans/corrective measures                   | 119    |
| Percentage of major suppliers who supported improvement plans/corrective measures         | 100%   |

\* Number of key suppliers: The number of suppliers that have been identified as having an impact on ESG or as representing high business relevance or risk

### Identification process



**TOPICS**

As a first for the food service industry, in October 2023 we obtained certification for ISO 20400, the international standard for sustainable procurement.

▶ See P23-24 for an interview with the Managing Director of the Procurement Division.

## Relationships with employees

To ensure that diverse human resources can play active roles, Skylark Group establishes no differences in treatment or in human resource promotion on the basis of gender, nationality, race, religion, or presence or absence of disabilities. We have established an internal environment improvement policy and a

human resource development policy and work to enhance our human capital, thereby increasing our corporate value.

▶ See P45-48 for details on Human Capital Management.

## Relationships with shareholders and investors

The basic policy for our IR activities is fair and timely disclosure of information to our shareholders, investors, and other stakeholders. We have established an IR team to plan and carry out activities for dialogues with shareholders and investors. Following announcements of quarterly financial results, we conduct online financial results briefings for analysts and institutional investors, and communicate with the stock market through the words of our management team. In 2023, we held a total of 227 individual meetings by our management team and IR staff.

We are building mechanisms by which we consolidate the opinions of the stock market based on dialogues with shareholders and investors, regularly communicate feedback from shareholders and investors to top management in Board of Directors meetings, and incorporate opinions and feedback into our corporate management.

### Information disclosure policy

In our IR information disclosure policy, we believe that we bear a responsibility to disclose information appropriately and promptly while complying with timely disclosure, doing so on a foundation of transparency, fairness, and continuity. In addition to disclosure of business results, financial information, and other matters based on laws and regulations, we actively disclose information on ESG-related issues and sustainability promotion-related initiatives through our web site, Integrated Report, and other means.

### Information disclosure structure

We have established internal Disclosure Control Regulations and Information Disclosure Detailed Rules to achieve fair, timely, and appropriate information disclosure.

1. We assign responsibility for information handling to the Managing Director of the Finance Division and supervision of timely disclosure to the Finance Division.
2. We have set up a Disclosure Committee that is composed of internal stakeholders and chaired by a representative director.

### General Meeting of Shareholders

Before the annual General Meeting of Shareholders, we issue convocation notices at an early date to ensure a period during which shareholders can fully consider proposals. We are also developing an environment supporting participation by shareholders, through acceptance of questions in advance via the Internet, support for exercise of voting rights, live virtual viewing of meetings, and creation of a more convenient website for smartphones.

## Relationships with local communities

### Activities grounded in our social mission (Volunteer activities and fundraising)

As a company with about 3,000 stores nationwide, Skylark Group fulfills its social missions by rapidly implementing support activities in the event of a disaster.



Support Activities in Disaster-Affected Areas of Noto Peninsula (website in Japanese)  
<https://corp.skylark.co.jp/sustainability/social/community/support2401.html>

#### 2024 Noto Peninsula Earthquake

After the earthquake that struck on January 1, we launched emergency relief fundraising at 2,700 stores on the following day and began serving food to evacuees on January 12. By the end of March, we had provided about 20,000 widely varied meals through 120 company volunteers. In-store donations totaled approximately 19.8 million yen, which was donated to Toyama, Ishikawa, and Niigata prefectures.

#### 2024 Eastern Taiwan Earthquake

After the earthquake that struck on April 3, we launched emergency relief fundraising at 2,700 stores on the following day, with Skylark matching the donated amount. We also decided to extend Bamiyan's Taiwan Fair campaign, carried out in partnership with a Taiwanese company, and decided to donate a portion of campaign sales (30 yen per meal).



Disaster Relief Menu at Bamiyan's Taiwan Fair campaign

#### Other support achievements

- We donated about 8.5 million yen collected by the Turkey-Syria Earthquake Disaster Relief Fund to the United Nations Refugee Agency (UNHCR) /
- Through the Children's Playground Support Foundation, employee volunteers installed playground equipment three times at the Kodomo no Ie children's house in the city of Kiyose, Tokyo Prefecture /
- We donated about 5 million yen collected towards the Hawaii Maui Wildfire Disaster Relief Fund to the Maui Strong Fund of the Hawai'i Community Foundation

## Stakeholder Engagement

Believing in the importance of mutual understanding with all stakeholders, Skylark Group strives for active dialogue through varied opportunities for communication. We sincerely address the feedback and requests we receive and work to create value through management grounded in an ESG perspective.



Basic Axes

Promotion of ESG (Governance)

Governance

# Enhancement of Corporate Governance

We have established the Skylark Group Charter of Corporate Behavior, sharing it with all executives and employees in our efforts to act with a social conscience while observing laws, international rules, and the spirit of these. We also follow basic policies to ensure soundness, effectiveness, and transparency in our management, and carry out initiatives aimed at enhancing corporate governance.

## Our basic approach to corporate governance

Under our corporate philosophy of "Creating Richness with Value to Society" and our corporate purpose of "Contributing to Life Enrichment and Advancement of Society by Creating the Future of Dining," Skylark Group operates approximately 3,000 stores, mainly table service restaurants, that welcome approximately 300 million customers annually. We do so with the aim of offering great-tasting food at affordable prices with good service in a comfortable store environment to as many people as possible. We believe that contributing to society through dining-related businesses and continuously enhancing our corporate value are among our most important management tasks. We aim to be a corporate group that is trusted by customers, shareholders, business partners, local communities, and employees, and all other stakeholders. To achieve these objectives, we have established the Skylark Group Charter of Corporate Behavior, sharing it with all executives and employees in our efforts to act with a social conscience while observing laws, international rules, and the spirit of these. We also carry out initiatives to ensure soundness, effectiveness, and transparency in our management, and work to enhance our corporate governance.

Basic Policy

1. We respect the rights of shareholders and ensure equality.
2. We consider the interests of shareholders and other stakeholders, and collaborate appropriately with them.
3. We properly disclose corporate information and ensure transparency.
4. We ensure the effectiveness of functions to supervise the execution of duties by the Board of Directors.
5. We engage in constructive dialogues with shareholders who have investment policies aligned with the interests of medium- to long-term shareholders.

|               |   |
|---------------|---|
| July 2014     | Appointed one independent outside director and two outside auditors   |
| October 2014  | Listed on the First Section of the Tokyo Stock Exchange   |
| January 2016  | Transitioned to a holding company structure   |
| March 2016    | Increased the number of independent outside directors from one to two, with outside directors making up the majority of directors   |
| April 2016    | Established the Independent Officer Liaison Committee, consisting of a majority (two out of three) members from each of the voluntary Remuneration Committee and Nominating Committee appointed as independent outside directors                              |
| May 2016      | Formulated the Basic Corporate Governance Policy  |
| March 2017    | Increased the number of outside auditors with expertise in finance and accounting by one  |
| March 2019    | Increased the number of outside directors by one (female), and appointed three of eight directors and two of the three auditors as independent officers   |
| May 2019      | Built a system for reporting the content of whistleblowing directly to independent outside directors  |
| October 2019  | Began evaluations of the effectiveness of the Board of Directors  |
| December 2020 | Established the Group Sustainability Committee and enhanced our organizational structure for promoting sustainability   |
| March 2021    | Increased the number of independent outside auditors by one (female), creating an officer composition with multiple female officers and independent directors as a majority of all officers (six out of 10)   |
| March 2022    | Increased the number of independent outside auditors by one (female), setting the ratio of women on the Board of Directors (directors and auditors) at 30% (three women out of 10 directors)  |
| March 2023    | Strengthened functions for supervision of the Board of Directors, and transitioned from a corporate structure with a board of corporate auditors to a corporate structure with an audit and supervisory committee to further enhance our corporate governance |

## Overview of our corporate governance structure

### Board of Directors

Our Board of Directors consists of eight directors, five of which are independent outside directors, in consideration of diversity and balanced knowledge, experience, and capabilities of the Board of Directors as a whole. We believe this is necessary for the sustainable growth of Skylark Group and the medium- to long-term enhancement of our corporate value. As our Group's highest decision-making body for the management and execution of business, the Board of Directors generally meets at least once a month.

### Senior Management Meeting

To promptly and flexibly carry out planning and execution of company-wide management policies and strategies, the company established the Senior Management Meeting, composed of the Chairman and Chief Executive Officer, President and Chief Operating Officer, and all executive officers. During meetings, important matters related to the entire Group are reported, examined, and discussed. Meetings are generally held every week. In addition, Group Committees (the Personnel and Systems Committee and the Policy and Investment Committee), composed of members determined in Senior Management Meetings, convene once a month to report on, examine, and discuss our personnel system, policies, and other important matters related to the Group overall.

■ FY2023 Senior Management Meetings: Held 48 times

### Functions of the Audit and Supervisory Committee audits and other audits

The Audit and Supervisory Committee, composed of three auditors (a majority two of which are independent outside directors), generally meets once a month to supervise and conduct checks on management and the execution of duties. Based on auditing policies, plans, and standards determined by the Audit and Supervisory Committee, members of the committee attend Board of Directors meetings and other important conferences. They further assess the state of the company by examining business conditions to audit whether management activities are being conducted in conformance with laws, internal regulations, and other rules. Audit and Supervisory Committee members also cooperate with the Internal Audit Group and the accounting auditor through regular discussions and other means to ensure an efficient and effective auditing system.

The Internal Audit Group, our internal auditing organization, is positioned as a division under the direct control of the Chairman and Chief Executive Officer and of the President and Chief Operating Officer to ensure its organizational independence. The Audit and Supervisory Committee is also positioned as a division that possesses supervision and command authority. Based on internal regulations and annual plans, it conducts operating audits of headquarters, factories, and stores to identify problems, suggest improvements, and provide corrective guidance. Accounting audits are conducted by Deloitte Touche Tohmatsu LLC, as determined at the General Meeting of Shareholders.

■ FY2023 performance

- ➔ Board of Auditors: Convened 2 times / Audit and Supervisory Committee: Convened 10 times

## Analysis and evaluation of the effectiveness of the Board of Directors

Based on the recognition that the Board of Directors should be a venue for effective and strategic discussions for the sustainable growth of the Group and the enhancement of corporate value, we analyze and evaluate the effectiveness of the Board of Directors every year to further enhance its functions. Analysis in FY2023 concluded that the size of our Board of Directors and the skills of individual directors are appropriate.

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/system/) Overview and results of evaluations conducted in 2023  
https://corp.skylark.co.jp/en/sustainability/governance/cg/system/

### Other committees

**Group Risk and Compliance Committee**  
(Convened 6 times; 10 times in writing)

The committee meets at least once a year. It discusses important matters regarding compliance and determines basic policy. Outside officers serve as advisors.

**Group Compliance Committee**  
(Convened 2 times in writing)

The committee engages in checks and reports regarding the state of compliance at subsidiaries, measures to prevent violations, and investigations and remedial actions in response to violations.

**Group Sustainability Committee**  
(Convened 6 times; 2 times in writing)

The committee meets as required. It determines policies and measures related to sustainability and reports to the Board of Directors on activities to promote sustainability. Outside officers serve as advisors.

**Nomination Committee**  
(Convened 4 times; 1 time in writing)

The Nomination Committee discusses matters related to proposals submitted to the Board of Directors regarding the appointment and dismissal of the company's directors and executive officers. Committee members consist of the Chairman and Chief Executive Officer serving as Chairperson, and other members appointed by resolution of the Board of Directors. The committee currently consists of five members, including the Chairman and Chief Executive Officer who serves as Chairperson and three independent outside directors who compose the majority of the committee.

**Remuneration Committee**  
(Convened 3 times; 1 time in writing)

The Remuneration Committee discusses proposals submitted to the Board of Directors regarding compensation for the Group's directors and executive officers, and proposals submitted to the Audit and Supervisory Committee regarding compensation for its members. Committee members consist of the Chairman and Chief Executive Officer serving as Chairperson, and other members appointed by resolution of the Board of Directors. The committee currently consists of five members, including the Chairman and Chief Executive Officer who serves as Chairperson and three independent outside directors who compose the majority of the committee.

## Independent Officer Liaison Committee

The company has established an Independent Officer Liaison Committee composed of outside directors to strengthen collaboration among independent officers through site visits and exchanges of opinions, and to carry out activities as a venue for the provision of raw information concerning the execution of duties, for use in discussions by the Board of Directors. To strengthen means of communication with outside officers, we have also introduced a system using cloud-based groupware for questionnaires, opinion exchanges, and schedule coordination.

### Status of main activities of the Independent Officer Liaison Committee in 2023

| Month and year convened | Description   |
|-------------------------|---|
| February 2023           | Visits to new brand stores opinion exchanges  |
| October 2023            | Visits to environmentally friendly stores and Super Urban stores; opinion exchanges |
| December 2023           | Information exchange meeting with top management                                    |

## Training policy for directors

The company appropriately provides the training and information required for directors to properly fulfill their roles and responsibilities. As a part of this effort, at least once a year we provide directors with lectures and training by experts in law, corporate governance, and other subjects. To date, this has

included study groups on insider trading prevention, branding, risk management, crisis management, and ESG. In 2023, we created opportunities for considering approaches toward and engagement with institutional investors, under the theme of what institutional investors expect from companies.

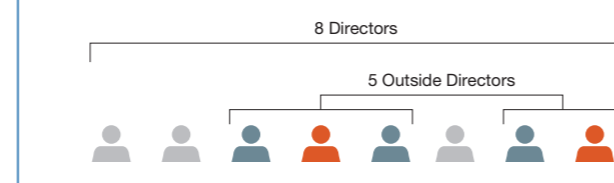
## Status of outside directors

Among our eight directors, we appoint five outside directors with advanced management experience and knowledge to strengthen functions for supervising the execution of duties. The five outside directors are registered with the Tokyo Stock Exchange as independent officers, and are appointed as five independent outside directors who make up a majority of our directors. Of these, three independent outside directors are included among the members of the Nomination Committee and the Remuneration Committee that serve as advisory committees for their respective topics, creating a structure for fair deliberations.

### Policy on the appointment of executive management and the nomination of candidates for director

To keep up with the rapidly changing food service market, we nominate director candidates, from inside or outside the company, who possess diverse knowledge, experiences, and capabilities. With regard to candidates for internal director, after consideration of the balance of candidates' knowledge and experience in family restaurant management, financial strategy, and marketing strategy, we nominate those who are able to contribute to society through the food service business and who are able to demonstrate leadership aimed at continuously enhancing corporate value. With regard to candidates for outside director, we appoint those who possess extensive management experience in diverse companies and organizations, including in the food service industry. With regard to candidates for Audit and Supervisory Committee member, we appoint people who are able to appropriately audit the execution of duties by auditors based on their knowledge of corporate management and their knowledge of and experience with accounting, finance, law, and risk management. Under the above nomination policy, we also set a policy of actively promoting female candidates who possess the necessary skills for the Board of Directors to the position of officer. Specifically, we have set a target of 30% for the ratio of women serving on the Board of Directors. The ratio in 2023 was 25%.

### Reasons for appointment and skill matrix of directors



| Name                              | Makoto Tani  | Minoru Kanaya   | Fumio Tahara   | Ayako Sano  | Hirohiko Imura   | Makoto Suzuki  | Tatsuya Aoyagi  | Reiko Okuhara  |
|-----------------------------------|--|---|--|---|--|--|---|--|
| Title                             | Chairman and Chief Executive Officer   | President and Chief Operating Officer   | Outside Director   | Outside Director  | Outside Director   | Director, Standing Audit and Supervisory Committee member  | Outside Director, Audit and Supervisory Committee member  | Outside Director, Audit and Supervisory Committee member   |
| Reason for appointment            | After joining the company in 1977 and gaining sales experience at stores, he has held posts including General Manager of the Sales Division and President and Representative Director of NILAX Inc., and has served as President and Chief Executive Officer of the company since 2008. He was appointed as a director for his extensive business experience in the Group and insight regarding overall management of family restaurants, business management, and management and operation, in addition to having an intimate knowledge of consumer marketing in the food service market. | He was appointed as a director in view of results achieved in supervising our Finance, Administration and Human Capital Management divisions since 2008, together with his wealth of experience and insights from working at a securities company which we believe he will leverage on behalf of our growth strategy. | In the expectation that he will leverage his extensive experience and insights from working at the Ministry of Agriculture, Forestry and Fisheries and industry associations for the benefit of our management and will provide advice and supervision from an objective and long-term perspective, we have appointed him an outside director. | In the expectation that she will leverage her practical experience from working with a securities company, wide-ranging insights as an attorney, and experience with taxation for the benefit of our management and will provide advice and supervision from an objective and long-term perspective, we have appointed her an outside director. | In the expectation that he will leverage his practical experience from working with a major trading company and as the representative director of a company supervising a cable television station for the benefit of our management and will provide advice and supervision from an objective and long-term perspective, we have appointed him an outside director. | After joining the company in 1979 and gaining sales experience at stores, he held posts including General Manager, Manager of the President's Office and Manager of the Internal Audit Office. Based on his extensive business experience in the Group and his insights regarding company management, we expect that he will provide appropriate supervision of our management and have appointed him a director who is an Audit and Supervisory Committee member. | In the expectation that he will leverage his extensive experience as a certified public accountant and certified tax accountant and his knowledge of accounting and finance to perform supervision of our Group's management and achievement of continuous enhancement of corporate value, and that he is an appropriate human resource able to contribute to the enhancement of corporate governance, we have appointed him a director who is an Audit and Supervisory Committee member. | In the expectation that she will leverage her work experience at the Ministry of Finance and her wide-ranging insights as an attorney, and that she is an appropriate human resource able to contribute to the enhancement of corporate governance from the perspectives of compliance structure and risk management, we have appointed her a director who is an Audit and Supervisory Committee member. |
| Decision-making skills            |  |   |  |   |  |  |   |  |
| Corporate Management              | ○  |   |  |   | ○  |  | ○   |  |
| Finances/Accounting               |  | ○   |  | ○   |  |  | ○   |  |
| International Business            |  | ○   |  |   | ○  |  |   |  |
| Marketing                         | ○  |   |  |   |  |  |   |  |
| Consumers                         | ○  | ○   | ○  |   | ○  | ○  |   | ○  |
| IT/DX                             | ○  | ○   |  |   | ○  |  |   |  |
| Supervisory skills                |  |   |  |   |  |  |   |  |
| Skylark Group Business Management | ○  | ○   |  |   |  | ○  |   |  |
| Economic/Social                   | ○  |   | ○  | ○   | ○  |  | ○   | ○  |
| Legal                             |  |   |  | ○   |  |  |   | ○  |
| Risk Management                   | ○  | ○   | ○  | ○   | ○  | ○  | ○   | ○  |
| Sustainability/ESG                | ○  | ○   |  | ○   | ○  |  |   | ○  |

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/candidate/) Names and definitions of skills

## Officer remuneration

### Policy and decision-making process for determination of remuneration

Our policy for remuneration and other compensation for directors is designed to contribute to the continuous improvement of our operating results and corporate value and to the sharing of value with shareholders. Remuneration for directors of the company (excluding outside directors and directors who are Audit and Supervisory Committee members) consists of a fixed base remuneration and a performance-linked remuneration that varies with company performance. Performance-linked remuneration consists of fiscal year-end bonuses based on consolidated business results for each business year and remuneration for which the amount paid is linked to the stock price for a set period ("phantom stock"). From phantom Stock in 2022, in addition to the stock price requirement, an evaluation by an international ESG evaluation organization is added as an ESG indicator to ensure that executive compensation is linked to the promotion of the Company's sustainability management.

Beginning with phantom stock in 2024, in addition to the above indicators, target values for employee engagement, target values for overall customer satisfaction, and target values for reduction of CO<sub>2</sub> emissions are added as achievement indicators, creating a system by which officer remuneration is linked to the promotion of our sustainability management.

We have also set stock ownership guidelines for the sharing of value among directors executing duties, executive officers, and shareholders, and for the enhancement of medium- to long-term corporate value.

These guidelines stipulate that we will hold a set percentage of the company's stock for position-specific base remuneration within five years from the assumption of office, and will strive to hold the shares during the period of office even after the set percentage is reached.

From a perspective of ensuring independence, the remuneration of outside directors and directors who are Audit and Supervisory Committee members is not linked to business performance, and only base remuneration is paid. The Board of Directors determines remuneration and other compensation for directors based on proposals from the Remuneration Committee, which is an advisory organization of the Board.

Beginning in FY2022, the performance-linked remuneration of the year-end bonus and phantom stock have malus and clawback clauses which, in the event of a material accounting error, fraud, or violation, allow the Board of Directors, by resolution, to reduce or to require the return of such remuneration, in part or in full, following deliberations by the Remuneration Committee.

[Web](https://corp.skylark.co.jp/ir/library/financial_report/) Securities Report (Japanese only)

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/) Main initiatives to strengthen corporate governance

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/candidate/) Policy on the appointment of executive management and the nomination of candidates for directors and for directors who are Audit and Supervisory Committee members

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/outside/) Support structure for outside directors

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/candidate/) Training policy for directors and directors who are Audit and Supervisory Committee Members

## Directors & Officers (as of April 1, 2024)

### Directors



#### Makoto Tani

Chairman and Chief Executive Officer  
Born December 25, 1951 (age 72)  
Number of shares held: 50,000  
Attendance at Board of Directors meetings:  
13/13 times (100%)

April 1977 Joined Skylark Co., Ltd.  
December 1987 Director and General Manager of Sales Division of NILAX Inc.  
January 2000 President and Representative Director of NILAX Inc.  
January 2007 President and Representative Director of NILAX Inc. and Executive Officer in charge of HD Business Strategy Group No. 1 of Skylark Co., Ltd.  
October 2007 Managing Executive Officer and General Manager of Sales Division No. 2 of Skylark Co., Ltd.  
August 2008 President and Representative Director of Skylark Co., Ltd.  
September 2008 President and Representative Director and General Manager of Corporate Planning Division of Skylark Co., Ltd.  
February 2011 President and Representative Director and General Manager of Product Division of Skylark Co., Ltd.  
June 2012 President and Representative Director of Skylark Co., Ltd.  
July 2014 President and Chief Executive Officer of Skylark Holdings Co., Ltd.  
March 2018 Chairman, President and Chief Executive Officer of Skylark Holdings Co., Ltd.  
March 2023 Chairman and Chief Executive Officer of Skylark Holdings Co., Ltd. (to present)



#### Minoru Kanaya

President and Chief Operating Officer  
Born January 26, 1959 (age 65)  
Number of shares held: 10,000  
Attendance at Board of Directors meetings:  
13/13 times (100%)

April 1981 Joined Nomura Securities Co., Ltd.  
June 2000 Head of European Administration Department, Nomura International PLC  
July 2004 Executive Officer of Nomura Principal Finance Co., Ltd.  
January 2008 Managing Director, Skylark Co., Ltd.  
January 2012 Managing Executive Officer and General Manager of Administrative Division, Skylark Co., Ltd.  
October 2015 Executive Officer, Managing Director of Corporate Support Division and Managing Director of Human Capital Management Division, Skylark Co., Ltd.  
February 2017 Managing Executive Officer, Managing Director of Corporate Support Division and Managing Director of Human Capital Management Division, Skylark Holdings Co., Ltd.  
March 2018 Corporate Director and Managing Executive Officer, Managing Director of Corporate Support Division and Managing Director of Human Capital Management Division, Skylark Holdings Co., Ltd.  
April 2021 Managing Executive Officer, Managing Director of Finance Division, Skylark Holdings Co., Ltd.  
March 2023 President and Chief Operating Officer (to present)



#### Fumio Tahara

Outside Director  
Born August 7, 1948 (age 75)  
Number of shares held: 1,000  
Attendance at Board of Directors meetings:  
13/13 times (100%)

April 1972 Joined the Ministry of Agriculture and Forestry (current Ministry of Agriculture, Forestry and Fisheries)  
September 1984 Director, Marine Products Section, Shizuoka Prefecture Agriculture and Fisheries Department, Ministry of Agriculture and Forestry  
November 1987 Secretary to the Minister, Ministry of Agriculture, Forestry and Fisheries  
February 2000 Deputy Director-General of the Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries  
January 2001 Private Secretary to the Minister, Ministry of Agriculture, Forestry and Fisheries  
July 2003 Director-General of the Fisheries Agency  
August 2005 Director, JA Kyosai Research Institute  
November 2008 Director, Overseas Fishery Cooperation Foundation of Japan  
July 2012 Part-time advisor to Yanmar Co., Ltd. (part-time advisor to Yanmar Holdings Co., Ltd. since April 1, 2013)  
July 2012 Part-time advisor to Kyokuyo Co., Ltd.  
March 2014 Outside Auditor, Skylark Co., Ltd.  
July 2014 Outside Auditor, Skylark Holdings Co., Ltd.  
March 2018 Outside Director, Skylark Holdings Co., Ltd. (to present)  
June 2020 Chairman, All Japan Purse Seine Fisheries Association (to present)  
July 2020 Part-time advisor, Yanmar Marine System Co., Ltd. (to present)



#### Ayako Sano

Outside Director  
Born December 9, 1977 (age 46)  
Number of shares held: –  
Attendance at Board of Directors meetings:  
13/13 times (100%)

April 2001 Economic Research Division, Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)  
January 2009 Joined Tokyo Nishi Law Office (currently TNLAW Law Office)  
October 2018 Civil Conciliation Commissioner, Tokyo District Court  
December 2018 Representative, Aya Law Office (to present)  
March 2019 Outside Director, Skylark Holdings Co., Ltd. (to present)  
March 2021 Outside Director (Audit and Supervisory Committee member), Metaps Inc. (to present) (currently Metaps Holdings, Inc.)  
March 2024 Outside Director, Sodick Co., Ltd. (to present)  
May 2024 Outside Auditor, CLAS, Inc. (to present)



#### Hirohiko Imura

Outside Director  
Born February 14, 1958 (age 66)  
Number of shares held: –  
Attendance at Board of Directors meetings: –

April 1981 Joined Sumitomo Corporation  
April 2005 Head of SDOA Risk Management Group, Executive Officer and General Manager of Corporate Risk Management attached to the General Manager of the Americas, Sumitomo Corporation of Americas  
April 2012 Executive Officer and General Manager of Corporate Risk Management, Sumitomo Corporation  
December 2014 Outside Auditor, Kato Sangyo Co., Ltd.  
April 2015 Outside Director (Audit and Supervisory Committee member), Metaps Inc. (to present) (currently Metaps Holdings, Inc.)  
June 2015 Representative Director and Managing Executive Officer, Sumitomo Corporation  
April 2017 Representative Director and Senior Managing Executive Officer, Sumitomo Corporation  
President, Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.)  
July 2017 President and Representative Director, Jupiter Telecommunications Co., Ltd. Chairman and Representative Director, Jupiter Telecommunications Co., Ltd.  
July 2020 Outside Auditor, DeNA Co., Ltd. (to present)  
June 2022 Outside Auditor, TV TOKYO Holdings Corporation (to present)  
June 2023 Outside Director, Skylark Holdings Co., Ltd. (to present)  
March 2024 Outside Director, Skylark Holdings Co., Ltd. (to present)

### Audit and Supervisory Committee Members



#### Makoto Suzuki

Director  
Standing Audit and Supervisory Committee member  
Born February 11, 1957 (age 67)  
Number of shares held: 2,000  
Attendance at Board of Directors meetings:  
13/13 times (100%)  
Attendance at Audit and Supervisory Committee meetings: 10/10 times (100%)

April 1979 Joined Skylark Co., Ltd.  
May 1994 General Manager of Kita-Kanto Sales Department No. 2, Skylark Co., Ltd.  
January 1999 Manager of the President's Office, Skylark Co., Ltd.  
April 2009 Manager of the Internal Audit Office, Skylark Co., Ltd.  
July 2010 Manager of the President's Office, Skylark Holdings Co., Ltd.  
March 2011 Standing Auditor, Skylark Holdings Co., Ltd.  
November 2014 Auditor, NILAX Inc. (to present)  
June 2012 Auditor, Tomato and Associates Co., Ltd. (to present)  
November 2014 Standing Auditor, Skylark Co., Ltd.  
December 2015 Auditor, Taiwan Skylark Co., Ltd. (to present)  
March 2023 Auditor, Skylark Split Preparation Co., Ltd. (trade name changed to Skylark Restaurants Co., Ltd. on January 1, 2016) (to present)  
Director and Standing Audit and Supervisory Committee member, Skylark Holdings Co., Ltd. (to present)



#### Tatsuya Aoyagi

Outside Director  
Audit and Supervisory Committee member  
Born August 8, 1971 (age 52)  
Number of shares held: –  
Attendance at Board of Directors meetings:  
13/13 times (100%)  
Attendance at Audit and Supervisory Committee meetings: 10/10 times (100%)

October 1993 Joined Tohatsu Auditing (currently Deloitte Touche Tohmatsu LLC)  
February 2007 Joined Masters Trust Accounting Incorporated (currently Masters Trust Inc.)  
July 2007 Representative Director, Heartworth Partners, Inc. (to present)  
August 2007 Director, Share Generate Co., Ltd.  
February 2010 Outside Auditor, Amlead Co., Ltd.  
May 2010 Outside Auditor, BT Holdings Co., Ltd. (currently Primigest, Inc.)  
June 2010 Outside Auditor, MXI, Inc.  
June 2012 Outside Director, MXI, Inc.  
March 2017 Outside Auditor, Skylark Holdings Co., Ltd. (to present)  
July 2021 Outside Director, Sanwa Seiko Corporation (to present)  
March 2023 Outside Director and Audit and Supervisory Committee member, Skylark Holdings Co., Ltd. (to present)



#### Reiko Okuhara

Outside Director  
Audit and Supervisory Committee member  
Born May 17, 1962 (age 61)  
Number of shares held: –  
Attendance at Board of Directors meetings:  
13/13 times (100%)  
Attendance at Audit and Supervisory Committee meetings: 10/10 times (100%)

April 1985 Joined the Ministry of Finance  
April 2000 Joined Kohwa Sohgho Law Offices  
April 2004 Partner and Attorney, Kohwa Sohgho Law Offices (to present)  
April 2012 Member of Civil Conciliation Commissioner, Tokyo Summary Court (to present)  
April 2018 Deputy Chair, Daiichi Tokyo Bar Association  
April 2018 Standing Director, Japan Federation of Bar Associations  
April 2019 Member of the Bidding Oversight Committee, Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (to present)  
June 2021 Director, Japan Law Foundation (to present)  
March 2022 Outside Auditor, Skylark Holdings Co., Ltd.  
March 2023 Outside Director and Audit and Supervisory Committee member, Skylark Holdings Co., Ltd. (to present)  
Outside Director of Axis Co., Ltd. (to present)

► See P59-60 for reasons for selection and skill matrix of the eight directors.

### Executive Officers



#### Nobuyuki Katayama

Executive Officer  
Managing Director of Procurement Division

Joined Jonas Co., Ltd. (former Jonathan Co., Ltd.; merged into our company in January 2012) in 1982. He served as a store manager, business manager, and Director of the Akishima Logistics Center of the company. After joining Skylark Co., Ltd. in 2004, he has worked as a General Manager and Deputy Managing Director in the Procurement Department, and has served in his current position since October 2017.



#### Kouzou Nishida

Executive Officer  
Managing Director of Human Capital Management Division

Joined Bamiyan Co., Ltd. in 1993. After working in positions including store manager, Bamiyan Company human resources manager, and sales promotion supervisor, he has served as the Chairperson of the Central Executive Committee of the Skylark Labor Union since 2010. Since 2016, he has served as Director and Deputy Managing Director of the company's Human Capital Management Division. He has served in his current position since October 2018.



#### Shimon Kato

Executive Officer  
Managing Director of Production Division

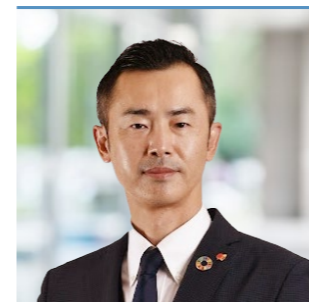
Joined Skylark Co., Ltd. in 1983. After working as a store manager, he led the Product Development Division for many years and has served as Deputy Managing Director of Marketing Division since 2016. After working as Director of the Corporate Planning Office, Deputy Manager of Marketing Policy, Manager of the Cross-Brand Menu Division, and other positions as an Executive Officer of Skylark Restaurants Co., Ltd., he has served as the Managing Director of the Production Division since May 2020 and became the Managing Director of Menu Development, Marketing and Production Division in October 2020. He has served in his current position since September 2022.



#### Akira Hirano

Executive Officer  
Managing Director of Marketing Division

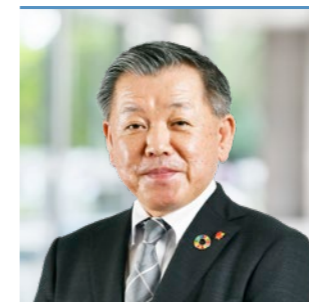
Joined the Central Audit Corporation (Certified Public Accountant) in 1994. He gained experience through positions as Senior Manager of Accenture Japan Ltd., Manager of BPM Business Division of SAS Institute Japan, and Senior Director of the Accounting and Finance Division of Quintiles Transnational Japan KK (currently IQVIA Services Japan G.K.). After joining the company in April 2015, he became the Director of the Finance Division, then the Deputy Managing Director of the IT Division in January 2019, Executive Officer in September 2019, and the Managing Director of the IT Headquarters in July 2020. He has served in his current position since September 2022.



#### Ikuo Umeki

Executive Officer  
Managing Director of Store Development Division

Joined Skylark Co., Ltd. in 1995. After working as a store manager, he served as the Manager of the Gusto Management Policy Office and the Manager of the Menu Planning Office in the position of Executive Officer. After working as General Manager of the Corporate Planning Division and the Managing Director of the Gusto Field Operations Division, he was appointed Representative Director of FLO Japon Co., Ltd. in 2014. He has served as the Deputy Managing Director of our Corporate Support Division since May 2020, and was appointed Executive Officer in January 2021. He has served in his current position since April 2021.



#### Ichiro Takei

Executive Officer  
Managing Director of Administrative Division

Joined Skylark Co., Ltd. in 1984. After working in positions including store manager, personnel planning leader, and promotion planning leader, he has served as General Affairs Group Director since 2012, directing governance, risk management, and other Administration Division work. He has served in his current position since April 2021.



#### Hisashi Nakashima

Executive Officer  
President of Skylark Restaurants Co., Ltd.

Joined Bamiyan Co., Ltd. in 1995. After working in positions including store manager, education and area manager, human resources manager, and field operations leader, he was appointed Director and Bamiyan Field Operations Supervising Group Director, Family Restaurant Division, of Skylark Restaurants Co., Ltd. in 2016. He has served as Executive Officer and Manager of the Bamiyan Sales Division since 2018, Executive Officer and Director of the Sales Policy and QSC Improvement Group since May 2022, and his current position since September 2022.



#### Takuya Aizawa

Executive Officer  
Managing Director of Finance Division

Joined Skylark Co., Ltd. in 1999. After working in positions including store manager, leader in charge of brand planning at the Bamiyan Company Policy Office, leader in charge of budget management in the Budget Management Department, Director of the Accounting Group of the Finance Division, and Director of the company-wide Management Analysis Group, he was appointed Executive Officer and Managing Director of the Finance Division in 2020. He has served in his current position since March 2023.



## Fumio Tahara

Outside Director

Possesses extensive experience through work at the Ministry of Agriculture, Forestry and Fisheries and industry associations, as well as experience as an auditor of the company. In current position since 2018.



## Ayako Sano

Outside Director

Possesses practical experience through work at a securities company and knowledge as an attorney. In current position since 2019.



## Hirohiko Imura

Outside Director

Possesses experience and insights as a company manager at a major trading company and cable television station. Appointed to current position in 2024.

## A Talk with Our Outside Directors

# Surviving the Rapidly Changing Business Environment

### Highly transparent corporate governance and a robust management structure —

Following the announcement of our Medium-Term Management Plan in May 2024, Skylark Group is taking steps toward our targeted growth stage. Three outside directors took part in a discussion of the current situation and issues facing corporate governance and sustainability management for Skylark Group.

### Making well-balanced responses to the external environmental changes and medium- to long-term issues we face

**Fumio Tahara** Since COVID-19 was downgraded to a Category V infectious disease under Japan's infectious diseases legislation, signs of steady recovery have appeared in the food service industry, and Skylark Group is seriously considering strategy for a counteroffensive. My view is that control by management has let us minimize impacts in terms of our business and governance. Recently, the Board of Directors held serious discussions on the "basic axes" that will support future business growth in the Medium-Term Management Plan, and created a medium- to long-term strategy. The direction indicated in the recently announced Medium-Term Management Plan has been evaluated as generally reasonable.

**Ayako Sano** As an attorney and outside director, I maintain an awareness of having a perspective on governance and internal control.

When commenting on the Medium-Term Management Plan, I thought that it reflected the path that Skylark Group should pursue, a path that was thrown into relief during the difficulties under the COVID-19 pandemic. The external environment is changing drastically even now. A challenging phase is continuing, as seen in soaring raw materials costs, logistics costs, and utility costs under the Russia-Ukraine situation, the Israel-Palestine situation, and other geopolitical risks. Given that securing resilience in the supply chain is a pressing issue, I think the management team is calmly and objectively analyzing evidence and reflecting it in growth strategy.

**Hirohiko Imura** As the "VUCA\* era" label suggests, the current era is an extremely difficult time for forecasting the future. To adapt to an era like this, I believe that my role involves providing information and materials for the steering of management and for decision-making, not only functions for governance and monitoring of enforcement. In the sustainability management pursued by Skylark Group, I think we have to give a particular emphasis to diversity. How we take in and respond to the diversifying values and preferences of customers, not only employees, is a perspective essential to further corporate growth.

\* Volatility, Uncertainty, Complexity, and Ambiguity.

**Fumio Tahara** From that standpoint, I see the fiscal year ended December 2023, when our business performance recovered, as the year when Skylark Group's true value was questioned. As consumer trends recovered from the pandemic, Chairman Tani and President Kanaya have demonstrated outstanding leadership. They quickly hammered out a Medium-Term Management Plan and showed the seriousness of the management team. Exhaustive discussions were also held within the company to create a more freely open organization. I believe that drastic improvements in service quality, supply structures, and risk management through initiatives like these became the driving force in achieving double-digit earnings growth and a return to profitability last year. The stance of Skylark Group seems very well-balanced as it makes a steady shift toward growth areas.

### A management stance that views human resources as the foundations of growth

**Fumio Tahara** Human capital management involves a variety of aspects, but the first key point is enhancement of employee engagement. For a company to increase the number of employees who identify with the company's way of creating value and who feel a personal involvement in its management issues, the company's communication stance for actively sharing the management team's thinking with employees is vital. In Skylark Group, however, with its 100,000 employees, carrying out human resources development perfectly is a daunting task. The food service industry, which employs a wide range of people, exists in a business environment that embraces a pack of risks, so to speak. I want management to engage in the risk management aspects of human resources with care, but I think our current governance is functioning well, including in terms of openness.

**Ayako Sano** It's also important that we enhance working environments with an emphasis on diversity, equity, and inclusion. I think human capital management is what will achieve these, even if it takes time to do so. Also, while diversity is not only a matter of gender, looking at gender as a typical aspect, half of the population and of our customers consists of women, and many of our employees are women, too. I want management to take a stance capable of achieving workplaces where women can actively demonstrate their power.



**Hirohiko Imura** Together with detailed numerical trends, the Board of Directors recognizes human resources as a vital topic that has to be discussed. I attended a Board of Directors meeting for the first time today. My first impression was that the Board has a wonderful attitude, with substantial, serious, and open discussion taking place on the spot, as opposed to some planned harmony worked out in advance. I think that this openness in the Board of Directors has spread to Skylark Group employees as well, and is leading to the construction of a free and open corporate culture, which in turn connects to enhanced loyalty to the company and strengthened awareness of compliance.



### The challenge for our management structure of Chairman Tani and President Kanaya is development of the next generation

**Fumio Tahara** With Audit and Supervisory Committee members excluded, Skylark Group has five directors. Three of these, including myself, are outside directors. The ratio of outside directors to Board of Directors members overall is 62.5%, which makes for a management structure capable of ensuring transparency and fairness in governance from the perspective of third parties, even when viewed as numbers. Against this background, a year has passed since the start of the structure with Chairman Tani and President Kanaya as the two top managers. My sense is that they're making great efforts. In particular, I think that the personalities and management skills of the two have synchronized well, which has let them set business performance back on track and prepare the ground for the next stage. If I were to name an issue facing us, it's that as of now, it's difficult to envision the era after Chairman Tani and President Kanaya. That is, who'll be the leaders in the next

generation? We have to think about that, including development of those leaders. As an example, if we're to think about the next-generation management team a decade from now with women included, we need to start considering it now. If I were to name an issue, this is the one that strikes me.

**Ayako Sano** I'm in agreement. I think we've currently built an almost miraculously well-balanced structure, with the two top managers cooperatively demonstrating their differing strengths. Chairman Tani has wonderful communication skills and solid leadership, to the point that shareholders taking part in the General Meeting of Shareholders the other day posted on social media that it was worth attending the meeting just to see him. And yet, the more wonderful the current structure is, the more there's a question of how we nurture the next generation and hand over the baton, as Mr. Tahara noted. The Skylark Group's top management is required to demonstrate a diverse array of capabilities and qualities, including ethical sense, trustworthiness, toughness, a sense of responsibility, positivity, decision-making ability, strategy-creating ability, and leadership. How the Group is trying to select, nurture, and appoint candidates for new leader positions is something that has not yet been fully made clear to outside directors.

**Hirohiko Imura** Succession plans are a concern for any company. I think that the specs required for the top management of today differ from the specs for the next-generation leadership of tomorrow. As I noted earlier, future conditions are uncertain in the VUCA era. As an example, at times when the food service industry was steadily growing, we were able to expand business by rolling out headquarters-led menus and customer service manuals nationwide. But under conditions in which customers' preferences are more diversified and subdivided than ever,



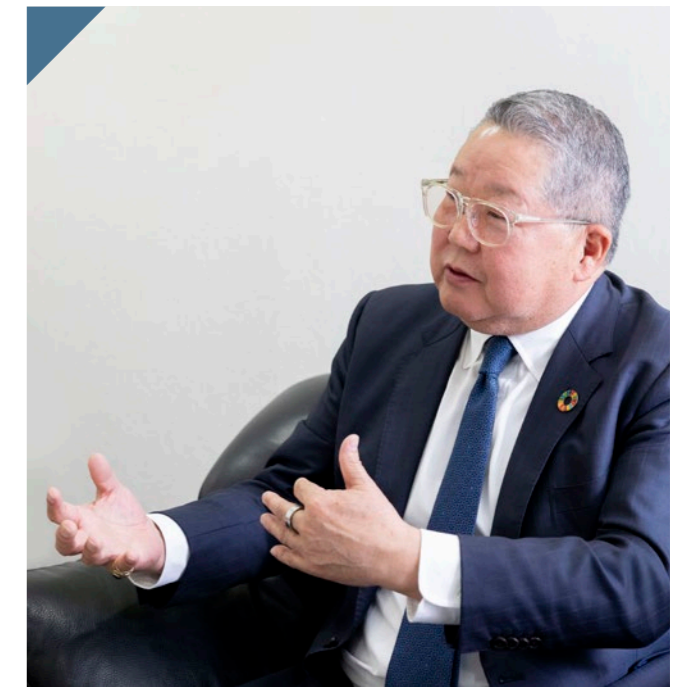
I think that the decentralization concept of delegating authority to regions or stores to some extent is needed more than the concept of centralization. In Board of Directors discussions today, the Chairman and President made clear that they will emphasize "store-centered management" from here on out. This was an expression of Skylark Group's intent to actively challenge the greatly changing business environment, and that in the development of human resources toward that end, it is vital that we construct a development structure through ideas and thinking different from those of the past.

### Toward more effective operation of the Board of Directors

**Fumio Tahara** The end of today's discussion brings us to the question of the Skylark Group's governance structure. On the point of aiming for a separation of management and execution, our governance structure is consistent with the spirit of the Corporate Governance Code. We have also established a Nomination Committee and a Remuneration Committee, which makes me think that we are effectively approaching a level on par with the corporate form of "corporation with a nominating committee." Our score is not perfect, but I think we've built up about halfway to our ideal form.

**Ayako Sano** Five years have passed since I became an outside director. I appreciate the stance of the management team in actively listening to opinions within the company and incorporating them to lead the organization in a better direction. As an outside director, one point I've noted as key to strengthening corporate governance is the importance of information sharing. As an example, in the event of some misconduct, we're required to establish a route through which information is accurately and speedily reported to management. I appreciate that Skylark Group is mindful of the importance of such information sharing.

**Hirohiko Imura** As long as a company is listed, as an organization it faces demands from society to construct a governance structure in accordance with the requirements and rules of society. I think Skylark meets these in a considerable number of aspects. However, I see the ultimate purpose of governance as not whether the company simply conforms to rules but whether it addresses every stakeholder sincerely and squarely. A particularly important matter is the questions of whether the company addresses customers sincerely and whether it engages in management closely aligned with customers. Shareholders exist as an extension of customers, but at the recent General Meeting of Shareholders, when I heard compliments from shareholders about polite service and store staff behavior, I felt renewed pride in our customer-oriented stance. More than anything, I feel that our shareholders are both customers and fans of Skylark Group, and I want to help make relationship even stronger.



**Fumio Tahara** Shareholders of Skylark Group now number over 400,000. These are both shareholders and customers. Naturally, they take an interest in not only the stock price, dividends, and shareholder benefits but also in the Skylark Group's customer service overall as customers, based on which they deliver a variety of opinions to us. I think that, in discussions by the Board of Directors, we outside directors need to maintain a monitoring role from such a perspective. What will customers think about the Medium-Term Management Plan and growth strategy that were announced, along with the services provided at stores? This is a perspective I want to hold dear.

**Ayako Sano** I, too, value opinions from the viewpoint of shareholders, but also see the viewpoints of stakeholders in general, including non-shareholders, as important. Discussions by the current Board of Directors keep the maintenance of win-win relationships in mind, such as by never making unilateral demands in our relationships with supply chain business partners, to give an example. I want to continue to maintain a stance of engaging in honest management that is conscious of sustainability and reputation.