

Sustainability Management

Our approach to sustainability

The business philosophy of the Yoshinoya Holdings Group, “For the People,” holds that companies exist to serve the needs of society and to contribute to the greater happiness of mankind. To ensure that we put this into practice, we emphasize environmental (E), social (S), and governance (G) perspectives throughout our business activities.

Various issues have emerged in recent years concerning the environment and society. Addressing these issues has become an important management theme for the Group, particularly given that our operations extend around the world. By promoting ESG management, the Group strives to address environmental and social issues, working with our stakeholders to realize a sustainable society.

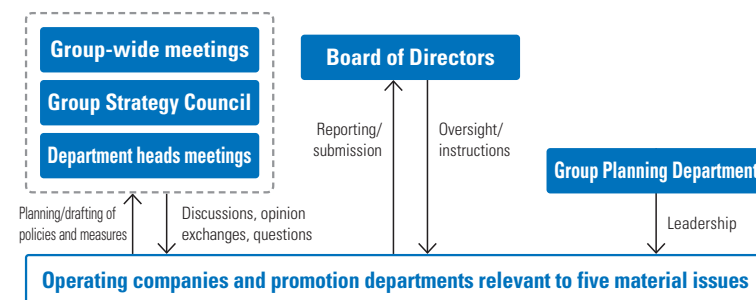
Under our long-term vision NEW BEGINNINGS 2025, the Group is committed to creating new markets and delivering value that will redefine the restaurant industry. Redefining the restaurant industry means replacing our existing business model. We must create a new model that we can operate over the long term to drive robust and sustainable growth. The continuity of our business depends on this shift.

Our long-term vision positions this redefining of the restaurant industry as its basic policy. It includes many themes that also relate to the achievement of the Sustainable Development Goals (SDGs). We will focus the efforts of the entire Group on executing this vision.

Sustainability promotion system

A system led by the Group Planning Department is in place for group-wide promotion of sustainability. Through this system, promotion departments relevant to our five material issues plan and draft policies and measures, which are then discussed with all executive members and department heads of the Group at group-wide meetings, Group Strategy Council meetings, and department heads meetings. The results are reported and submitted to the Board of Directors. Discussions and exchanges of opinions were held on our Basic Sustainability Policy and five material issues in FY2021 and on human capital management in FY2022 at meetings attended by not only the board members but also all the executives and department heads of the Group. By having executives and department heads participate in discussions, we ensure that the entire organization, rather than only the promotion

departments, takes charge of efforts toward sustainability. This sustainability promotion system is woven into our organizational culture and business processes, helping us realize the corporate mission of fulfilling our social responsibility. We will maintain a positive and continuous commitment to a sustainable business to make society better.



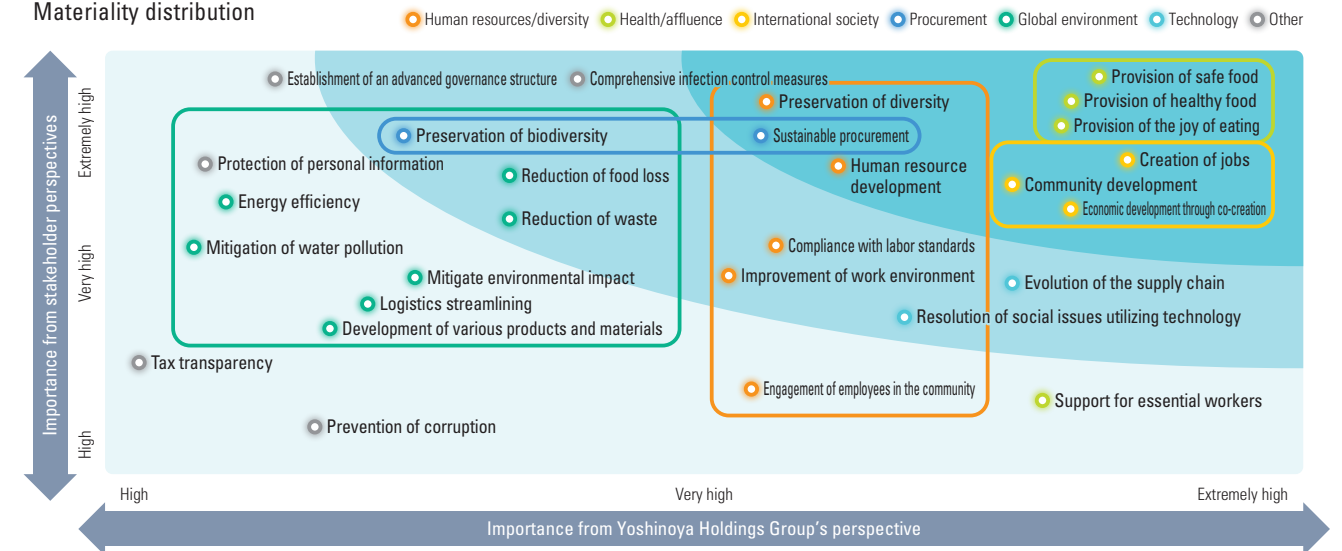
Process of identifying material issues

Based on Yoshinoya Holdings’ approach to sustainability, we aim to further enhance our corporate value in light of recent changes in the social environment and demands from society. We have therefore clarified

the relationship between our business activities and social issues from an ESG perspective, and have identified material issues that contribute to the achievement of continued corporate growth and a sustainable society.

- STEP 1** Create a list of 128 items of important issues that society expects companies to address, with reference to international ESG guidelines such as GRI and requirements of FTSE, an ESG assessment organization.
- STEP 2** Narrow the list of 128 down to 50 items by evaluating them in terms of long-term perspective, objectivity, the significance that our involvement would have, and relevance to our business.
- STEP 3** Comprehensively evaluate and prioritize the extracted items based on the two axes of “importance from Yoshinoya Holdings Group’s perspective” and “importance from stakeholder perspectives.”
- STEP 4** Material issues are finalized by the Board of Directors following discussion of the prioritized items at the Group Strategy Council meeting and by the Management Committee.

Materiality distribution



Materiality KPIs for 2030

The Group’s material issues serve to clarify the social responsibilities that we should fulfill through our business activities and indicate our desired direction. We are working to share and disseminate this information internally. In January 2024, we established materiality KPIs, which serve

as quantitative indicators for monitoring efforts based on each materiality, and established concrete target figures for 2030. Through these KPIs, the Group will contribute to the achievement of the SDGs by managing and promoting the progress of sustainability management.

Materiality	Our course of action to address issues (basic policy)	Yoshinoya Holdings Group's key initiatives	KPI settings	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Realizing diversity and inclusion to enable people to grow and thrive	<ul style="list-style-type: none"> Practice diversity and inclusion Promote a good work-life balance Develop human resources and support career development 	<ul style="list-style-type: none"> Respect and promote diversified work styles Improve work environment Review personnel evaluation systems 	Percentage of female employees Percentage of women in management positions Percentage of paid leave taken Improvement of employee engagement ¹⁾	30.0% 30.0% 80.0% 2.5 points	22.0% 10.3% 62.0% 3.0 points	20.5% 9.6% 59.3% 3.0 points	
Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles	<ul style="list-style-type: none"> Contribute to customers' health Contribute to the health of employees who provide food Respond to aging society Application of new technologies and new ingredients 	<ul style="list-style-type: none"> Sell foods for specified health uses Expand sales of foods for nursing care receivers and develop products 	Ratio of employees receiving medical checkups Annual sales of Tokugyu and Care Beef products ²⁾ Provision of products that contribute to healthy dietary habits	100% 100,000 packages —	91% 70,000 packages —	89% 80,000 packages —	
Contributing to the development of local communities by developing our global business	<ul style="list-style-type: none"> Enhance the Group's function as a “food” infrastructure Interaction with local communities 	<ul style="list-style-type: none"> Provide meal support for children's cafeterias Develop and provide emergency food using Yoshinoya canned meals technology Support disaster-stricken areas using Orange Dream trucks 	Expansion of “local community contribution activities by outlets” (Provision of food at children's cafeterias, etc.)	Build a network throughout prefectures	27/47 prefectures (47,281 packages)	23/47 prefectures (44,813 packages)	
Building a sustainable supply chain through co-creation with suppliers	<ul style="list-style-type: none"> Ensure food safety Ensure supply chain integrity 	<ul style="list-style-type: none"> Establish a system for auditing suppliers' plants Purchase materials with environmental impact taken into account 	Auditing of suppliers (Build a supply chain with consideration given to the environment and human rights)	100%	86%	81%	
Responding to climate change through environment-friendly business activities	<ul style="list-style-type: none"> Reduce food material loss at outlets and in production processes at plants and reuse food materials Reduce environmental impact of packaging materials 	<ul style="list-style-type: none"> Reduce loss at outlets and plants and promote reuse Reuse industrial waste (waste oil, waste materials) Reuse equipment and instruments 	Recycling of waste discharged from plants in Japan ³⁾ Reduction of specified plastics (50% compared to 2020 level) Remain certified as an ECOMARK CERTIFIED RESTAURANT ⁴⁾	57% 24.15 kg/100 million yen Continue to be certified	53% 25.00 kg/100 million yen Certified in 2017	52% 32.50 kg/100 million yen Certified in 2017	

¹⁾ At the request of the company, an external institution measures the openness of the company. The target 2.5 points indicates that half of the employees are in a state of mind in which they have a low level of stress in the organization and at work and are involved in their work proactively.

²⁾ Tokugyu was screened by the nation and is sold as a food for specified health uses (FOSHU). Care Beef is a nursing care food for people with reduced chewing and swallowing function.

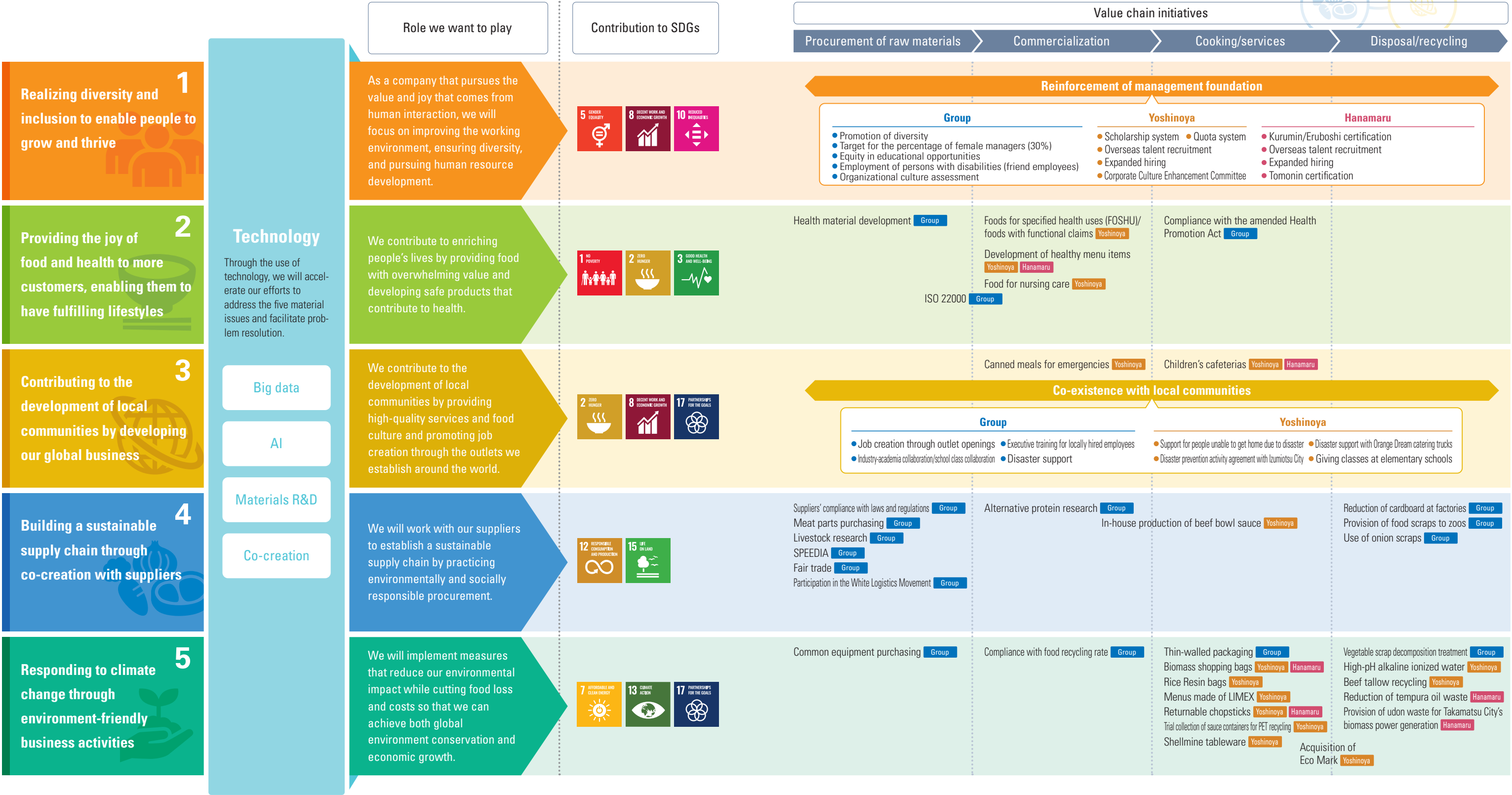
³⁾ This is the recycling rate at the Yoshinoya Holdings Group's seven plants in Japan.

⁴⁾ In 2017, Yoshinoya was granted Eco Mark certification, which is given to an environmentally friendly restaurant, from Japan Environment Association and was certified as an “eco-restaurant.”

Five Material Issues

To Build a Future in Collaboration with Ever More People

In our new value-creation activities, the Group will contribute to society as indicated by the five material issues and build a future in collaboration with the many people involved in our value chain.



Materiality Highlights 2023

Realizing diversity and inclusion to enable people to grow and thrive

To be a corporate group that grows together with its people by leveraging their diversity



Why

Co-creation with employees

As a Group that provides value through people as the core of our business, we place great importance on human resources as our corporate assets. As we believe that a work environment where employees can work with vitality and enthusiasm is the foundation for sustainable business growth, we respect the individuality and diversity of each employee.

We will deepen co-creation in the workplace to make employees proud to be a part of the Group and allow them to share in our development as a company while gaining a sense of accomplishment in their work and fulfillment in their lives.

How

Engagement as the basis for co-creation

In practicing diversity, equity, and inclusion, we will continue to reform our organizational culture and promote the development of systems to secure fairness and equality in the workplace and to allow diversity in work styles.

As a restaurant business operator, the Group needs to enhance the working environment and heighten employee engagement to ensure that we do not compromise employees' life-work balance in maintaining outlet operations. The relationship of trust that emerges with the company serves as the foundation for co-creation.



Going forward

Fostering an environment that changes the restaurant industry's life-work balance

Rumi Yamanaka

Hanamaru Business, Hanamaru, Inc.
General Manager, Business Promotion Dept.
LWB Project Leader

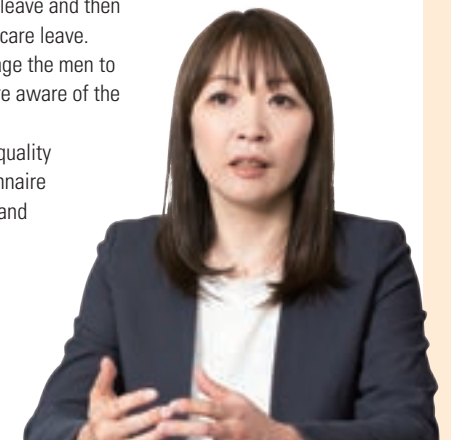
The Life Work Balance (LWB) Project, for which I serve as the leader, is an initiative divided into three teams: Care x Care, 87papa & 87mama, and HAPPY, based on the philosophy of sharing happiness with employees and their families. The pandemic forced the suspension of the project, but it resumed in FY2023.

The Care x Care team provides support for employees dealing with caregiving and mental health issues and works to prevent the loss of personnel. It attempts to increase recognition of the existence of the regional comprehensive support centers and promote awareness and use of systems such as nursing care leave and vacation, life support paid leave, and benefits. It also conducts nursing care seminars for employees at the area manager level and above. Furthermore, we have established a consultation desk with the aim of creating a system in which people can feel free to talk about things that concern them.

The 87papa & 87mama team aims to reduce the number of female employees who have taken childcare leave and then quit after having returned to work to zero, and to ensure 100% of male employees avail themselves of childcare leave. Since it is crucial that the company knows when male employees' partners are pregnant in order to encourage the men to take maternity leave, in FY2023 we focused on gathering this information and making sure all employees are aware of the system.

The HAPPY team has established the objective of enhancing leisure time and is working to increase the quality and volume of days off, a task considered to be challenging in the traditional restaurant industry. A questionnaire was distributed at store managers' meetings, and the facts ascertained were shared with sales managers, and we are working to respond systematically.

In FY2024, as we transition from the resumption of activities to full-fledged operation, we will augment each team's efforts by increasing the number of project members under the slogan, "Go Go LWB." The HAPPY team will promote the increased use of days off, with the sales manager also becoming a team member. We will also focus our efforts on holding a variety of events to provide forums where caregivers and partners of male employees taking maternity leave to interact.



Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles

Delivering well-being to the world by thinking about and providing food



Why

Co-creation with customers

The Group, which continues to deliver satisfaction to customers with its original products and services, aims to provide value including support for healthy eating habits as one type of value it provides. We regard the achievement of health through product and service development as co-creating with our customers.

As a provider of everyday meals, it will be increasingly important for us in this aging society to consider how food can deliver true richness to people's lives and to work with our customers to help the idea to take shape.

How

Forming a structure to deliver health value

While the Product Development Department assumes a leadership role in the development of menus, foods for specified health uses, and foods for nursing care that meet customers' health needs, the Materials Development Department heads up research into ingredients and functional materials necessary in creating such value, and for confirming their effectiveness in promoting health and securing evidence.

Another essential element in co-creating with our customers is the health of our employees. We work to maintain and promote health, which underpins the products and services that enhance well-being.



Going forward

Toward the creation of products that support healthy eating habits

Nobuko Kajiwara

YOSHINOYA HOLDINGS CO., LTD.
Group Product Division
Senior Researcher, Materials Development Department

In recent years, the Materials Development Department has conducted surveys and research on breakfast as an initiative leading to the provision of products that contribute to healthy eating habits, one of the material issue KPIs. In FY2023, based on the findings from a survey conducted in the previous year, we co-hosted a seminar on the correlation between breakfast habits and well-being at the Annual Meeting of the Japanese Society of Anti-Aging Medicine in June. The survey, which focused on the activation of brain function through the morning meal, drew attention at the seminar because it showed that people who more frequently had breakfast rated themselves higher in terms of life satisfaction and happiness.

We are continuing to move toward presenting and publishing our research on breakfast at conferences, while working collaboratively in-house to apply our findings to business development. One such campaign is to offer customers who choose Yoshinoya outlets for their morning meal a same-day discount on lunch or dinner. Yoshinoya promotes its breakfast menu, which enables the intake of at least 20 grams of protein, as a nutritionally balanced offering.

In August 2023, the Beef and Steamed Vegetables Combo Bowl served at Yoshinoya's C&C outlets acquired Smart Meal® certification after having collaborated with Kagawa Nutrition University in renewing the product. The Healthy Meal and Food Environment Consortium has established two criteria, "proper" and "firm," for food that contributes to the promotion of good health and conducts screening. The Beef and Steamed Vegetables Combo Bowl earned the designation, "firm." The Beef and Steamed Vegetables Combo Bowl, created under the nutritional supervision of Kagawa Nutrition University, features great taste with plenty of vegetables and low salt content. It has been well received as a proven healthy menu item, and sales have increased threefold against the previous year.

We will further promote collaboration with functional material manufacturers and joint research with educational institutes and leverage these efforts in boosting the health value our products offer.



Materiality Highlights 2023

Contributing to the development of local communities by developing our global business

Activities for sharing the value provided by food services with local communities

Why

Co-creation with local communities

The Group aims to be a trusted presence for people in Japan and overseas by fulfilling its function as part of the food infrastructure. We will work to resolve a host of social issues including economic disparity and inequality, while strengthening our ties with local communities and supporting their development.

How

Expanding the circle of local community co-creation from outlets

We will construct a network to expand community contribution activities based on our nationwide network of outlets, which serve as the base of our operations and our points of contact with local communities. We will also broaden the scope of our initiatives. This includes supporting children's cafeterias, providing assistance to disaster-stricken areas, and offering educational support to school children.



Going forward

Giving back to local communities through on-site ramen restaurant

The ramen stores operated by With Link actively accept requests from local schools for work experience programs for kids. The head office also provides a wide range of support for educational activities, including cooperating in staging lectures on food.

In FY2023, which marked the 20th anniversary of the launch of Tonkotsu Shoyu Ramen Bariuma, we held an on-site ramen restaurant event in Hiroshima—where the restaurant was founded—as a means of showing our gratitude to the local community. This program consists of managers and supervisors from directly managed outlets traveling to mother and child life support facilities, child welfare facilities, and welfare facilities for people with disabilities to provide ramen at no charge. Our aim is to deliver tasty food and an extraordinary experience to people who may not be able to visit one of our outlets. During a four-month period beginning in October 2023, we visited seven facilities in Hiroshima City, Higashi-Hiroshima City, and Hatsukaichi City, and provided a total of approximately 400 servings of ramen. For one facility that was not equipped for cooking, we donated 48 boxes of ramen noodles. The patrons of each facility very much enjoyed the food, and it gave the store managers involved in providing the service a chance to reaffirm the value that food services bring to people.

Beginning in FY2024, With Link will reinforce its partnerships with local educational institutions to increase opportunities to provide children with educational support. The company will also roll out other forms of regional co-creation, such as developing products in collaboration with local businesses.

Building a sustainable supply chain through co-creation with suppliers

Strengthen bonds of trust and maintain long-term, stable business relationships

Why

Co-creation with suppliers

To protect the supply chain that connects the production of agricultural products to meal provision, and to address the environmental and social issues that arise in maintaining the chain, the Group is working to build strong relationships of trust with its suppliers and, through the food business, to achieve co-existence and co-prosperity.

How

Creating a favorable relationship in which both parties can develop

We will maintain sound relationships that enable both suppliers and the Group to earn reasonable profits, and communicate closely to improve the quality and safety of food. We will implement a system for auditing environmental and human rights issues to ensure the integrity of our supply chain.



Going forward

Coping with an insufficient supply of eggs due to bird flu

At the Group Product Division, the Product Department handles all procurement functions for food ingredients for Yoshinoya, Hanamaru, and other businesses in Japan. The supply-demand balance for many ingredients often fluctuates due to numerous factors such as the effects of weather on growing conditions, heightened geopolitical tension, and changes in the economic situation. Given this, ensuring a stable supply of safe ingredients in terms of both quantity and quality is a key issue for the Group's business, which operates many outlets across the country.

In recent years, an insufficient supply of eggs due to the outbreak of bird flu has become a problem. In FY2022, the year in which the damage caused by the disease was most significant, we confirmed the impact by exchanging information with producers in each region and responded by taking preemptive measures to ensure product safety, while promoting changes to standards. Then, in FY2023, we made every effort to secure eggs for spring sales of our popular Oyakodon (chicken and egg bowl). Amid unprecedented circumstances in the retail industry, however, including the normalization of the egg shortage, we were ultimately forced to stop selling the product and apologize to our suppliers who had worked hard on behalf of the Group.

To foster a good relationship with our suppliers, we must understand and share each other's requests and issues, and cooperate in resolving them. This will lead to us being able to conduct business stably in the long term. We will continue to bolster those relationships and build a robust supply chain.

Responding to climate change through environment-friendly business activities

Protecting the Earth as an asset of tomorrow to be passed on to the next generation

Why

Co-creation with the global environment

For the Group, which provides nature's bounty in the form of food and shares its abundance with everyone, we believe that preserving the global environment intact and handing it down to future generations is essential to the survival of our business and a vital responsibility.

How

Mitigating the environmental burden of food production sites

We will strive to reduce the amount of food waste generated at outlets and on food production lines in factories, and reuse and upcycle residues and other food waste. Furthermore, we are promoting the introduction of energy-saving equipment and the use of renewable energy to reduce CO₂ emissions.



Going forward

Solar power operation and effective use of food waste

We have installed a solar power generation system—in operation since September 2023—on the rooftop at our Tokyo factory to reduce CO₂ emissions and energy costs. An ordinance issued by Saitama Prefecture, where the factory is located, mandates a 13% reduction in CO₂ emissions from the base emission level every year from FY2022 to FY2024. Meanwhile, frozen beef bowl topping has been added to the production lineup, and electricity rates continue to rise as power usage increases. This sparked the decision to install solar power.

Consuming all the electricity generated at the factory will result in a 7,804,000 yen reduction in the annual electricity bill, and we anticipate a reduction in CO₂ emissions of 195 tons per year (or 5.3% of the factory's total). In addition to this, the power generation panels block direct sunlight, which serves to lower the temperature in the attic and reduces the load on the air conditioning system. The factory is currently operating as planned, generating sufficient electricity to cover 6.4% of its total annual consumption.

The factory is also working to upcycle the food waste generated there. In February 2024, we started drying and powdering onion scraps in a superheated steam dryer and selling them to external food manufacturers as a secondary ingredient for use in bread and curry. Going forward, we plan to conduct research on the application of this equipment to cabbage, the use of brown skin from onions, and the utilization of fine beef (pieces of meat outside of product specifications) generated from frozen beef bowl topping lines.

Material Issues

Realizing diversity and inclusion to enable people to grow and thrive

As a company that pursues the value and joy that comes from human interaction, we will focus on improving the working environment, ensuring diversity, and pursuing human resource development.



Social issues and needs

In Japan, the adoption of automation and labor-saving technologies is spreading to the food service industry as the declining birthrate and aging population have led to labor shortages. However, the source of a good meal is a value that only people can provide. Respecting the diversity of people and providing them with opportunities to play important roles is not only a corporate social responsibility, but also a condition for the Group to adapt our value offerings to meet the diversifying needs of its customers.

Opportunities

- Attracting the best talent globally through respect for diversity
- Increasing the value of human resources while reaping the benefits of automation and labor-saving innovations
- Heightening employee motivation and competitiveness in recruiting by investing in employee training

Risks

- Difficulty in securing human resources due to the decrease in the working population
- Stagnation in the business creation and product development due to a delay in responding to diversifying customer needs
- Achievement of diversity required for maintaining employee engagement and retention

Short- and medium-term measures

- Increase the percentage of female employees
- Increase the proportion of executive candidates under 35 years of age by sending them to business schools to educate them as management candidates, and by promoting industry-academia collaborative activities aimed at training mid-level leaders
- Establish connections with high schools and strengthen relationships with schools from which employees have been hired
- Reduce the share of employees with health issues found during annual checkups to under 80%
- Reduce the total number of hours worked through increased productivity

- Intergroup exchange among personnel
- Expand welfare benefits
- Various training programs to enhance human resource capacity: G4/G5 internal selection training, "real-team training" for organizational development, interactive training to improve outlet staff retention (improve relationships between area managers, store managers, and outlet staff), an interview program to hone supervisor skills (acquire and practice coaching skills)

Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Realizing diversity and inclusion to enable people to grow and thrive	<ul style="list-style-type: none">Practice diversity and inclusionPromote a good work-life balanceDevelop human resources and support career development	<ul style="list-style-type: none">Respect for and promotion of diverse work stylesImprove the workplace environmentReview personnel evaluation system	Percentage of female employees	30.0%	22.0%	20.5%	<div><div>5</div>Gender Equality</div> <div><div>8</div>Decent Work and Economic Growth</div> <div><div>10</div>Reduced Inequalities</div>

*Corporate environment is assessed by an external institution. The target score of 2.5 points indicates a psychological state of proactivity, in which half of the employees feel less burdened by the organization and their work.

Interview

Aiming for a workplace and organization that allows everyone to play an active role

Nozomi Oikawa

YOSHINOYA HOLDINGS CO., LTD.
General Manager, Human Resources
Department, Group Management Division

With regard to diversity and inclusion (D&I), we have promoted initiatives to date with the objective of increasing the percentages of female employees and female managers to allow everyone to play an active role. We will continue to work toward realizing those goals as material issue KPIs. It is necessary, however, not only to increase our headcount by promoting employment and career advancement, but also to cultivate the human resources who will lead the Group tomorrow. Providing follow-up and support for these efforts is now an issue we must deal with.

With this in mind, we have focused in recent years on retaining hired and promoted personnel, and have provided communication and consultation opportunities with leaders referred to as "conductors" and "buddies" at each of Yoshinoya's operating companies. We encourage employees to maintain and continue their careers and work to connect them to the future, including offering an assignment as a remote interviewer that allows working from home. Furthermore, to realize a workplace that ensures fairness and equality for a more diverse workforce, we have established DE&I promotion as a policy to reform our organizational culture, adding the concept of equity to diversity and inclusion. Beginning in FY2024, Yoshinoya's J-yoshinoya activities, the objective of which is to foster a workplace environment where everyone is able to work comfortably, and Hanamaru's Life Work Balance (LWB) Project will collaborate to promote the initiative across the Group.



Part-time employment creates a gathering place for people

For the Group, which often appoints full-time employees from among staff members at outlets, hiring part-timers is extremely important to secure the labor force required for sales as well as to form the human resource population. In September 2023, the Group Management Division established a part-time worker recruitment strategy to oversee and streamline part-time worker recruitment for each operating company. It has also launched a recruitment branding initiative to facilitate more effective recruitment and acquisition.

In terms of concrete measures, we are transitioning to a recruiting approach that utilizes effective media and channels for each target demographic to heighten recruiting efficiency. We also centrally implement online interviews in our part-time worker recruitment strategy to improve matching between applicants and outlets. Online interviews also serve as a place to work for employees prior to and following maternity leave and for employees who have suffered an injury or illness. Furthermore, it is a chance for store managers to monitor the interview process and gain expertise in this area.

Practicing wellness management to protect health and lives

From FY2024, the timing of specific health checkups and health guidance, which used to differ by operating company, will be standardized. A system will be established for the centralized management of health care-related data for approximately 25,000 Group employees. Ascertaining the health status of each individual employee and utilizing this information in managing human resources will allow us to promote the cultivation of a workplace environment in which employees can work energetically. Furthermore, we have begun utilizing an online health

center where employees can share their mental and physical health problems and concerns with external counselors. As a new initiative, we conducted two employee training sessions in 2023 with the cooperation of a team of nurses to equip participants with knowledge and skills in cardiopulmonary resuscitation (CPR) and primary life-saving procedures using an automated external defibrillator (AED). We will continue to expand our life-saving activities.

Initiatives to raise awareness of management participation and financial literacy

As a measure to contribute to Group employees' asset building and future planning, we subsidize the holding of our company's shares through the employee stock ownership plan. In FY2023, the company introduced a special incentive scheme and granted further incentives to increase the number of employees joining the stock ownership plan. This has resulted in the Group employee shareholding ratio dramatically increasing, from approximately 12% to approximately 85%.

As an initiative to raise awareness of participation in management, we will continue to hold briefings on stock ownership and explanations of the corporate pension plan explanations, among other outreach efforts, to promote the company's development and actively work to engage employees.

Material Issues

Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles

We contribute to enriching people’s lives by providing food with overwhelming value and developing safe products that contribute to health.



Social issues and needs

Widening economic disparities have contributed to the child poverty rate in Japan remaining high, and dietary habits are deteriorating, with problems such as malnutrition and solitary eating. An abundant supply of healthy food is the most important social value that the Group should offer, and our mission as a provider of everyday food is to deliver this value to everyone. We will continue our efforts to protect people’s health, overcoming soaring raw material prices and other aspects of a very challenging environment surrounding food.

Opportunities

- Functioning as a social safety net against child poverty
- Responding to growing health demands associated with changes in the social environment
- Providing the rich life that warm daily meals bring

Risks

- Soaring raw material prices driven by climate change and competition for resources
- Changes in consumer behavior owing to the pandemic and population aging
- Decrease in the number of food service customers caused by widening economic disparities

Short- and medium-term measures

- Clearly identify customer health needs and develop products based on those needs
- Clarify and communicate information on the health benefits of eating breakfast
- Establish a production base for in-house developed lettuce
- Maintain and refine the lineup of foods with functional claims
- Develop high-value-added products using food scraps from factories
- Explore alternative protein ingredients

Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Providing the joy of food and health to more customers, enabling them to have fulfilling lifestyles	• Contribute to customers' health • Contribute to the health of employees who serve the food • Cope with an aging society • Apply new technologies and materials	• Sales of foods for specified health uses • Expand sales and develop foods for nursing care	Regular health checkup attendance rate	100%	91%	89%	1, 2
			Annual sales of Tokugyu and nursing-care beef products*	100,000 meals	70,000 meals	80,000 meals	1, 2, 3
			Provision of products that contribute to healthy eating habits	—	—	—	3

*Tokugyu is a food for specified health uses that is sold following an inspection by the government. Nursing-care beef products are for people with decreased chewing and swallowing ability.

Contributing to the development of local communities by developing our global business

We contribute to the development of local communities by providing high-quality services and food culture and promoting job creation through the outlets we establish around the world.



Social issues and needs

The geographic expansion of a company’s business activities must be accompanied by an expansion of the scope of its responsibility to society. As a global business leader, the Group will contribute to the resolution of social issues such as global economic disparity, inequality, and disparities in children’s education, which are themes of the SDGs. We must also satisfy the needs not only in Japan but also in other countries that seek attractive food services originating from Japan, and ensure a sustainable future for generations to come.

Opportunities

- Expanding employment and revitalizing local economies through outlet openings
- Capitalizing on overseas demand for high-quality, safe Japanese food
- Evolving into a community-based company by providing education and disaster relief support through food, and developing emergency food and nursing care food

Risks

- Damage to the brand and customer churn due to loss of regional credibility
- Stagnant growth caused by sluggish global expansion

Short- and medium-term measures

- Provide meal support for children’s cafeterias
- Develop locally-oriented products and outlets
- Increase overseas areas where we have opened outlets and expand employment through new outlet openings
- Support disaster-stricken areas using Yoshinoya’s Orange Dream trucks
- Develop and provide emergency food using Yoshinoya canned meals
- Develop and sell foods for nursing care receivers and the elderly

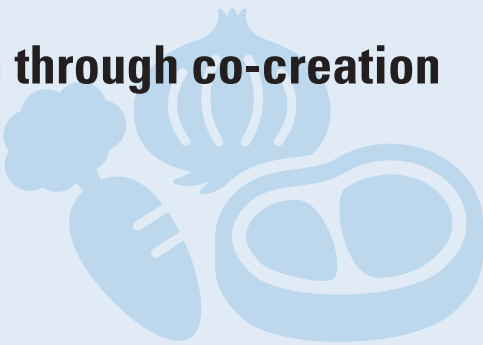
Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Contributing to the development of local communities by developing our global business	• Reinforcing the function as the food infrastructure • Connecting with local communities	• Provide meal support for children's cafeterias • Develop and provide emergency food using Yoshinoya canned meal technology • Support disaster-stricken areas using Yoshinoya's Orange Dream trucks	Expansion of local community contribution activities by outlets (provision of food, such as to children's cafeterias)	Construction of a network encompassing all prefectures	27 of 47 prefectures (47,281 meals)	23 of 47 prefectures (44,813 meals)	2, 3, 8, 17

Material Issues

Building a sustainable supply chain through co-creation with suppliers

We will work with our suppliers to establish a sustainable supply chain by practicing environmentally and socially responsible procurement.



Social issues and needs

The food supply chain, which starts with agricultural production, has been greatly affected in recent years by climate change, conflicts between countries, infectious diseases, and other factors, raising the question of how to ensure a stable supply. Moreover, the entire supply chain must share a commitment to reducing environmental impact and addressing social issues such as illegal labor and violations of human rights. Together with its suppliers, the Group addresses these requirements and supports the stable supply of food.

Opportunities

- Fostering trust in our co-creation partners by addressing environmental and social issues
- Corporate value created by a sustainable supply chain
- Capturing customer needs by developing products with low environmental impact

Risks

- Disruption of stable procurement due to soaring food prices and tight supply
- Damage to the brand and customer churn caused by human rights violations and other issues
- Adverse effects of extreme weather and disasters on supply chain processes
- Labor shortage in the logistics industry

Short- and medium-term measures

- Propose and achieve cost reduction
 - Hedge country risk related to overseas raw material supply system
 - Propose and introduce packaging materials that enhance outlet operational efficiency
- Address environmental issues through utilization of recycled resources and reduction of food waste
 - Address animal welfare
 - Act to prevent human rights violations in the supply chain

Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Building a sustainable supply chain through co-creation with suppliers	<ul style="list-style-type: none">Ensuring food safetyEnsuring soundness of the supply chain	<ul style="list-style-type: none">Establishing an auditing system for supplier factoriesConsidering environmental impact when purchasing materials	Supplier audits (building a supply chain with an awareness of the environment and human rights)	100%	86%	81%	 

Responding to climate change through environment-friendly business activities

We will implement measures that reduce our environmental impact while cutting food loss and costs so that we can achieve both global environment conservation and economic growth.



Social issues and needs

The increase in greenhouse gases emitted into the atmosphere is now contributing to climate change and a rise in the frequency of extreme weather events on our planet. Crop production has also been affected and there is growing concern about the stable supply of food. Under these circumstances, the global society has become more aware of environmental conservation and food loss, leading to changes in behavior. As a corporate group engaged in the food business, we will respond to the demands of society to address climate change and implement countermeasures while also working to support economic growth.

Opportunities

- Differentiating ourselves and enhancing our brand image through environmental measures
- Complying with environmental regulations to facilitate smooth business development


Risks

- Adverse impact on the supply chain through more frequent and severe weather events
- Legal restrictions on business activities due to delays in environmental regulation compliance
- Damage to the brand image caused by insufficient environmental awareness
- Increase in procurement and energy costs resulting from resource depletion

Short- and medium-term measures

- Optimize energy use and energy conservation
 - Reduce food loss and carry out recycling in factories and outlets
 - Mitigate environmental impact
 - Reduce waste, including cardboard boxes for deliveries to outlets
- Incorporate environmental consideration in new outlet openings and renovations, such as by acquiring Eco Mark certification
 - Establish conditions and management system for TCFD disclosure

Materiality KPIs through 2030

Material issues	Direction for resolving issues (basic policy)	Yoshinoya Holdings Group's main initiatives	Establishing KPIs	FY2030 targets	FY2023 results	FY2022 results	Contribution to SDGs
Responding to climate change through environment-friendly business activities	<ul style="list-style-type: none">Reduction of loss and reuse of ingredients at outlets and factory manufacturing processesReduction of environmental impact of packaging materials	<ul style="list-style-type: none">Reduction of loss and reuse at outlets and factoriesReuse of industrial waste (waste oil and wood)Reuse of equipment	<p>Recycling and reuse of waste from domestic factories^{*1}</p> <p>Reduction of specified plastics (50% compared with 2020)</p> <p>Continued designation as eco-friendly restaurant^{*2}</p>	57%	53%	52%	   
				24.15 kg /100 million yen	25.00 kg /100 million yen	32.50 kg /100 million yen	
				Continued designation	Acquired designation in 2017	Acquired designation in 2017	

^{*1} The recycling rate of Yoshinoya Holdings Group's seven domestic factories.
^{*2} In 2017, Yoshinoya acquired Eco Mark certification from the Japan Environment Association certifying environmentally friendly restaurants, earning designation as an eco-friendly restaurant.

Corporate Governance—Management Members (as of February 29, 2024)

Conditions for appointment of directors and corporate auditors


Due to the wide variety of human resource requirements that the Company seeks to satisfy in order to promote flexible, rapid business development, the Company has not set a particular policy for the appointment of director and corporate auditor candidates. To achieve the objectives of the business plan, we select candidates based on their career and experience. If we determine, however, that certain criteria are needed for future business development, we will give them consideration as we deem appropriate.

Conditions for appointment of outside directors and outside corporate auditors







































By appointing two of the five directors and two of the four corporate auditors from outside the Company, we incorporate external knowledge independent of management. Outside directors have many years of experience in a wide range of financial instruments in international financial institutions. They also boast extensive experience working with a diverse range of personnel and have for many years been involved in the development and construction of IT systems, and have corporate experience in advancing DX. The Company appoints independent outside directors with a wealth of experience in a vast array of areas, including the promotion of women’s activities and diversity. Outside auditors provide accurate advice based on their expertise and insight as CPAs or lawyers and are appointed to monitor management.

Skills and experience of our directors and corporate auditors

The Board of Directors of the Company, which governs and supervises the Group as a holding company, consists of members with diverse perspectives, profound experience, and advanced skills that facilitate the development of sound, highly transparent corporate governance and internal controls, enabling the Board to govern the Group appropriately. The Company believes that the Board of Directors as a whole is equipped with the necessary skills.

We have created the following skills matrix with  marking the particular skills and experience of each director and corporate auditor based on their individual knowledge, experience, and capabilities. This list is not an exclusive representation of each person’s knowledge, experience, and capabilities.

Skill	Definition
Corporate management/management strategies	Experience at a listed company (or companies) or a company (or companies) equivalent to a listed company, or knowledge, experience, and capabilities related to corporate management and management strategies
Sales/marketing	Sales experience and marketing knowledge, experience, and capabilities
M&A/finance/accounting	Knowledge, experience, and capabilities in financial strategy, capital markets, accounting and finance in financial institutions, financial accounting or investment departments, professional positions
Global expansion	Knowledge, experience, and capabilities in international transactions and overseas business at international companies.
Diversity/personnel development	Knowledge, experience, and capabilities relating to the promotion of the Group’s diversity and human resources development
Legal affairs/compliance	Specialist knowledge and experience as a lawyer, etc., or specialized knowledge relating to corporate legal affairs, laws and regulations, etc.
IT and DX	Expertise related to information technology (IT) and digital transformation (DX)

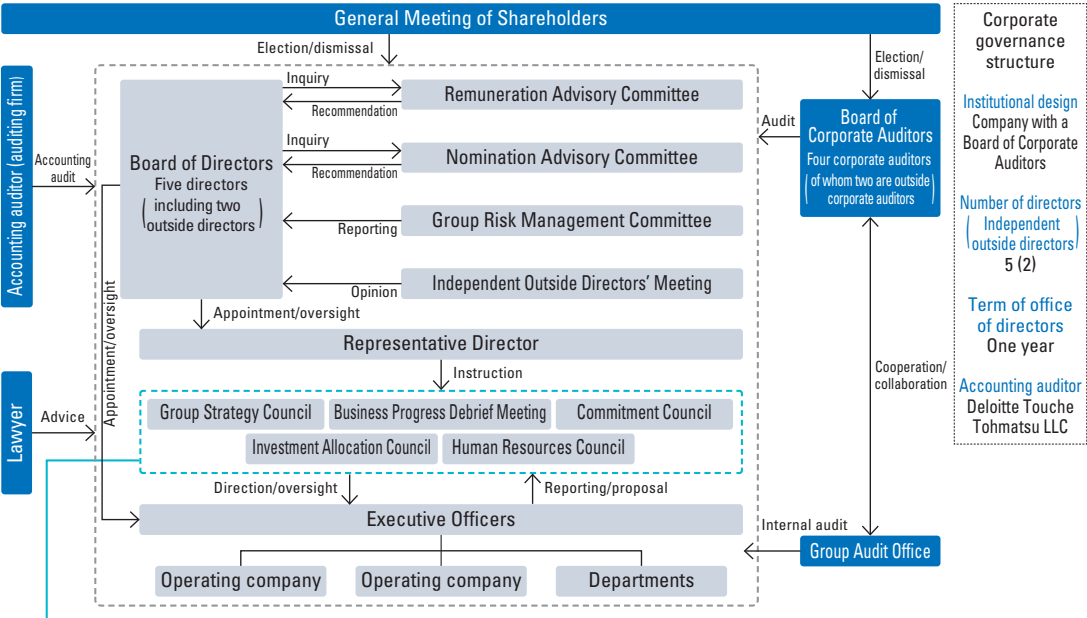
Name	Position	Classification		Career highlights	Start date	Attendance		Skills and experience						
		Internal	Outside			Board of Directors	Board of Corporate Auditors	Corporate management/management strategies	Sales/marketing	M&A/finance/accounting	Global expansion	Diversity/personnel development	Legal affairs/compliance	IT and DX
 Yasutaka Kawamura	President			Yasutaka Kawamura joined the Company in 1993. He assumed his current position in 2012 after having served as Representative Director and President of Hanamaru, Inc. He serves concurrently as Representative Director and President of YOSHINOYA CO., LTD.	September 2012	17/17 (100%)								
 Norihiro Ozawa	Managing Director			Norihiro Ozawa has extensive experience working in the U.S., including in the food service industry. He joined the Company in 2019 after serving as Chief Executive Officer of Seiyo Food-Compass Group Inc. (currently Compass Group Japan Inc.). He assumed his current position in 2020.	May 2020	17/17 (100%)								
 Tetsuya Naruse	Director			Tetsuya Naruse joined the Company in 1988. He assumed his current position in 2014 after having served as Representative Director and President of Hanamaru, Inc. Following a posting in Malaysia, he has been in charge of overseas business since 2020, overseeing subsidiaries in Asia.	May 2014	17/17 (100%)								
 Daisaku Fujikawa	Outside Director			Joined the Industrial Bank of Japan, Limited in 1984. After working at UBS Securities Japan Co., Ltd., he moved to Citigroup Global Markets Japan Inc. in 2006. He was appointed Vice President of Citigroup Global Markets Japan Inc. in February 2019. He was appointed as an Outside Director of the Company in 2022.	May 2022	17/17 (100%)								
 Nobuko Sowa	Outside Director			Nobuko Sowa joined IBM Japan, Ltd. in 1985. After serving as General Manager of IBM Japan Services Company, Ltd., she was appointed Senior Delivery Executive, IBM Consulting of IBM Japan, Ltd. in 2022. She has served as a visiting professor at Osaka University since 2017. She was appointed as an Outside Director of the Company in 2023.	May 2023	14/14 (100%)								
 Akihiro Yasui	Corporate Auditor			Akihiro Yasui joined the Company in 1985. After serving as Representative Director and President of Peterpan Comoco Co., Ltd. and Chairman of YOSHINOYA China Holdings Co., Ltd., he assumed his current position in 2021.	May 2021	17/17 (100%)	14/14 (100%)							
 Kaoru Tomiya	Corporate Auditor			Kaoru Tomiya joined the Company in 1993. After serving as Executive Officer and General Manager of the Group Legal Affairs Department and Representative Director and President of With Link Co. Ltd., he was appointed to his current position in 2022.	May 2022	17/17 (100%)	14/14 (100%)							
 Osamu Ohashi	Outside Corporate Auditor			Osamu Ohashi established Ohashi Certified Public Accountants in 1999. He has served as Representative Partner of ReEx Accounting Firm, a tax accounting firm, since 2004. He was appointed as an Outside Corporate Auditor of the Company in 2011.	May 2011	17/17 (100%)	14/14 (100%)							
 Hitoshi Yokokura	Outside Corporate Auditor			Hitoshi Yokokura established Yokokura CPA Office in 2002. He was named Partner, Waseda Legal Commons, LPC in 2014. He was appointed as an Outside Corporate Auditor of the Company in 2023.	May 2023	14/14 (100%)	11/11 (100%)							

Corporate Governance - Approach and Structure

Basic approach to corporate governance

We have adopted “For the People” as our business philosophy and declared that all our business activities are conducted for the benefit of people. This is rooted in our recognition that a company is a public institution that exists to satisfy the needs of society and to contribute to people’s happiness. “We will think for the benefit of people, give top priority to people, and be a company that is needed by people.” We believe that enhancing management efficiency, soundness, and transparency is a key management issue. Achieving this will enable us to put our six core values into practice—“tasty, affordable, and fast,” “greater number of customers,” “originality,” “integrity,” “importance of human resources” and “challenges and innovation”—and continuously improve the corporate value of the Group, as well as to earn the trust of society as a company that recognizes the importance of compliance with laws and regulations and corporate ethics. To this end, we will strive to maintain and develop positive relationships with our various stakeholders, including shareholders, customers, employees, suppliers, and local communities, while increasing management transparency through timely and proactive information disclosure to shareholders and investors. This will be accomplished through financial results briefings, IR activities in Japan and overseas, information disclosure on our website, and other means.

Corporate governance structure <February 29, 2024>



Remuneration Advisory Committee

The role of the Remuneration Advisory Committee is to deliberate on the determination of remuneration and related matters for directors and executive officers, as well as on the details specific to each individual, and report to the Board of Directors. Specific responsibilities include activities to ensure objectivity in the deliberation of individual details of remuneration for directors and executive officers by viewing them from a neutral perspective based on key management indicators. The Committee also confirms the suitability of each executive officer's rating and the appropriateness of their workload for their respective areas of work.

Nomination Advisory Committee

The Committee's role is to share the human resource requirements and candidates for management positions and to report to the Board on the anticipated appointment of candidates for directors and executive officers the Committee selects.

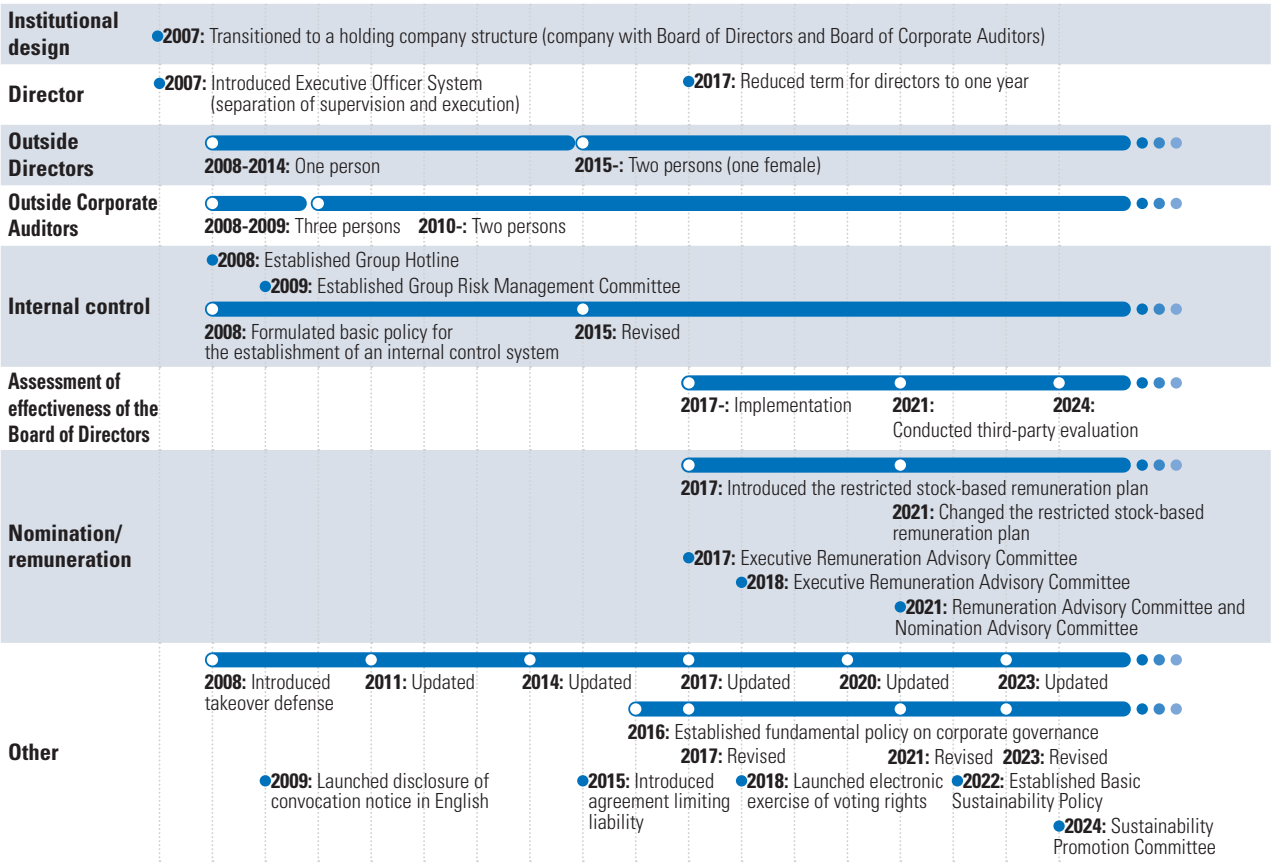
Commitment Council

Reports on the annual status of business, presents the management plan for the next fiscal year to the directors and executive officers, and commits to the president the numerical targets to be achieved by the subsidiaries or the general managers of each department and division.

Operation of the Board of Directors and committees

	FY2023 activities/major agenda items
1 Board of Directors Chairperson: Yasutaka Kawamura Number of members and composition: 5 (internal directors: 3, outside directors: 2) Key roles: Actively discusses and exchanges opinions at monthly meetings on regular items for resolution, and by such means as convening committees and projects as needed No. of meetings/average attendance rate: 17 times/100% (directors: 100%, corporate auditors 100%)	In FY2023, 17 meetings were held and the attendance rate of directors was 100%. Regarding the establishment of material issue KPIs, the Board held discussions in light of the importance of ESG management linked to management strategies from the perspective of the feasibility of management strategies based on the Group's Basic Sustainability Policy. Moreover, after repeated discussions, the Board decided on the formulation of medium- and long-term management policies for group financing, allocation of investments, and optimizing the business portfolio. The Board worked to make speedy, prudent management decisions on the issues of the day.
2 Remuneration Advisory Committee Chairperson: Daisaku Fujikawa Number of members and composition: 3 (Representative Director and President: 1, outside directors: 2) Key roles: Offers advice to strengthen the independence, objectivity, and accountability of the Board of Directors' functions with respect to directors' remuneration and related matters No. of meetings/average attendance rate: 4 times/100%	In FY2023, the Committee met four times, with 100% attendance by Committee members. From the viewpoint of objectivity and transparency where executive compensation is concerned, the Committee discussed and reviewed the evaluation criteria and remuneration table for executive officers with the aim of achieving a balanced compensation level in accordance with each officer's area of business, social conditions, and market trends.
3 Nomination Advisory Committee Chairperson: Yasutaka Kawamura Number of members and composition: 5 (Representative Director and President: 1, outside directors: 2, outside corporate auditors: 2) Key roles: Strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination of the Representative Director and directors No. of meetings/average attendance rate: 1 time/100%	In FY2023, the Committee met once, with 100% attendance by Committee members. The committee primarily discussed expanding the scope for selecting the next generation of management executives and shared revisions and additions to the desired profile of next-generation candidates. It further discussed the provision of growth opportunities through personnel reassignment of the candidates.
4 Independent Outside Directors' Meeting Chairperson: Daisaku Fujikawa Number of members and composition: 4 (outside directors: 2, outside corporate auditors: 2) Key roles: Conducts free discussions on matters related to the Company's business and corporate governance, with independent outside directors and outside corporate auditors engaging in the necessary exchange of information and opinions and sharing of their awareness. No. of meetings/average attendance rate: 4 times/100%	In FY2023, the Committee met four times, with 100% attendance by Committee members. The Committee's discussions and opinion exchanges focused mainly on the Corporate Governance Code including the operation of the Board of Directors, as well as future growth strategy taking into account changes in the market environment, basic shareholder return policy, and human resource development policy. In response to points discussed at the Board of Directors meeting, the Committee further deliberated the issues to be reaffirmed and items to be proposed to the executive side.

Efforts to date to strengthen governance



Background and characteristics of governance structure

Our Board of Directors is composed of individuals with expertise and considerable experience in the Group's industry. This includes general management, sales, financial accounting, marketing, and other specialties, giving maximum consideration to the perspective of diversity and ensuring that the Board suits the unique business characteristics of the Company. The Board of Corporate Auditors consists of people with knowledge of finance, accounting, and legal matters, including those with management experience, certified public accountants, and attorneys.

In addition, we have introduced an executive officer system, which separates management and execution, thereby accelerating decision-making at each of the Group's operating companies. Important matters are intensively discussed and examined by our directors and executive officers at Group Strategy Council meetings, Business Progress Debrief Meetings, Commitment Council meetings, and on other occasions.

The institutional design of each Group company is based on the premise of not having a Board of Directors, and flexible decision-making is carried out by the director or the executive officer in charge.

Corporate Governance—Functional Effectiveness

Assessment of effectiveness of the Board of Directors

We perform self-assessments and analyses of the effectiveness of the Board of Directors with the aim of improving the functioning of the Board and, ultimately, enhancing corporate value. Since 2017, we have analyzed and evaluated the Board of Directors once a year at the end of the business period. Moreover, approximately once every three years, we conduct a survey with the advice of an external organization.

Going forward, we will improve the quality of the various deliberations at the Board of Directors’ meetings to strengthen corporate governance and to consistently enhance corporate value.

1. Evaluation method and process

- Method of implementation:** Self-evaluation based on questionnaires created by an external organization (responses include scoring and free comment)
- Time of implementation:** Fiscal year-end
- Period covered:** Board of Directors’ meetings for each fiscal year
- The subject of evaluation:** Directors (including outside directors), corporate auditors (including outside corporate auditors)
- Question items:**
- (1) The nature, composition, and operation of the Board of Directors and its discussions
 - (2) Board of Directors’ monitoring function
 - (3) Performance of directors
 - (4) Support structure for directors and corporate auditors
 - (5) Dialogue with shareholders and other stakeholders, etc.

2. Responding to issues relating to Board effectiveness in the previous period

The previous year’s survey suggested the need to conduct activities to achieve a deeper understanding of sustainability and other issues at the Company more than ever before. It further suggested that dialogue with shareholders (institutional investors) be shared regularly.

Based on these evaluation results, both the Board of Directors and the Group Strategy Council discussed the Company’s sustainability issues. Subsequently, in January 2024, the Board resolved to set materiality KPIs and establish a Sustainability Promotion Committee (launched on March 1, 2024), to be chaired by the Representative Director. The sharing of dialogue with institutional investors was reported to the Board on a regular basis.

Remuneration, etc. of directors and corporate auditors

Remuneration, etc. for directors and corporate auditors consists of and is paid in the form of fixed, performance-linked, and stock-based remuneration, based on the following points to ensure a sound system design conducive to sustainable growth.

- ① **The system must promote sustainable, medium- and long-term improvements in corporate value.**
- ② **The system must reflect short-term performance and strongly motivate achievement.**
- ③ **The system and amount of money paid must be sufficient to attract and retain talented personnel.**
- ④ **The system must be transparent, fair, and reasonable to stakeholders, and it must be established through appropriate processes to ensure this.**

The level of remuneration for directors and corporate auditors, as well as fixed, performance-linked, and stock-based remuneration, will be determined with reference to the level of remuneration for directors and corporate auditors at listed companies of similar size as the company in terms of market capitalization and sales and profit levels of the previous fiscal year, etc., while considering the various fundamentals of the company’s business and management environment. The basic timing for revision of fixed, performance-linked, and stock-based remuneration is May, but remuneration is not necessarily revised every year.

Generally, the composition of executive officers’ remuneration is as follows.

Composition	Fixed remuneration	Performance-linked remuneration	Stock-based remuneration
Senior directors	60-70%	15-20%	15-20%
Director	80%	10%	10%

Succession plan concept

To perpetuate the Group’s brand—with a history of 125 years—management must have a deep understanding of the Company’s philosophy and put it into practice. We believe that developing next-generation management is the most significant responsibility of the current management team. As such, in March 2021, we established the Nomination Advisory Committee, chaired by the Representative Director and President with outside directors and outside corporate auditors as members.

With the objective of shaping governance in accordance with our company’s unique value creation story toward sustainable future growth, we endeavor to clearly define requirements for management personnel, ensure transparency in the selection process, and share information on

candidates and their skills and development issues through the Committee’s operation.

This has strengthened the function of the Board of Directors in nominating the representative director and directors, while ensuring their independence, objectivity, and accountability.

With regard to the development of candidates for next-generation management brought to our attention by the Nomination Advisory Committee, we will provide growth opportunities through personnel reassignment, training, etc., and systematically promote their development. Moreover, we are revising our personnel and evaluation systems to expand the pool of talented young management candidates.

Internal control system

We are striving to strengthen and enhance the internal control system throughout the Group from the perspective of ensuring management transparency and efficiency, legal and regulatory compliance in our corporate activities, and appropriate risk management.

As a system to ensure that the execution of duties by directors and employees of the Group is in compliance with applicable laws, regulations, and the Articles of Incorporation, our business philosophy and action guidelines are shared and practiced at each Group company. Furthermore, internal training is conducted to ensure compliance with laws, regulations, and the Articles of Incorporation and to ensure thorough adherence to corporate ethics. Concerning financial reporting, we have established internal accounting rules to properly prepare financial reports in accordance with laws and regulations and evaluate and improve their implementation and operation status in line with annual plans.

The Group Risk Management Committee is responsible for evaluating the status of compliance and risk management in the Group and reports to the Board of Directors.

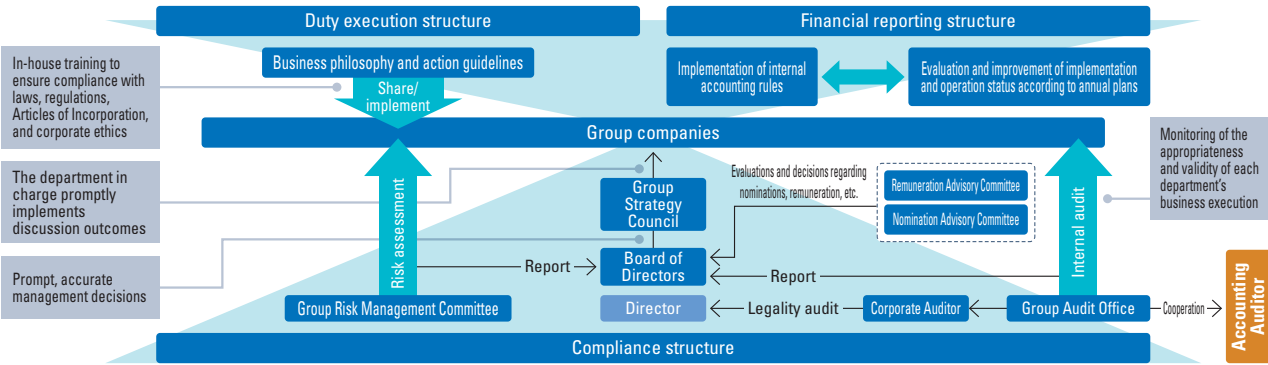
In addition to monthly meetings, the Board of Directors meets as necessary, and meetings including those of the Group Strategy Council are also held with the purpose of supplementing prompt and accurate management decisions. The departments in charge then promptly implement the decisions resulting from discussions at these meetings. The Group Audit Office then conducts internal audits of the Company or

each Group company in accordance with the audit plan approved by the representative director. The results of audits conducted by the Group Audit Office are reported to the president, the executive director in charge of the relevant division, and the corporate auditors at the Audit Report Meeting. Moreover, our directors and executive officers concurrently serve as directors and corporate auditors of each Group company. Through this and other means, they keep abreast of the decision-making and business operations of the subsidiaries, thereby ensuring appropriate supervision.

Corporate auditors audit the legality of operational execution by directors in accordance with the audit plan formulated by the Board of Corporate Auditors. In addition, corporate auditors attend meetings of the Board of Directors and other important meetings to receive reports on important matters. In conducting audits, corporate auditors exchange opinions and cooperate with the Group Audit Office and the accounting auditor.

Moreover, the Company has the Remuneration Advisory Committee and the Nomination Advisory Committee as voluntarily established advisory bodies to the Board of Directors. The supervisory function has been strengthened by further clarifying and objectifying the evaluation and decision-making process regarding the nomination, remuneration, and other matters concerning directors, leading to further improvement of the internal control system as well.

Internal control system of Yoshinoya Holdings



Compliance

Basic approach to compliance

As seen in the spirit of the Group’s business philosophy “For the People” and as a company that can contribute to people around the world through business activities, we have positioned compliance as a top priority. We will also comply with corporate ethics and practice risk management based on the spirit of the Group Charter of Corporate Behavior. The management of each Group company will take the initiative in implementing the above and ensure that all employees possess a full awareness of the Charter to ensure that they strictly comply with corporate ethics. In the event of a violation of the Group Charter of Corporate Behavior, the management of each Group company will investigate the cause and strive to prevent recurrence, promptly and accurately disclose information to fulfill our accountability, and take strict disciplinary action against violators including ourselves if applicable.

Yoshinoya Holdings
Group Charter of
Corporate Behavior
<https://www.yoshinoya-holdings.com/english/csr/compliance/>



Risk Management

Basic approach to risk management

The risk management system is overseen by the Group Risk Management Committee, which formulates policies and issues instructions to be followed regarding important risks that may affect the entire Group. The Committee is chaired by the Representative Director and President of the Company. The system is designed to ensure that each department manager of the Company identifies, classifies, evaluates, and effectively manages our potential risks. In subsidiaries and other entities, this is carried out by the corresponding risk management organization or the person responsible. Each department manager, subsidiaries, and other entities report quarterly on the status of risk management and events that occurred to the Group Risk Management Committee, which then reports to the Board of Directors. If a significant risk materializes, it is promptly reported to the chairperson of the Committee, who in turn convenes a meeting of the Group Risk Management Committee and gives instructions to the secretariat. Information management in a “Level 2 (warning)” or higher situation—which requires an emergency response—will be carefully reviewed in coordination with regulatory authorities, related organizations, and each department as necessary, and appropriate measures to be taken.

Promotion system and structure

A meeting of the Risk Management Office personnel is conducted on a monthly basis, consisting mainly of persons in charge of compliance in each Group company. Tasks performed at the meeting include exchanging information on risk management, compliance activities, and the operation of the whistleblowing system. These tasks help identify important issues that should be given priority and examine basic policies and concrete measures for dealing with these issues. On-site improvements are sought by feeding back such information to the relevant division of each company, thereby

promoting the compliance system within the Group in an integrated manner. In addition to a point of contact for whistleblowing established at each company, we have the Group Hotline in place, serving as a common point of contact for all Group employees. Yoshinoya Holdings’ self-cleansing function within its organization is boosted by operating such points of contact in an appropriate manner while making the objectives and method of using the internal reporting system understood and widely known among employees through the Group Compliance Guide, posters, internal newsletters, and other means.

Compliance education

We promote on-site knowledge education and actual activities by distributing our Group Compliance Guide to all employees at Group outlets and at headquarters, including directors and corporate auditors, as a tool for compliance education. By doing so, we are striving to spread compliance across the entire workplace. The Group Compliance Guide is revised every three years in response to the enactment, amendment, or repeal of laws, regulations, and other rules as well as changes in social conditions and the environment, and is distributed to employees. Moreover, we regularly conduct compliance training targeting different employee groups, such as officers, managers, and new Group employees, to raise awareness of compliance among all employees. For outlet staff members, we are working to deepen their understanding of the importance

of compliance through compliance videos, internal newsletters, and notices. We are also focused on raising awareness of compliance practices in their daily operations with regard to such issues as food safety and security, human rights, harassment, and the use of social media platforms, all of which have also been of great social concern. In particular, we recognize that food safety and security is the most important issue in light of the characteristics of the Group’s business, and are working to ensure that all Group employees thoroughly comply with standards, manuals, and guides to deliver appropriate products and services. Furthermore, the topic of compliance is included in the coverage of our internal qualification examination as a means of confirming that employees have acquired compliance-related knowledge.

Internal reporting system

A Group Hotline has been established within the Company as a contact point for internal reporting. In the event of a whistleblower report, the Group’s Legal Affairs Office either instructs the relevant department of each company to investigate and respond to the report, or investigates and responds to the report itself. The office then reports back to the whistleblower on how the matter has been dealt with, and confirms whether corrective action has been taken. The contents of these reports are reported to the Board of Directors on a quarterly basis through the

Group Risk Management Committee as part of updates on the status of system operation. Moreover, each Group company has its own whistleblower hotline. To ensure that whistleblowers and those who cooperate in investigations are not disadvantaged, the Company and each Group company have established whistleblower regulations in accordance with Japan’s Whistleblower Protection Act and manage them appropriately.

Risk management system and structure

The risk management system is overseen by the Group Risk Management Committee, which formulates policies and issues instructions to be followed regarding important risks that may affect the entire Group. The Committee is chaired by the Representative Director and President of the Company. The system is designed to ensure that each department manager of the Company identifies, classifies, evaluates, and effectively manages our potential risks. In subsidiaries and other entities, this is carried out by the corresponding risk management organization or the person responsible. Each department manager, subsidiaries, and other entities report quarterly on the status of risk management and events that occurred to

the Group Risk Management Committee, which then reports to the Board of Directors. If a significant risk materializes, it is promptly reported to the chairperson of the Committee, who in turn convenes a meeting of the Group Risk Management Committee and gives instructions to the secretariat. Information management in a “Level 2 (warning)” or higher situation—which requires an emergency response—will be carefully reviewed in coordination with regulatory authorities, related organizations, and each department as necessary, and appropriate measures to be taken.

Risk identification and response criteria

We have identified a total of 24 risks: 12 external environment risks and 12 operational risks that may affect the performance, financial condition, stock price, and other aspects of the Company, its subsidiaries, and other entities. Five of these risks—reputational risk; natural disaster risk; legal, regulatory, and business practice risk, which are categorized as external environment risks, food safety risk, and accident risk, which are categorized as operational risks—are positioned as particularly important matters that require urgent risk communication and information gathering.

If and when these risks materialize, we will take prompt and appropriate action as instructed by the Group Risk Management Committee. The response criteria are classified into three levels: Level 1 (caution), which calls for a standard response; Level 2 (warning), which requires an emergency response; and Level 3 (critical), which mandates a company-wide response. However, these criteria are not absolute, and we will always respond with the principle of stakeholder protection as the number one priority.


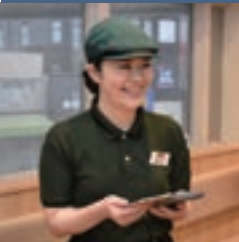



Level 1	Caution	Standard response <ul style="list-style-type: none">● Losses relatively minor and limited in scope
Level 2	Warning	Emergency response <ul style="list-style-type: none">● Single occurrence with significant impact● Expanded scope of loss due to multiple occurrences● Potential media coverage
Level 3	Critical	Company-wide response <ul style="list-style-type: none">● Particular need for risk communication● Significant social impact

External environment risk		Operational risk	
Raw material procurement	Natural disasters	Decision-making information	Accidents
Capital procurement	Brand	Food safety	Disputes
Market	Laws, regulations, business practices	Financial reporting	Suppliers
Competitors	Environment	Impairment	Compliance
Customers	Country	Information system	Personnel
Reputation	Climate change	Products/services	Shareholders

Urgent and critical risks

Stakeholder Engagement

We have established a set of promises to share the value attained through co-creation and to grow together with all stakeholders involved in the Group’s corporate activities.

	Promise	Primary methods of engagement	Actual results for FY2023
<div>Customers</div> 	We will continue provision of originality-rich products and services to satisfy as many customers as possible.	<ul style="list-style-type: none">● Communication at outlets● Customer service center● Customer survey● Website, social media	<p>Under the policy of customer acquisition, we aggressively promoted initiatives to heighten customer satisfaction and broaden its customer base.</p> <p>Yoshinoya</p> <ul style="list-style-type: none">● 115 C&C model outlet openings and renovation conversions implemented● Expansion of takeout/delivery specialty stores● Bolstered sales of <i>karaage</i> fried chicken, positioned as the second pillar of the company’s business● Sales of seasonal menu items such as Oyakodon and Beef Sukiyaki Set meals● Acquired Smart Meal® certification for Beef and Steamed Vegetables Combo Bowl <p>Hanamaru</p> <ul style="list-style-type: none">● Implemented campaign measures that leverage Hanamaru’s strengths● Sales of seasonal menu items such as Cold Tantan udon and Beef Sukiyaki Bukkake
<div>Employees</div> 	Respect employee individuality and independence, impartially create opportunities, and share a sense of achievement in work and a sense of fulfillment in life. By continuously improving the work environment and elevating the social status of the Company, we will become a company in which employees and their families can be proud of.	<ul style="list-style-type: none">● J-yoshinoya (Yoshinoya) and Life Work Balance (LWB) Project (Hanamaru) activities● Employee training● Corporate Culture Improvement Committee activities● Organizational culture assessment● Forum 2040, the long-term vision formulation project through open recruiting● Hold store managers’ meetings (employee assemblies) twice a year● Hold roundtable discussions between the President and store managers● Internal newsletter● Conduct regular health checks● Internal reporting system and whistleblower hotlines	<p>We implemented initiatives to promote diversity and inclusion and to contribute to recruitment efficiency and retention.</p> <p>Practice diversity and inclusion</p> <ul style="list-style-type: none">● Strengthened J-yoshinoya (Yoshinoya) and LWB Project (Hanamaru) initiatives● J-yoshinoya: 8 times● LWB Project: 9 times● Percentage of female employees: 22.0%● Percentage of female managers: 10.3% <p>Develop human resources and support career development</p> <ul style="list-style-type: none">● Established a part-time recruitment strategy● Internal contests over service and operational quality: 6 times <p>Promote a good work-life balance</p> <ul style="list-style-type: none">● Introduced a special incentive scheme for employee stock ownership plan● Stock ownership plan participation ratio: 13% to 85%
<div>Suppliers</div> 	Maintain good relationships with suppliers and continue to offer opportunities to acquire appropriate profits.	<ul style="list-style-type: none">● Supplier audits● Discussion on the status of response to human resources and labor issues when selecting business partners● Communication with producers● Participation in the White Logistics Movement	<p>We worked to ensure stable procurement by bolstering our supply chain risk management and communication with suppliers.</p> <ul style="list-style-type: none">● Supplier audit participation ratio: 86%● Sufficient supply of eggs during the shortage caused by bird flu
<div>Shareholders</div> 	Strive to grow our business through sound corporate governance with capital efficiency and proactive information disclosure in mind and appropriately return profits to shareholders.	<ul style="list-style-type: none">● Financial results briefing● Meetings with analysts and investors● Shareholders’ Meeting● Corporate website● Shareholder survey● Shareholder benefit program	<p>We undertook IR activities that contribute to improving engagement with shareholders and formulated a sustainability promotion structure.</p> <p>Reinforce IR activities</p> <ul style="list-style-type: none">● Implement shareholder survey <p>Increase in annual dividend per share</p> <ul style="list-style-type: none">● 10 yen → 18 yen <p>Sustainability promotion</p> <ul style="list-style-type: none">● Established the Sustainability Promotion Committee● Established materiality KPIs
<div>Society</div> 	Fulfill our social responsibility as a corporate citizen by practicing sustainable business activities for protection of the global environment and resources and by giving back to the local community and participating in social welfare activities.	<ul style="list-style-type: none">● Environment-friendly business operations● Social contribution activities● Disaster support	<p>In addition to our outlets, we worked to reduce environmental impact at our factories and undertook activities to contribute to local communities at our outlets nationwide.</p> <ul style="list-style-type: none">● Installed solar power generation equipment and a superheated steam dryer at the Tokyo factory● Implemented support for children’s cafeterias: Yoshinoya 412 times (46,081 meals), Hanamaru 128 times (1,200 meals)● Conducted on-site ramen restaurant events at welfare facilities as part of a campaign to commemorate the 20th anniversary of With Link’s ramen noodle business

Examples of initiatives

Engagement with investors

One of our basic corporate governance policies is to engage in active dialogue with investors.

Dialogue with institutional investors is led by members of the IR staff of the Group Planning Department and is conducted through financial results briefings and approximately 100 individual meetings per year. From FY2022 onward, we have disseminated information to a broad range of investors via real-time online distribution of the General Meeting of Shareholders and financial results briefings.

In individual meetings, we engaged in a vigorous exchange of views with institutional investors on the progress of the Medium-term Management Plan and management strategies for the post-pandemic era. The details of these meetings are documented and regularly reported to the Board of Directors to share with management. We will continue to engage with investors to incorporate market feedback into our management, which should contribute to achieving sustainable growth.

Shareholder benefit program

We have a shareholder benefit program in place with the purpose of encouraging our shareholders to use the Group’s products, to deepen their understanding of our business, and to further support us as fans of the Group. Under this program, shareholder meal coupons are issued to eligible shareholders at the end of February and August every year according to how many shares they own, allowing them to enjoy meals at the Group’s outlets in Japan. (You can see a list of outlets where these coupons are redeemable on our corporate website.)



In addition, shareholders who hold 200 or more shares can also exchange their shareholder meal coupons for a set of assorted Group products instead of using the coupons at an outlet by applying before the exchange deadline.

