



February 26, 2016

**For Immediate Release**

**Ryosan Company, Limited**

Representative: Naoto Mimatsu, President

Listing Code No.: 8140

Listing: First Section, Tokyo Stock Exchange

Inquiries: Norihiko Takahashi

General Manager

Corporate Planning Headquarters

IR and Publicity Office

TEL: +81-3-3862-3816

**Notice Concerning Transition to a Company with an Audit and Supervisory Committee and Introduction of Executive Officer System**

Ryosan Company, Limited ("the Company") has announced the transition to a company with an Audit and Supervisory Committee and the introduction of an Executive Officer System in accordance with a decision made at the Board Meeting held on February 26, 2016. These changes are based upon the condition of approval at the Company's annual shareholders' meeting which is scheduled to be held in June 2016.

**Details**

**1. Company with an Audit and Supervisory Committee**

**(1) Purpose of transition**

- By constructing a governance structure for auditing and supervision by such Directors who hold the right to vote at the Board Meeting and who also serve as members of the Audit and Supervisory Committee, the Company aims to strengthen the supervisory function over Directors and the Board of Directors, and to improve the transparency and fairness of its governance.
- Through heightening the management supervision of the Board of Directors in addition to the Executive Officer System mentioned below, the Company further enhances corporate governance and increases the efficiency of its management.
- By streamlining the Board of Directors and by increasing the ratio of outside directors in the Board of Directors as the result of changes mentioned above, the Company envisages to encourage those discussions aimed at achieving sustained corporate growth and improving the Company's corporate value in the mid to long-term horizon, as well as those discussions based on a shareholders' perspective.
- As part of the Company's efforts for further global expansion, the Company constructs a governance system which can be easily understood by foreign stakeholders.

**(2) Transition period**

At the Company's annual shareholders' meeting which is scheduled to be held in June 2016, the Company plans to receive approval for the required changes to the Articles of Incorporation, and to

transform into a company with an Audit and Supervisory Committee.

## 2. Executive Officer System

### (1) Purpose of introduction

- As part of revisions to the Company's governance system, the Company clarifies the locus of responsibility with the business execution by separating the decision-making and supervisory functions from the execution functions.
- By transferring the authority over business execution, the Company constructs a flexible management system.
- By appointing personnel who excel in business as Executive Officers, the Company strengthens the competitiveness of the company and improves its performance.

### (2) Overview of system

- The Company implements an Executive Officer System and transfers authorities over business execution to those officers.
- Based on recommendations by the Nomination & Compensation Advisory Committee, Executive Officers are appointed through resolutions by the Board of Directors.
- The term for Executive Officers is 1 year. Reappointment is possible.

### (3) Introduction period

The Company plans to implement the Executive Officer System at the same time as the transition to a company with an Audit and Supervisory Committee.

## 3. Other

Details of changes to the Articles of Incorporation, as well as directors and executive officer personnel decisions will be released as they are made.