

Policy and Procedures for the Board of Directors to Elect and Dismiss Senior Managers and Appoint Them as Candidates for Directorship or Auditorship

(1) Basic policy

The basic policy of RYODEN is to elect persons who can contribute to the sustained growth of the RYODEN Group and the medium- to long-term enhancement of its corporate value as senior managers, and after taking into consideration the election standards for each directorship, RYODEN elects them from among the persons who have the abilities specified below.

In electing senior managers, RYODEN pays attention so that the Board of Directors and the management (Executive Officers) meet both of the two requirements: having well-balanced knowledge, experience, and ability to fulfill their functions and responsibilities; and representing diverse backgrounds in terms of gender and global perspectives on an appropriate scale.

<Basic policy>

- (1) Persons who respect the RYODEN Group's management philosophy and have a respectable character and profound knowledge
- (2) Persons who understand well the RYODEN Group's history, corporate culture, employee characteristics, etc., and who have rich experience in and profound knowledge of its business
- (3) Persons who, after taking into consideration the management environment and other circumstances facing the RYODEN Group, can enhance its corporate value in a sustained manner, offer specific opinions on management strategy, management planning, etc., in a way that contributes to increasing corporate value in the medium and long run and execute such strategy and plans, and constantly make continuous efforts to examine and improve them
- (4) Persons who can quickly sense changes in the industries in which the RYODEN Group operates and in the markets in which it offers value and discuss the direction the RYODEN Group should take in a constructive manner

(2) Election standards for executives

(a) Inside Directors of Board

Candidates are elected from among persons who have a past career, ability, leadership, medium- to long-term perspective, and high ethical standards suitable for a person who is engaged in managerial decision-making and the supervision of business execution, taking into account all factors such as character, experience, and the length of service as RYODEN's Director of Board.

(b) Outside Directors of Board

Candidates are elected from among persons who have any of the past careers or abilities specified below, taking into consideration all factors such as character, service as an executive at other companies, and the length of service as RYODEN's outside Director of

Board, as well as after confirming that they meet RYODEN's independency standards. The guidelines for the term of office are that outside Directors of Board can serve as such for up to a total of eight years in eight terms and that they should be 75 years old or less when they take office for a new term, regardless of whether they are newly elected or reelected.

- (i) Persons who have experience in involving themselves in the management of listed companies
- (ii) Persons who have a substantial amount of knowledge of finance and accounting
- (iii) Persons who have knowledge of and experience in industries related to RYODEN's business
- (iv) Legal experts such as lawyers
- (v) Persons who have other careers or abilities comparable to those mentioned in the items above

(c) Audit & Supervisory Board Members

Candidates are elected from among persons who have any of the past careers or abilities specified below after taking into consideration all factors such as character, service as an executive at other companies, and the length of service as RYODEN's Audit & Supervisory Board Member. The guidelines for the term of office are that Audit & Supervisory Board Members can serve as such for up to a total of eight years in two terms and that they should be 75 years old or less when they take office for a new term, regardless of whether they are newly elected or reelected. Candidates for outside Audit & Supervisory Board Members are elected after it is confirmed that they meet RYODEN's independency standards in addition to the election standards for auditorship.

- (i) Persons who have experience in involving themselves in the management of listed companies
- (ii) Persons who have a substantial amount of knowledge of finance and accounting
- (iii) Persons who have knowledge of and experience in industries related to RYODEN's business
- (iv) Legal experts such as lawyers
- (v) Persons who have experience in serving as a Director of Board or Executive Officer or of managing administrative, internal audit, or similar departments
- (vi) Persons who have other careers or abilities comparable to those mentioned in the items above

(d) President

A person who is most suitable for directing the RYODEN Group in light of the ideal image of a president defined by RYODEN is elected as the representative director and president from among the Directors of Board.

(e) Representative Director of Board

A person who is suitable for representing the RYODEN Group is elected as a Representative Director of Board from among the Directors of Board.

(f) Executive Officers

Executive Officers are elected from among those who have a past career, ability, and leadership suitable for a manager of business execution, after taking into consideration all factors such as character. Senior Executive Vice Presidents, Senior Vice Presidents and Senior Executive Officers can be elected from among the Executive Officers.

(3) Dismissal standards

If one of the standards listed below applies or may apply to an executive or similar, it shall be proposed that he or she be dismissed as such.

- (a) If the executive violates any of the laws and ordinances, the Articles of Association, and the regulations of the RYODEN Group and causes tremendous loss to the RYODEN Group or hinders its business
- (b) If it becomes clear that the executive lacks the abilities stipulated in the election and appointment standards
- (c) If the executive causes the RYODEN Group's performance to stagnate significantly (this applies only to the Representative Director of Board and President)
- (d) If the executive causes RYODEN's performance to stagnate significantly in the business or area for which he or she is responsible (this applies only to Executive Officers)
- (e) If the executive is considered to have a relation with antisocial forces that should be criticized socially
- (f) If the executive performs an act that offends against public order and decency
- (g) If the executive's performance of his/her duties is hindered significantly due to health or other reasons

(4) Election procedures

(a) Directors of Board

The Board of Directors appoints candidates for directorship after receiving advice and suggestions from the Advisory Committee on Appointment and Remuneration. It deliberates on the Committee's proposals, decides candidates for directorship, and submits proposed resolutions on the election of directors to the General Meeting of Shareholders.

(b) Audit & Supervisory Board Members

The Board of Directors appoints candidates for auditorship after receiving advice and suggestions from the Advisory Committee on Appointment and Remuneration and with the consent of the Board of Auditors. It deliberates on the Committee's proposals, decides candidates for auditorship, and submits proposed resolutions on the election of auditors to the General Meeting of Shareholders.

(c) Representative Directors of Board

The Board of Directors elects Representative Director of Board after receiving advice and suggestions from the Advisory Committee on Appointment and Remuneration.

(d) Executive Officers

The Board of Directors elects Executive Officers after receiving advice and suggestions from

the Advisory Committee on Appointment and Remuneration.

(5) Dismissal procedures

If, as the result of deliberations, the Advisory Committee on Appointment and Remuneration reports that a Director of Board meets one or more of the dismissal standards, or if a director suggests that another Director of Board meets one or more of the dismissal standards, the Board of Directors deliberates on the dismissal of the director in question. If the Board of Directors determines that the executive in question meets one or more of the dismissal standards, it takes action as follows:

(a) Representative Director of Board and President

The Board of Directors dismisses the director as Representative Director of Board and President.

(b) Directors of Board

The Board of Directors submits a proposed resolution on the dismissal of the Director of Board to the General Meeting of Shareholders.

(c) Titled Executive Officers

The Board of Directors dismisses the director as a titled Executive Officer.

(d) Executive Officers

The Board of Directors dismisses the director as an Executive Officer.

Reasons for Appointing and Electing Directors of Board and Audit & Supervisory Board Members

To confirm the reasons for appointing and electing Director of Board and Audit & Supervisory Board Members, please refer to the notice of convocation for the General Meeting of Shareholders.

Notice of convocation: <http://ir.ryoden.co.jp/notice/general/>