

Basic Policy on Corporate Governance

Our Corporate Philosophy

All our activities are based on our corporate philosophy, "Making people's lives healthier, safer and more fulfilling". Following this philosophy, we aim to improve our company's continuous development and mid- and long-term corporate value for all stakeholders, including shareholders.

Basic Idea Regarding Corporate Governance

Based on our fiduciary responsibility to shareholders and our responsibility to stakeholders including clients, employees and local communities, etc. as well as the above corporate philosophy, our company has implemented basically the principles of the Corporate Governance Code and developed this policy with the aim of realizing effective corporate governance.

1. Securing Shareholders' Rights and Equality

- (1) We respect shareholders' rights and secure their substantial equality.
- (2) We take appropriate steps to improve the environment pertaining to the exercise of rights at the general meeting of shareholders.
- (3) If it is judged that listed shares will contribute to the improvement of Olympus group's corporate value in the mid- to long-term, then, upon verifying the economic rationality and the future prospects for the mid- to long-term, we will hold the listed shares. Every year, the Board of Directors will verify the suitability of ownership considering comprehensively the purpose of holding, the benefits associated with holding and the risks, and gradually reduce shares that we judged not to be suitable for possession. In order to exercise shareholders' rights regarding policy shareholdings, we will exercise its voting rights on all agenda items, and from the viewpoint of improving the mid- to long-term corporate value of an enterprise issuing such shares, will consider said enterprise's financial condition and decide appropriately about whether to approve or disapprove each agenda item.
- (4) In the case of conducting related party transactions, Olympus and its subsidiaries are required to obtain the approval of the Board of Directors of each company in accordance with the "Job Authority Rules" and any other related rules. Its subsidiaries are required to report to Olympus after obtaining approval from the regional headquarters.

2. Cooperation with Stakeholders other than Shareholders

Under our corporate philosophy, "Making people's lives healthier, safer and more fulfilling." we endeavor to cooperate as appropriate with various stakeholders including employees, clients, business connections, creditors and local communities.

We will present its values regarding appropriate cooperation with stakeholders, respect for their interests, and ethics for sound business activities, and stipulate and implement a code of conduct to be complied with by such members. Specifically, we have formulated the "Corporate Philosophy", "Our Behaviors" and the "Olympus Global Code of Conduct" as a code of conduct for all groups, and have widely disseminated them among all officers and employees who belong to Olympus group.

We promote diversity and inclusion for the entire organization and aim for specialized and sustainable growth by providing opportunities to empower diverse personnel, placing the right person in the right position, irrespective of gender, disability, nationality, or race.

As a supervisor responsible for compliance-related matters, we have appointed a Chief Compliance Officer (CCO). Furthermore, we have established a global contact desk which can be available 24 hours a day in multiple languages for any employees and external stakeholders in addition to local internal compliance-related reporting system in each region. We report the status of use thereof to the Audit Committee regularly and to the Board of Directors as necessary.

3. Complete Information Disclosure and Secured Transparency

Under the basic concept for all corporate activities, our corporate philosophy, "Making people's lives healthier, safer and more fulfilling.", we will disclose corporate information, such as management policy, financial condition, status of business activities and sustainability in a fair, timely, appropriate and active manner for the purpose of obtaining all stakeholders' correct understanding and trust.

4. Basic Concepts on Sustainability Related Initiatives

We identify important ESG areas and important issues (materiality) that should be the focus in our Corporate Strategy and actively implement measures to contribute to the realization of a sustainable society through responsible corporate activities based on our Corporate Philosophy.

5. Responsibility of the Board of Directors, etc.

(1) Role of the Board of Directors

The Board of Directors determines basic management policy, matters related to the internal control system, and other important matters, and supervises directors and executive officers, in the execution of their duties.

(2) Qualification of Directors and Auditors

Having high ethical standards as well as the experience, knowledge and ability required to create mid- to long-term corporate value, our directors spend a sufficient amount of time for the Board of Directors in order to fulfill their own obligations and responsibilities.

(3) Diversity of the Board of Directors

We consider the diversity of the composition of the Board of Directors in terms of internationality, gender, career and age, as well as experience, knowledge and ability, etc.

(4) Scale of the Board of Directors

Based on Olympus group's scale and business lines, we maintain an appropriate number of members, fifteen or fewer persons, as stipulated in the Articles of Incorporation, in order to effectively and efficiently exercise the functions of the Board of Directors.

(5) Independent Outside Director

From the viewpoint of increasing the supervisory functions of the Board of Directors, more than half of the directors are independent outside directors. The independence

standards are set forth by the Nominating Committee.

(6) Chairman of the Board of Directors

For the purpose of securing the supervisory function of the Board of Directors , an independent outside director serves as the chairman of the Board of Directors.

(7) Committees for nomination, compensation and audit

The Board of Directors shall set up a Nominating Committee, Compensation Committee and Audit Committee.

Nominating Committee

- The Nominating Committee shall deliberate matters related to human resources at the director and executive officer level, and shall determine the content of proposals submitted to the General Meeting of Shareholders in relation to the appointment and dismissal of directors.
- The nominating committee consists of three or more committee members selected from among the directors by the Board of Directors, and independent outside directors constitute the absolute majority thereof. An independent outside director serves as the chairman.

Compensation Committee

- The Compensation Committee shall deliberate directors' and executive officers' compensation-related matters, etc., and prescribe policy in relation to determining the details of compensation, etc., and in accordance with the policy, determine the contents of compensation, etc. for individuals.
- The compensation committee consists of three or more committee members selected from among the directors by the Board of Directors, and independent outside directors constitute the absolute majority thereof. An independent outside director serves as the chairman.

Audit Committee

- The Audit Committee shall carry out the following duties.
 - 1) Auditing the execution of duties by executive officers and directors, and creating audit reports
 - 2) Determining the content of proposals relating to the appointment, dismissal and non-reappointment of accounting auditors
 - 3) Other duties prescribed by law or by the Articles of Incorporation, and other matters recognized as necessary by the Audit Committee
- The Audit Committee shall consist of at least three individuals selected from among the directors by the Board of Directors, of whom more than half shall be independent outside directors. The chairman of the committee shall be an independent outside director. Moreover, at least one member shall be an individual who possesses extensive knowledge related to financial and accounting.

(8) Appointment Process of the Directors

The Nominating Committee shall deliberate director candidates while making reference to the selection criteria, hold interviews, and determine the content of proposals

submitted to the General Meeting of Shareholders in relation to the appointment and dismissal of directors.

(9) Fostering and Deciding the CEO's Successor

The Nominating Committee periodically discusses a succession plan for the CEO.

As for determining the successor, the Nominating Committee discusses whether the candidates have qualifications that are suitable for the CEO, and provides opinions and advice to the Board of Directors. Thereafter, the successor is decided by the Board of Directors.

(10) Compensation System

Regarding officers' compensation (directors and executive officers), the basic policy is to provide compensation that is suited to their duties, and to increase the awareness among the officers in order to: "Meet expectations of various stakeholders by aiming to maximize corporate values." Based on said policy, the Compensation Committee focuses on appropriately setting the compensation ratio linked to short and mid- and long-term performance, and decides officers' compensation.

(11) Management of the Board of Directors Meeting

For the purpose of deciding on important matters and supervising business operations, agenda items for, time of, and the frequency of holding the Board of Directors meeting are set in order to facilitate necessary and sufficient discussion. In order to facilitate constructive discussions and the exchange of opinions at the Board of Directors meeting, materials are sent regarding matters to be discussed and matters to be reported at the Board of Directors meeting in consideration of the time required for the attendees to prepare for the Board of Directors meeting. Moreover, the Board of Directors meeting schedule and expected agenda items are prepared in advance.

(12) Assembly for Outside Directors Only

We hold an "Executive Session," which is held after the conclusion of every Board of Directors meeting and an "Opinion Exchange Meeting for Outside Directors," which is held four times a year (once per quarter). These are meetings in which only outside directors can participate. At each meeting, the outside directors aim to share their recognition while extracting management issues and providing feedback on the details to the executive officers.

(13) Evaluation of the Board of Directors Meeting

Every year, the effectiveness of the Board of Directors is analyzed and evaluated including a third party's perspectives, and we aim to improve the effectiveness of the Board of Directors by extracting the issues and aiming for improvements, as necessary. Most importantly, we aim to improve our sustainable growth and medium- to long-term corporate value. An overview of the evaluation result is released.

(14) Information Acquisition and Support System

- 1) We endeavor to actively provide the directors with information helpful for effectively fulfilling their roles and duties.
- 2) The outside directors of Olympus may, whenever deemed necessary or appropriate, request an explanation or report from internal directors, executive officers or

employees, or request the submission of internal materials.

- 3) We are working to stimulate discussions at the Board of Directors, providing outside directors with explanation of agendas in advance and setting opportunities for debate about corporate strategy, as necessary.
- 4) So that the Nominating Committee, Compensation Committee, Audit Committee and any other committees can execute their duties appropriately, we shall set up an office for each committee. The offices shall be staffed with suitable personnel, etc.

(15) Training for Directors

The directors endeavor to improve themselves including by acquiring and updating, etc. their knowledge in order to fulfill their roles and duties. We provide newly-appointed outside directors with various programs for acquiring knowledge concerning Olympus, including tours to our business office and factory, as well as study groups on our business, etc.

6. Interaction with Shareholders

For the purpose of our continuous development and improvement of mid- to long-term corporate value, the Board of Directors has stipulated and announced the Policy for Improving the System and Initiatives for Promoting Constructive Interactions with Shareholders.

Policy for Improving the System and Initiatives for Promoting Constructive Interactions with Shareholders

1) Basic policy

For the purpose of our continuous development and improvement of mid- to long-term corporate value, we, centering on the CEO and the CFO, actively conduct constructive interactions with shareholders. The IR function assists such initiatives through internal information exchange and improving the system for providing shareholders' opinions as feedback, etc. to the upper management team.

2) Policy for Interactions by the CEO and CFO

The President and the financial officer play a central role in conducting overall interactions with shareholders toward the realization of constructive interactions. Specifically, the CEO and the CFO will proactively establish opportunities for direct interactions with shareholders by conducting the following in addition to individual interviews with shareholders: briefing sessions for every quarterly settlement, small meetings, telephone conferences with overseas investors, domestic and international road shows on a regular basis, and participation in conferences held by securities firms, etc.

3) Policy for IR Activities by the IR Function

By putting the IR function in charge of IR activities, we actively implement IR activities toward solid interactions with shareholders. Specifically, in addition to conducting individual interviews at any time as requested by shareholders, we will regularly implement IR events, such as briefing sessions for individual investors and facility tours. Moreover, we will actively provide information to shareholders through the website, integrated reports, business reports for shareholders and the

Convocation of the General Meeting of Shareholders, etc.

4) Policy for internal information exchange

The IR function, as needed, exchanges information with the Corporate Strategy and Planning, Internal Control, the Treasury, the Accounting, and the Legal Affairs functions etc. on a daily basis, and establishes a project team if necessary, in order to build a coordinated collaboration system. Moreover, the IR function reports shareholders' opinions and concerns obtained from interactions with shareholders centering on institutional investors at the Group Executive Committee as well as the Board of Directors meeting, if necessary. Thereafter, the contents of such opinions and concerns will be discussed.

5) Policy for Insider Information Management when Interacting with Shareholders

In accordance with the "Regulations for Insider Trading Prevention," insider information is strictly managed. When interacting with shareholders, the IR function issues a reminder to the person in charge of the interaction, thereby preventing the divulgence of insider information.

7. Revision and Abolition of this Policy

Revision and abolition of this Policy shall be subject to a resolution of the Board of Directors.

Established June 26, 2015

Revised June 28, 2016

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