

# Corporate Governance

## Basic Stance toward Corporate Governance

The Olympus Group strives to realize better health and happiness for people by being an integral member of society, sharing common values, and proposing new values through its business activities. We call this aim “Social IN” and have made it the underlying principle for all of our activities. The “Social IN” corporate philosophy inspires us to work for our shareholders and other stakeholders in order to realize ongoing corporate growth and medium-to-long-term improvements in corporate value.

Since the institution of the new management team in 2012, Olympus has been continually strengthening its corporate governance system, positioning this task as a top

management priority. In addition, we endorse the goals of Japan’s Corporate Governance Code, which was formulated in March 2015, and we comply with and have implemented measures based on all of the principles of the code. Through such efforts, we seek to ensure effective corporate governance based on our fiduciary duty to shareholders; our responsibilities toward customers, employees, communities, and other stakeholders; and the aforementioned corporate philosophy.

 [Response to the Corporate Governance Code:  
http://www.olympus-global.com/en/ir/governance/policy/index.jsp](http://www.olympus-global.com/en/ir/governance/policy/index.jsp)

## Corporate Governance Structure

### Basic Corporate Governance Policies

In order to enhance the oversight functions of the Board of Directors, which is membered by a majority of highly independent outside directors, Olympus fills the position of chairman of the Board of Directors with a director that does not have business execution responsibilities in order to establish a clear divide between business execution and oversight functions. In addition, the Nominating Committee and the Compensation Committee, both of which were established voluntarily by the Company, consist of a majority of highly independent outside directors and are also chaired by such directors.

When selecting directors, the Company considers the diversity of experience, knowledge, and skills of the Board of Directors as a whole. We also secure sufficient time for meetings of the Board of Directors to ensure that all directors are able to fulfill their duties and responsibilities.

### Overview of the Corporate Governance Structure

The Board of Directors consists of 11 members, a majority of whom are outside directors. In principle, the Board of Directors meets once per month and approves important management proposals made by the president, the highest authority for executive management, while exercising appropriate oversight of business execution. The term of directors is set at one year to allow their performance to be evaluated on a yearly basis and to clarify responsibility for this performance. Olympus expects the six outside directors to apply their specialized expertise in management by engaging in decision making and oversight of the Board of Directors from an independent perspective.

Furthermore, the Board of Directors requests reports on matters that are decided by the Executive Management Committee or by the president. In this manner, the Company is strengthening governance from the perspectives of sharing information and monitoring, thereby creating systems for better ensuring the soundness of management. Olympus employs an executive offi-

cer system, which segregates the decision-making function and supervisory function of the Board of Directors from the business execution function of the executive officers. In addition, the Company has set a maximum tenure period for the president and a maximum age for directors and executive officers. These restraints are in place to prevent inappropriate activities from occurring due to extended tenures of corporate officers. The Executive Management Committee, in principle, convenes three times a month in order to aid the president in making important management decisions through discussion of these matters. This committee consists of members that include the president and heads of functional organizations. Also, audit & supervisory board members attend meetings of this committee as observers, thereby further reinforcing the oversight function for business execution divisions.

### Voluntarily Established Committees

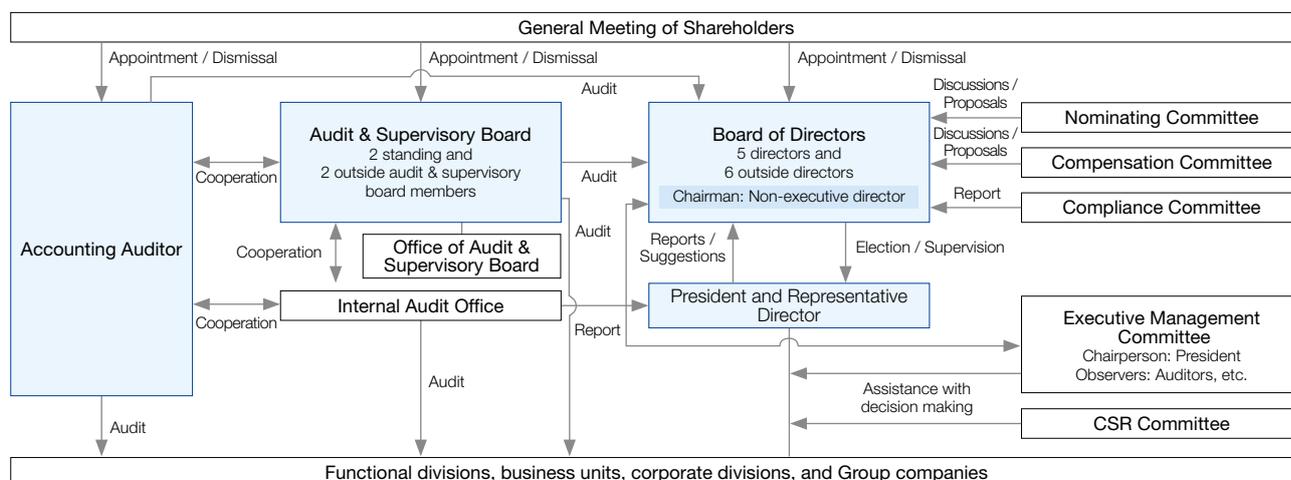
Olympus has adopted the Company with Board of Company Auditors system for its governance system but has also incorporated aspects of the Company with Nominating Committee, etc., system by actively pursuing voluntary improvements in governance functions through the establishment of its Nominating Committee and Compensation Committee. Furthermore, the Compliance Committee, which is chaired by an outside director, was established as a body to oversee and improve the compliance system.

### Overview of the Corporate Governance Structure

(As of June 28, 2016)

Format	Board of Company Auditors system
Adoption of executive officer system	Yes
Directors	11
Of whom, outside directors	6
Term of directors	1 year
Audit & supervisory board members	4
Of whom, outside audit & supervisory board members	2
Independent officers	8
Participation of outside directors in determination of remuneration	Yes
Board of Directors convened	23 times
Results-linked remuneration	Yes

## Corporate Governance Structure



## Composition of Committees

Name	Position	Nominating Committee (3)	Compensation Committee*1 (3)	Compliance Committee*2 (5)
Hiroyuki Sasa	President	○	○	
Shiro Hiruta	Outside director (Chairman)	○ (Chairperson)		
Sumitaka Fujita	Outside director		○	
Keiko Unotoro	Outside director			○
Takayuki Katayama	Outside director		○	
Susumu Kaminaga	Outside director			○ (Chairperson)
Michijiro Kikawa	Outside director	○		

\*1 Election of chairman through mutual voting at the first meeting of the Compensation Committee.

\*2 In addition to the two members described above, the members of the Compliance Committee also include the Chief Compliance Officer and external members.

## Outside Directors and Audit & Supervisory Board Members

Olympus has strengthened the corporate governance structure by appointing 6 outside directors, representing more than half of its 11 directors, and utilizing their objective standpoint, wealth of experience, and extensive knowledge of management. Furthermore, Olympus has increased the objectivity and fairness of management oversight by appointing 2 outside audit & supervisory board members out of the 4 audit & supervisory board members.

Outside directors and audit & supervisory board members receive reports from the Group's Internal Audit Office about

internal audits at Board of Directors' meetings. Outside audit & supervisory board members also receive reports from both the Internal Audit Office and the accounting auditor at Audit & Supervisory Board meetings. In addition, outside audit & supervisory board members meet with staff from the Internal Audit Office and the accounting auditor to share opinions and otherwise coordinate their efforts. Furthermore, all 6 outside directors are independent directors and both outside audit & supervisory board members are independent officers.

Outside directors	Reason for appointment	Attendance at meetings of the Board of Directors (Met 23 times in FY2016)	
Shiro Hiruta*	Mr. Hiruta was appointed so that his extensive experience and diverse knowledge as a business manager at Asahi Kasei Corporation may be applied to the Company's management.	23/23	
Sumitaka Fujita*	Mr. Fujita was appointed so that his extensive experience and diverse knowledge as a business manager at ITOCHU Corporation may be applied to the Company's management.	23/23	
Keiko Unotoro*	Ms. Unotoro was appointed so that her extensive experience and diverse knowledge acquired from working at the Japan Fair Trade Commission may be applied to the Company's management.	23/23	
Takayuki Katayama*	Mr. Katayama was appointed so that his extensive experience and diverse knowledge as a business manager at Teijin Limited may be applied to the Company's management.		Appointed from FY2017
Susumu Kaminaga*	Mr. Kaminaga was appointed so that his extensive experience and diverse knowledge as a business manager at Sumitomo Precision Products Co., Ltd. may be applied to the Company's management.		Appointed from FY2017
Michijiro Kikawa*	Mr. Kikawa was appointed so that his extensive experience and diverse knowledge as a business manager at Hitachi Construction Machinery Co., Ltd. may be applied to the Company's management.		Appointed from FY2017
Outside audit & supervisory board members	Reason for appointment	Attendance at meetings of the Board of Directors (Met 23 times in FY2016)	Audit & Supervisory Board (Met 30 times in FY2016)
Katsuya Natori*	Mr. Natori was appointed so that his extensive experience and diverse knowledge as a business manager at Sun Microsystems, Inc., Fast Retailing Co., Ltd., and IBM Japan, Ltd., as well as his diverse knowledge as an attorney may be applied to the Company's management.	22/23	29/30
Atsushi Iwasaki*	Mr. Iwasaki was appointed so that his extensive experience and diverse knowledge as a certified public accountant may be applied to the Company's management.		Appointed from FY2017

\* Independent officers

### Evaluation Results regarding the Effectiveness of the Board of Directors

To increase the effectiveness of the Board of Directors and improve corporate value, the Company institutes annual analyses and evaluations of the overall effectiveness of the Board of Directors. Third-party perspectives are employed as part of

this process. The results of these analyses and evaluations are disclosed.



### Method of Evaluation

In cooperation with an external consulting firm, the Company prepared a questionnaire on the effectiveness of its Board of Directors and individual committees (Nominating Committee, Compensation Committee, and Compliance Committee) and their relationships with investors and shareholders. This questionnaire was distributed to each director and audit &

supervisory board member, and the Company received answers from all of the respondents. With these replies from the directors and audit & supervisory board members as well as feedback from the external consulting firm, the Company did an analysis and evaluation regarding the effectiveness of its Board of Directors.

### Results of Analysis and Evaluation in Fiscal 2016

Items	Analysis and evaluation	Change in evaluation from previous year*
1. Fulfillment of the functions of the Board of Directors	This is a new item that we added for this year and beyond to evaluate the fulfillment of the primary functions of the Board of Directors, i.e., objective supervision over decisions made on the direction of business strategies and significant issues as well as over the execution of such decisions. The evaluation found that the Board of Directors fully fulfills these functions, indicating that its effectiveness is secured.	(Newly added item)
2. Composition and actual operation of the Board of Directors	The evaluation found that the Board of Directors is appropriate in size and composition and holds open and active discussions. Accordingly, the result is better than the result last year. Moreover, since we have made efforts to have more in-depth discussions on medium- and long-term managerial issues, in the evaluation the items of discussion on a few of those issues were found to have improved. Meanwhile, we received some opinions, such as "it would be more appropriate if outside directors made up a majority of the Board of Directors" and "it is necessary to narrow down the items on the agenda submitted to Board of Directors' meetings." Please note that in terms of the composition of the Board of Directors, outside directors now make up a majority of the Board of Directors after the election of directors at the general meeting of shareholders for the 148th term held on June 28, 2016.	Improved evaluation
3. Important committees	The Nominating Committee, the Compensation Committee, and the Compliance Committee were highly evaluated in general. The evaluation found that they are operated properly.	Maintained high evaluation from previous year
4. Support system for outside directors	As in the previous fiscal year, this item was evaluated highly. The evaluation found that the training / education and information are adequately provided to outside directors in terms of how much they need for discussions.	Maintained high evaluation from previous year
5. Expectations for the roles of corporate auditors	As in the previous fiscal year, this item was evaluated highly. The evaluation found that the existence of corporate auditors contributes to the securement of the Board of Directors' effectiveness.	Maintained high evaluation from previous year
6. Relationships with investors / shareholders	The Company's long-term competitiveness is being communicated to the capital market (investors / shareholders, etc.), and we have established a system to ensure that the Board of Directors will periodically receive feedback from investors and shareholders regarding their evaluations of the Company in a structured manner and in their entirety. As a result, the evaluation found that the Board of Directors receives feedback from the capital market and this item was evaluated more highly than in the previous fiscal year.	Improved evaluation

\* For details on the analysis and evaluation conducted in fiscal 2015, please refer to page 53 of *Annual Report 2015*.

### Improvements in Issues Recognized in Fiscal 2015

Issues	Analysis and evaluation from fiscal 2015	Status of improvement
More complete discussions on medium- and long-term managerial issues at board meetings	The Board of Directors of the Company acknowledged that its discussions had a relative tendency to focus on time-critical significant issues, such as dealing with risks, improving the corporate governance structure, and responding to compliance issues.	The Board of Directors endeavored to increase discussion of important matters based on the medium-to-long-term outlook for business competition and market trends. As a result, it was judged that sufficient discussion was conducted during fiscal 2016 with regard to a variety of issues, including the medium-to-long-term outlook for competition and market trends, medium-to-long-term management policies and strategies, and the establishment of medium-to-long-term goals and the confirmation of progress.
Enhanced feedback to the board on evaluations of the Company by the capital market	The Board of Directors of the Company acknowledged that, in its relationships with shareholders and other investors, it had made efforts to communicate the Company's long-term competitive advantage and status of improvement in the corporate governance structure, and that there had been a lack of systematic and organized feedback to the Board of Directors in terms of evaluations by shareholders and other investors of the Company.	A framework for providing systematic, organized, and regular feedback to the Board of Directors in terms of evaluations by shareholders and other investors of the Company was established. As a result, it was judged that the Board of Directors was provided with sufficient information during fiscal 2016.

## Strengthening of Audit and Supervisory Functions

Olympus has adopted the Company with Board of Company Auditors system. To guarantee the strength of supervisory functions, two of the four audit & supervisory board members are outside audit & supervisory board members. Olympus has established the Office of Audit & Supervisory Board to support audit & supervisory board members and assigned full-time employees to assist with their work. In principle, the Audit & Supervisory Board, like the Board of Directors, meets once per month.

In accordance with the Rules of the Audit & Supervisory Board and the Audit & Supervisory Board Members' Audit

Standard, the audit & supervisory board members attend important meetings, including Board of Directors' meetings, and periodically exchange opinions with directors and executive officers. In principle, they exchange opinions with the representative director four times per year. Furthermore, the accounting auditor periodically provides explanations about annual audit plans, matters regarding quarterly financial statements, and year-end audit reports. Forums for exchanges of opinions are also held as necessary.

## Corporate Officer Compensation

Our basic policy for corporate officer compensation is to provide compensation that is appropriate based on the duties of officers and that instills in them a strong commitment to maximizing corporate value so that the Company may live up to shareholder expectations. Based on this policy, we place

emphasis on setting an appropriate ratio between compensation linked to short-term performance and compensation linked to medium-to-long-term performance. Actual compensation levels are decided based on the opinion statements and advice of the Compensation Committee.

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)				Number of directors / audit & supervisory board members
		Base	Bonuses	Stock options	Retirement benefits	
Directors (excluding outside directors)	368	249	67	53	—	7
Audit & supervisory board members (excluding outside audit & supervisory board members)	56	56	—	—	—	2
Outside officers	96	96	—	—	—	10

### Policies for Determining Corporate Officer Compensation and Calculation Method

Compensation for directors, excluding outside directors, comprises monthly salaries, bonuses, and stock options. Monthly salaries are set according to the base compensation for each position and such factors as the degree of contribution to the Company by each individual director. The total amount of bonuses is decided based on the Company's consolidated operating income and net income in the applicable fiscal year. The stock option system allocates share warrants that are separate from monthly salaries and bonuses for the purpose of incentivizing and motivating directors to work toward the Company's medium-to-long-term performance improvement and corporate value enhancement. Outside directors only receive monthly salaries and are not eligible for bonuses or stock options. Audit & supervisory board members only receive monthly salaries, which are determined through discussion among audit & supervisory board members, and are not eligible for bonuses or stock options.

### Calculation Method for Income-Linked Bonuses

The following formulas will be used for calculating the compensation to be paid to directors in fiscal 2017.

#### 1 Total value of remuneration

$$\begin{aligned} \text{Total value of remuneration} = & \\ & ((\text{Consolidated operating income in fiscal 2017} - \text{¥30.0} \\ & \text{billion}) \times 0.069\% + (\text{Consolidated net income in fiscal 2017} \\ & - \text{¥10.0 billion}) \times 0.0418\%) \times (\text{Total sum of "officer points"} \\ & \text{for all applicable directors} \div 92) \\ & (\text{rounded to the nearest ¥10,000}) \end{aligned}$$

#### 2 Individual compensation

$$\begin{aligned} \text{Individual compensation} = & \\ & \text{Total value of remuneration} \div \text{Total sum of "officer points"} \text{ for} \\ & \text{all applicable directors} \times \text{"Officer points"} \text{ of individual director} \\ & (\text{rounded to the nearest ¥10,000}) \end{aligned}$$

### Officer Points

Chairman	President and Representative Director	Director, Vice President	Director, Senior Executive Managing Officer	Director, Executive Managing Officer	Director, Managing Officer
24	28	20	16	12	9

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## Internal Controls

Framework to ensure the compliance by directors and employees of the Company and its subsidiaries, in the performance of duties, to applicable laws and regulations as well as the Articles of Incorporation:

■ **Compliance Committee**

The Company shall establish the Compliance Committee chaired by an outside director as a body to oversee and improve the compliance system.

■ **CSR Committee**

Olympus shall set up the CSR Committee with the president responsible for CSR and chaired by the officer in charge of CSR, and regularly hold meetings to plan CSR activities for the Olympus Group and set objectives for and evaluate these activities.

■ **Internal Audit Office**

Olympus shall establish the Internal Audit Office to directly report to the president. The Internal Audit Office shall, pursuant to the provisions of the Internal Audit Regulations, conduct internal audits of the Company and its domestic subsidiaries with respect to compliance with laws and regulations, the Articles of Incorporation, internal rules and regulations, the appropriateness of business execution procedures and details, and other matters.

Rules relating to the risk management of the Company and its subsidiaries in the event of loss and other circumstances:

- 1 The Company shall manage its business risks of the Olympus Group based on thorough discussions held at meetings of the Board of Directors and the Executive Management Committee, among other meetings, and appropriate internal approval procedures.
- 2 The Company shall manage risks, such as those relating to quality, product safety, export control, information security, occupational health and safety, the environment, and disasters, by defining responsible divisions, establishing internal corporate regulations and standards, working for preventive risk management as the Olympus Group, and implementing related education and training.
- 3 The CSR Committee shall report and deliberate on plans and

measures in relation to risk management and make efforts to establish and maintain a risk management system at the Olympus Group. Moreover, pursuant to the internal Rules on Risk Management and Crisis Response, each department in charge in the Company and the subsidiaries shall be aware of risks and take preventative measures, and the Company has a framework that enables prompt actions in the event of an emergency. In the event of an earthquake, fire, other natural disaster, accident, corporate ethics violation, or occurrence of another high-risk incident, the department in charge shall make immediate reports to the president, other members of the Executive Management Committee, and relevant people. Response measures will then be decided by the president.

Framework to ensure the effective performance of duties by directors of the Company and its subsidiaries:

- 1 The Board of Directors shall approve medium- and long-term corporate strategic plans in which the business objectives of the Olympus Group are set forth, and action plans for these, which are called annual business plans. In addition, the Board of Directors shall receive a monthly report on business performance in order to evaluate the status of the Company's annual business plan.
- 2 The Board of Directors shall determine the separation of duties among the president and other operating directors and approve the separation of duties of executive officers. In addition, the Board of Directors shall receive reports on their duties as performed.
- 3 Based on internal corporate regulations including the internal rules on approval procedures and organizational matters, the Board of Directors shall approve the management organization and the separation of duties, as well as the responsibility and authority of each representative director, other operating director, and executive officer, and receive reports from major management organizations on their duties as performed.
- 4 To ensure efficient execution of duties by directors of the subsidiaries, the Company has established Group Finance Control Rules and introduced a cash management system for Japan, America, Europe, and Asia.

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## Establishment of the Internal Control Department to Strengthen Internal Controls

In April 2016, the Company established the Internal Control Department. Tasked with strengthening internal controls, this department consolidates existing risk management and information security control functions with new regulatory control functions. Through these regulatory control functions, the implementation of internal rules is promoted in accordance with the new rules system established to match the current management structure and reinforce internal controls. As for

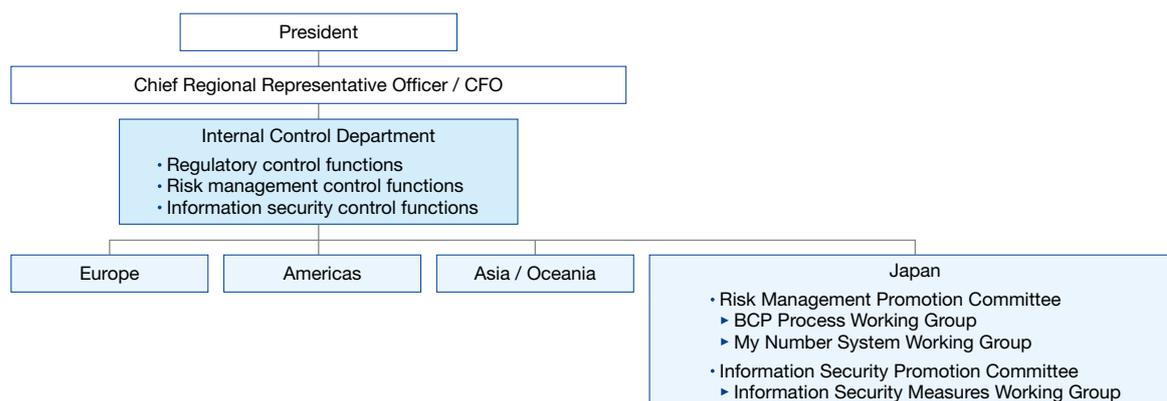
risk management functions, we are reinforcing and advancing the preventive risk management and crisis management initiatives that we implement on an ongoing basis. In addition, we are addressing the Social Security and Tax Number System ("My Number" system) instituted in Japan in 2010 through the My Number System Working Group, which was established to advance a uniform, Groupwide response. Meanwhile, the BCP Process Working Group was created to

strengthen countermeasures for the recently rising risk of large-scale earthquakes. In this manner, we strive to ensure preparedness for various events.

Information security control functions have been crafted with the concept of guaranteeing the protection of confidential, personal, and other important information to prevent the occurrence of serious incidents. Based on this concept, we

take steps to safeguard against external attacks, including virus-carrying emails and cyberattacks on our networks, implement measures for securing IT equipment, and educate employees on the safe use of social media. In Japan, basic countermeasures and activities are advanced through committees. Overseas, similar initiatives are implemented in line with our basic rules while sharing information among regions.

### Internal Control Framework



### Basic Policies for Information Disclosure

In addition to conducting appropriate disclosure as mandated by laws and regulations, the Company also strives to transmit information in various forms on its own accord in order to ensure the transparency and impartiality of decision making and realize effective governance. These forms include Olympus' corporate website, annual reports, and shareholder newsletters as well as voluntarily released timely disclosure documents. In issuing these communications, directors take care to ensure that all information disclosed is not only easy to understand but also valuable to the target recipients. Furthermore, as a large portion of the Company's shareholders are not Japanese, we provide English-language versions of the majority of these information disclosures.

chief financial officer (CFO) play a central role in our proactive efforts to communicate with shareholders. Investor relations divisions support these efforts and create systems for sharing information within the Company and relaying input from shareholders to management.

### Communication with Stakeholders

Seeking to facilitate sustainable growth and medium-to-long-term improvements in corporate value, the president and the

Furthermore, to protect the rights of shareholders, convocation notices for the general meeting of shareholders are sent at the earliest date possible and are made to include a comprehensive range of information. In addition, English-language versions of convocation notices are uploaded onto the Company's corporate website, and we take other steps to guarantee that such information is provided fairly to all shareholders, including those overseas, and thereby ensure that shareholders have ample information and sufficient time to properly exercise their voting rights.

### Investor Relations (IR) Activities

The following investor relations activities were conducted in fiscal 2016.

Activity	Times conducted	Details
Conferences on results for institutional investors and analysts	4	Meetings held quarterly to explain topics from the period, focused on financial performance and forecasts
IR DAY	1	Explanatory forum on 16CSP with presentations by the president, the CFO, and heads of businesses
Facility tours and study sessions	3	Tours and study sessions of plants, repair centers, training centers, and other facilities
Conference calls for overseas institutional investors	4	Teleconferences with overseas institutional investors held on the day of financial results presentations for each quarter
Overseas IR roadshows	3	Meetings for institutional investors in which the president and the CFO visit overseas sites
Conferences held by securities companies (including overseas conferences)	11	Participation in and meetings at conferences held by securities companies in Japan and overseas
Meetings for individual investors	17	Meetings held at branch offices of securities companies
Individual meetings with institutional investors and analysts	715	Individual meetings held with the president, the CFO, and/or investor relations division representatives (including meetings conducted at overseas IR roadshows and conferences)

# Compliance

## Promotion of Compliance

The Olympus Group strives to foster an environment within the organization in which no concern pertaining to compliance will be ignored, under any circumstances. At the same time, it maintains an understanding of the status of compliance systems and works to strengthen these systems. Realizing the immense responsibilities of the Company's Medical Business

due to its provision of items related directly to people's life, Olympus is committed to maintaining impeccable levels of product safety and quality. The Company has also established its own internal rules to ensure compliance with the various regulations in place in countries worldwide, and it is promoting awareness and conducting training with regard to these rules.

## Compliance Promotion Structure

Olympus has appointed a chief compliance officer (CCO) whose task is to clarify compliance-related responsibilities. We have also established the Compliance Committee, chaired by an outside director and consisting of the CCO and independent members, to advise the Board of Directors. The Compliance Committee works to strengthen compliance

initiatives through its meetings, which are normally held every quarter. Olympus holds quarterly meetings of Global Compliance Committees for compliance officers from each regional headquarters worldwide. The purpose of these committees is to implement compliance-related policies and measures, identify issues, and enforce countermeasures as required, both globally and regionally.

## Compliance Promotion System

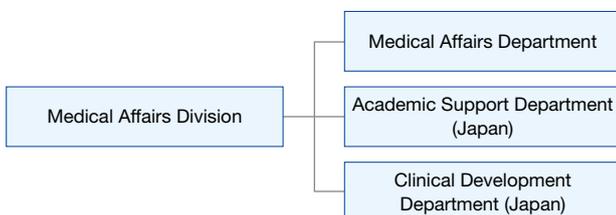


## Establishment of the Medical Affairs Division to Pursue Higher Levels of Compliance

The requirements for compliance in the medical equipment industry are becoming increasingly more rigorous across the globe. Accordingly, companies are now expected to go beyond simply avoiding inappropriate activity to installing systems that actively prevent such activity. Meanwhile, the lack of innovative medical advances is creating an environment in which even more emphasis is being placed on proving the medical value of products through an evidence-based medicine approach utilizing customer data. Furthermore, rising pressure to limit healthcare expenses is making it more important than ever for companies to solicit the economic benefits for the medical field of their products.

In consideration of these changes in the operating environment, Olympus established the Medical Affairs Division in November 2015. This division is tasked with drafting and promoting strategies to ensure the appropriateness of activities to create and provide value in relation to our medical equipment products and services. While we already have medical affairs functions in place in North America, we realize that these functions are necessary on a global scale. For this reason, we are setting up new organizations in other regions and deploying initiatives to further strengthen compliance systems and for value creation functions.

## Overview of Medical Affairs Organizations in Japan Head Office



- Compliance functions: MA intelligence / Global governance
- Global oversight for value creation functions: Headquarters
- Overall operation of Medical Affairs Division
- Value creation functions: Academic support (academic organization events, etc.) / Medical training / Regional MA duties
- Value creation functions: Clinical development support (clinical trials, studies) / Analysis of economic benefits for medical field / Reimbursement application support

## Message from the Chief Compliance Officer



Caroline West joined Olympus in January 2016 as the Chief Compliance Officer (CCO) for Olympus Corporation of the Americas (OCA) and in April 2016 was appointed to the role of Global CCO for Olympus Corporation. She was initially drawn to Olympus for the positive impact made by its breadth of innovative technologies and offerings and, soon thereafter, became equally impressed by its pursuit of unsurpassed integrity in all of its business activities.

### Caroline West

Chief Compliance Officer (CCO)



#### Could you please explain your background and your role at Olympus?

I began my career as an attorney in Pennsylvania, and have spent the last 19 years building and leading compliance programs in the pharmaceutical/biotech industries—starting at Rhone-Poulenc Rorer/Aventis, then Shire. Upon starting with OCA in January, I was responsible for overseeing the organization's compliance framework and leading a strong compliance department; a role that I continue to hold today.

In April, I also assumed the role of Global CCO. In this position, I will manage a staff in Tokyo as well as regional compliance departments to continue to enhance the Company's global compliance programs and practices. I am honored to accept this opportunity, which legitimizes Olympus' initiatives for globalization and optimization and reinforces the Company's evolving diversity.



#### What are your thoughts regarding the current state of compliance at Olympus and what issues remain to be addressed?

Since the challenges of the financial events of 2011 as well as the events from that same time frame that resulted in the recent settlements with the United States Government, Olympus has made a deep commitment to compliance and, under the prior leadership of the former CCO, has built an impressive foundation that will serve Olympus well as we move forward.

Looking ahead, we will focus efforts on regaining and

nurturing the trust that our stakeholders have in Olympus. We need to assure that our corporate culture encourages and preserves unsurpassed integrity, where we always do the right thing, the right way. Olympus is expected to adhere to exceptionally high standards for corporate governance and compliance in all of its business processes, and I believe that we are prepared to meet those standards.



#### What are your medium-to-long-term vision and goals for Olympus?

In the global environment in which we do business, compliance challenges in one region can have swift and negative effects in others. It is also true that different regions have different challenges, different laws, different cultures, and different levels of compliance risk.

My first goal is to assure that there are consistent standards of compliance across Olympus, while still preserving and respecting any cultural differences. I look forward to working with the regional compliance teams to iron out those standards, gain efficiencies where needed, and continue to instill the message of

unsurpassed integrity. My second goal is to have the Compliance function be a partner to the business. We need compliance to be a part of our everyday activities, owned and an integral part of what we do at Olympus. In turn, the Company's Compliance Department will continue to provide relevant training to increase awareness, and provide any support and guidance needed to walk through certain situations. A strong partnership with the business will enable working together to solve problems before they happen, rather than after they happen. That is truly the aim of compliance.