

## ► Letters from the President and the Chairman



Hiroyuki Sasa

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President and Representative Director

### Reinforcing Foundations Now to Achieve Sustainable Growth and Increased Earnings Capacity in the Future

Five years have passed since I became president, during which regaining trust and improving shareholder value have been my top priorities. Over this period, I bore witness to yearly improvements in our financial health, which had been in a state of crisis after the scandals, and saw our mainstay Medical Business achieve ongoing growth. It was two years ago when we implemented the matrix style operational structure. This structure gave rise to a greater amount of discussion that exceeds the boundaries of businesses and regions and has also begun enabling best practices in one business to be applied to others on a global basis.

There are still several areas where Olympus will need to improve in order to become a truly global company, including organizational operations, efficiency, and productivity. Our investors also expect us to issue returns that are suited to a global medical device manufacturer. As we look to ensure Olympus can continue to grow and develop passed the upcoming 100th anniversary of its founding, there is a need for us to solidify our current foundations and ensure that our corporate constitution is such that we will be able to win out against the competition. We therefore plan to make the investments necessary for reinforcing our foundations now, while we still have the financial leeway. We are also focused on establishing and implementing compliance frameworks that are suited to a truly global company and on ensuring high levels of transparency. Practicing good legal compliance and adhering to high ethical standards, we will aspire to help resolve social issues through our businesses and contribute to society by making people's lives healthier, safer, and more fulfilling around the world so that Olympus can always be an asset to society. Our task is clear. Uniting the entire Company under the mantra of One Olympus, we must exercise speed and perseverance, committing to our goals as we tackle the challenges that lie ahead. I will stand at the forefront as I lead Olympus, always firmly committed to living up to your expectations. I hope you will look forward to the future of Olympus with great anticipation.



*Shiro Hiruta*

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Outside Director

(Chairman of the Board)

## **Constructing Global-Level Corporate Governance Structure and Ensuring Effectiveness**

In 2012, Olympus was reborn with a new management team and a Board of Directors comprising a majority of outside directors, also designated as independent directors, under the Company with Board of Company Auditors system. Positioned below the Board of Directors, the Company has three voluntarily established committees: the Nominating Committee, the Compensation Committee, and the Compliance Committee. At the time, the greatest challenge faced from a governance perspective was to create a structure that would enable the Company to recover from the state of crisis in which it was placed after the scandals, and this included having the Security on Alert Designation placed on the Company's stock removed. We were next tasked with advancing the selection and concentration of Olympus' businesses in pursuit of new growth, providing the additional challenge of ensuring the adequacy of the Company's medium-term management plan and the appropriateness of the systems for implementing this plan.

Looking at the regions in which Olympus does business, we will see that approximately 80% of sales currently come from outside of Japan. As such, achieving further growth will require management decisions based on a global perspective along with a corporate governance structure capable of overseeing these decisions. It will not be enough for Olympus to be a global company in form only. Rather, it must become a truly global company by establishing a uniform and global set of values representing the unyielding essence of Olympus and spreading it to and anchoring it in all corners of the organization. The Board of Directors, which will be responsible for governing this more global Olympus, will be required to fulfill its role on an increasingly global basis going forward, in terms of both structure and function. In order to enhance management and oversight, we will need to establish systems for maintaining an accurate understanding of global trends, including those related to environmental, social, and governance (ESG) concerns as well as those pertaining to politics, economies, cultures, religions, and values. This understanding should be utilized to tailor Olympus' businesses to each region of operation based on the values seen therein. To support these efforts, we will seek to clarify the authority and responsibilities for carrying out these activities while operating a flexible and diverse Board of Directors that is compatible with this structure. I am dedicated to playing my part in overcoming these challenges while engaging in active discussion on the matter at meetings of the Board of Directors.