

Truly Global Management and Ongoing Improvement of Corporate Value

Japanese companies have been making strides in reforming their corporate governance systems over the past several years. In such reforms, it is important to go beyond external reforms by implementing reforms to the proceedings of boards of directors for increased effectiveness along with reforms extending to all areas of management aimed at ongoing growth. These reforms should fundamentally be built around changing the mind-set of senior management.

Olympus embarked on its own corporate governance reforms after a series of scandals came to light in 2011. We established voluntary committees*¹ and appointed outside directors who were designated as independent directors, as stipulated by the Tokyo Stock Exchange, to form a majority of their members. At the same time, we proceeded with the selection and concentration of our businesses while simultaneously reinforcing our financial base. These efforts culminated in the launch of 16CSP*² in April 2016, and we have since been advancing growth strategies based on this plan. Throughout the entirety of this process, we continued to operate the Board of Directors in a highly effective manner together with the outside directors, who boast diverse backgrounds, by means of brisk discussions and the activities of our committees.

Approximately 80% of Olympus' revenue currently comes from overseas. As such, we have entered a phase in which we need to pursue management on a truly global basis. This will require swifter operational execution and stronger oversight functions predicated on an even greater separation of oversight and execution and a clearer division between the duties of the Board of Directors and those of the Executive Management Committee. At the same time, the definition of corporate value is evolving to include non-financial value, such as that pertaining to environmental, social, and governance (ESG) issues and the United Nations Sustainability Development Goals, in addition to conventional financial value. In other words, companies are increasingly being expected to contribute to society and help preserve the environment. In May 2018, Olympus defined its new corporate philosophy, which consists of Our Core Values as well as Our Purpose—“making people's lives healthier, safer and more fulfilling.” Guided by this philosophy, we will seek to achieve truly global management and ongoing improvement of corporate value while also operating the Board of Directors in a manner that lends itself to increased effectiveness.

*1 Nominating Committee, Compensation Committee, and Compliance Committee
*2 Olympus' five-year medium-term management plan

Letters from the Chairman and



A handwritten signature in black ink, appearing to read "Hiroyuki Sasa".

Hiroyuki Sasa

President and Representative Director



Sumitaka Fujita

Outside Director
(Chairman of the Board)



the President

Realization of Stronger and Truly Global Company to Continue Growing over the Next 100 Years

Six years have passed since I became the president of Olympus. Over that time, I have led the Company in building the robust financial base needed to win out against global competition, ensuring strong compliance, and meeting the expectations of stakeholders. The maximization of corporate value has been a top priority throughout this entire process. Having escaped the state of crisis we found ourselves in after the scandals surfaced, we have moved beyond the reconstruction stage and are now poised to take management to the growth stage, where we will be steadily working to become a world-leading medical device manufacturer. Meanwhile, the regulatory and approval requirements seen around the world are growing ever-more complicated. To address this trend, we reorganized the Company's legal affairs function to ensure accurate control at a global level. At the same time, we proceeded to redefine Olympus' corporate philosophy over the course of the past year. The operating environment is expected to continue changing at breakneck speed. Navigating this volatile environment will require the ability to swiftly change course founded on a receptiveness toward new ideas that are in tune with the times, unfettered by preconceptions, and on a propensity toward quick decisions and actions. To share this belief with employees and various other stakeholders across the globe, we chose to define Our Purpose and Our Core Values in the new corporate philosophy. Through this year's integrated report, we hope to provide our stakeholders with information that is crucial for expressing how Olympus creates value in order to help them better understand the Company.

Olympus will celebrate the 100th anniversary of its founding in 2019. In light of this momentous occasion, we reexamined the next step to be taken in our growth based on our new corporate philosophy. Our Purpose is "Making people's lives healthier, safer and more fulfilling." I am committed to leading the Company to ensure that we can fulfill this purpose and that we can continuously create value and help resolve social issues through our businesses.