

# Olympus' Corporate Governance

## Transition to a Company with a Three Committees Board Structure

Olympus Corporation (the "Company") adopted a resolution to partial amendments to the articles of incorporation at the General Meeting of Shareholders held on June 25, 2019. The Company transitioned from a company with an Audit & Supervisory Board to a company with a Three Committees Board Structure on the same day.

### Expected Effects of Shifting to a Three Committees Board Structure

#### 1. Acceleration of Management Decision Making and Business Execution Functions

Functions are separated based on the basic principle of "separation of corporate oversight and business execution" in a "company with a three committees board structure." The Board of Directors focus on deciding important matters on core managerial elements and overseeing business management. The Company will seek to accelerate management decision-making and execution by delegating more authority to executive officers concerning matters related to daily business execution.

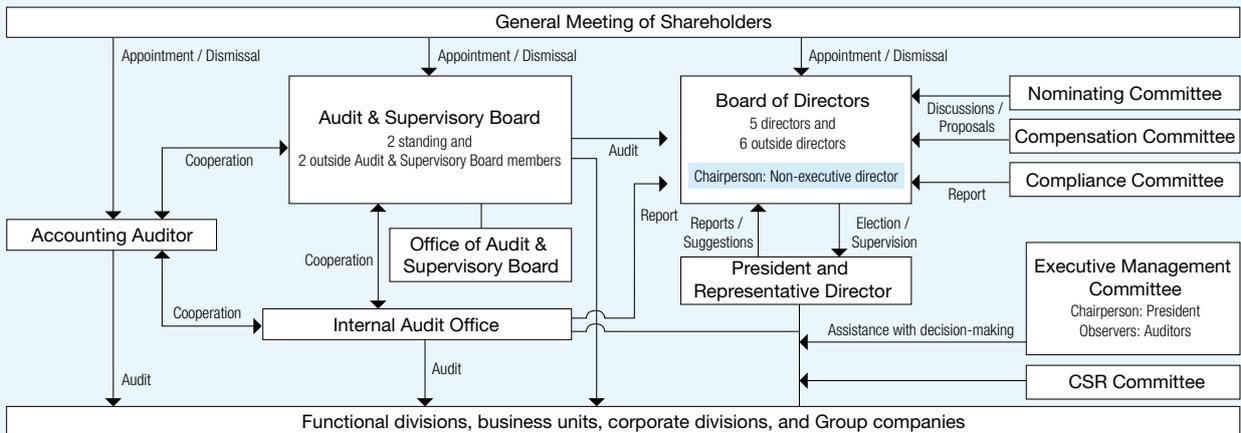
#### 2. Reinforced Supervisory Function in Management

The Company will establish three committees: nominating committee, compensation committee, and audit committee, which consist of a majority of independent outside directors; supervise management through the functions of each committee; and build a more appropriate management supervisory system.

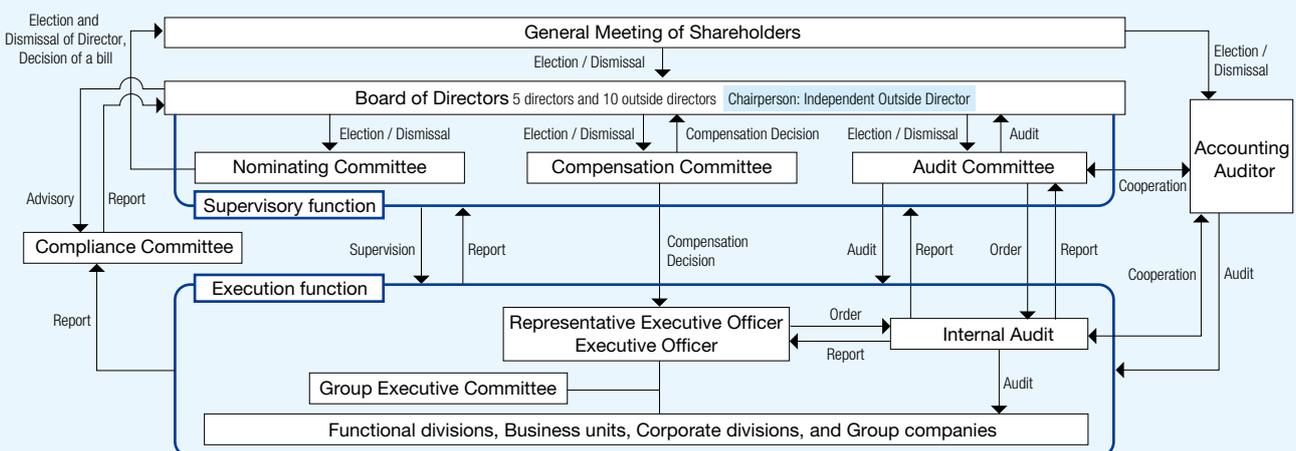
#### 3. Increased Transparency in Management

The nominating committee will consist of a majority of independent outside directors who will decide candidates for directors, while the compensation committee will consist of a majority of independent outside directors who will decide remuneration of directors and executive officers. These committees will improve the transparency of director and executive officer assignment and remuneration decisions. The Company will seek to further increase its management transparency to domestic and foreign stakeholders.

### Corporate Governance Structure (Before Shifting to a Three Committees Board Structure)



### Corporate Governance Structure (After Shifting to a Three Committees Board Structure)



## Olympus' Corporate Governance

### Basic Stance toward Corporate Governance

All our activities are based on our corporate philosophy, "Making people's lives healthier, safer and more fulfilling." In accordance with this philosophy, we will work for our shareholders and other stakeholders in order to realize ongoing corporate growth and medium-to-long-term improvements in corporate value. This philosophy also drives us to establish, implement, and continuously improve systems for ensuring the effectiveness and efficiency of operations and the appropriateness and reliability of financial reports.

The Company is continuously 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 (revised in June 2018), and, in principle, we are complying with and have implemented measures based on the principles of the code. Through such efforts, we seek to ensure effective corporate governance based on our fiduciary duty to shareholders; our responsibilities to customers, employees, communities, and other stakeholders; and the aforementioned corporate philosophy.

 **Corporate Governance Policy:**  
<https://www.olympus-global.com/company/governance/policy.html>

### 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 independent outside directors, the Company fills the position of chairman of the Board of Directors with an independent outside director in order to establish a clear divide between business execution and oversight functions. In addition, the Nominating Committee, Compensation Committee, and Audit Committee consist of a majority of independent outside directors and are also chaired by such directors.

With regard to the composition of the Board of Directors, the Company considers the diversity of experience, knowledge, and skills of the Board of Directors, regardless of nationalities, ethnicities, and genders of its members. 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 15 members, nine of whom are independent outside directors. Term of directors continue for one year. The Board of Directors convenes at least once every three months and when needed to determine basic management policies, matters relating to the internal control system, and other important matters, and monitors the execution of the duties of directors and executive officers, etc. The Board of Directors is chaired by Sumitaka Fujita, an independent outside director.

In the exercise of supervisory functions at the Board of Directors, the 10 outside directors are expected to bring their specialist knowledge to bear on management. The Company proactively provides directors with information to enable the effective execution of their roles and duties. Outside directors of the Company may at all times when needed or when considered appropriate require clarifications and reports or the submission of internal documents from internal directors, executive officers, and employees, so as to strengthen the functions of information transmission and supervision and to

create systems to ensure the soundness of management.

The three committees comprised of the Nominating, Compensation, and Audit Committees, each consisting in the majority of independent outside directors, determine director candidates (Nomination Committee) and the remunerations of directors and executive officers (Compensation Committee), and audit the execution of the duties of directors and executive officers (Audit Committee). In addition, the Company has voluntarily established the Compliance Committee chaired by an independent outside director as a body to supervise and improve the compliance system of the Olympus Group.

The articles of incorporation stipulate that directors of the Company are appointed by a majority vote of the General Meeting of Shareholders with at least one-third of shareholders eligible to exercise voting rights in attendance and that resolutions on appointments are not adopted by cumulative voting.

#### Overview of the Corporate Governance Structure

(As of June 25, 2019)

Directors	15
Of whom, outside directors	10
Of whom, appointed as independent outside directors	9
Term of directors	1 year
Executive officers	5
Adoption of corporate officer system	Yes
Performance-linked remuneration	Yes

#### Overview of Each Board and Committee

Name	Chairperson	Outline
Board of Directors	Independent outside director	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 (at least once every three months and when needed).
Nominating Committee	Independent outside director	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	Independent outside director	The Compensation Committee shall deliberate matters related to compensation of directors and executive officers, 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	Independent outside director	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.
Group Executive Committee	Representative Executive Officer	In the Group Executive Committee, the Representative Executive Officer and executive officers deliberate on critical matters concerning business execution for the entire Olympus Group as entrusted by the Board of Directors, and provide support on the decision making of executive officers so as to prevent decisions being made based solely on the discretion of an executive officer. Each executive officer reports on and shares the status of execution of business and functions under their jurisdiction to ensure the effectiveness of the committee as a body for monitoring the execution of business and functions of the entire Olympus Group. (at least once a month and when needed)
Compliance Committee	Independent outside director	The Compliance Committee examines important matters related to Group compliance and internal control systems as well as compliance-related matters for which the Board of Directors requests advice. The findings are reported to the Board of Directors.

#### Structure of Board of Directors

Position	Name
Directors (5)	Yasuo Takeuchi, Hiroyuki Sasa, Stefan Kaufmann, Nobuyuki Koga, Masashi Shimizu
Outside Directors (10)	Sumitaka Fujita (Chairman), Takayuki Katayama, Susumu Kaminaga, Michijiro Kikawa, Tetsuo Iwamura, Yasumasa Masuda, Katsuya Natori, Atsushi Iwasaki, D. Robert Hale, Jim C. Beasley

#### Composition of Committees

Name	Position	Nominating Committee (5)	Compensation Committee (4)	Audit Committee (5)
Yasuo Takeuchi	Director, Representative Executive Officer, President and CEO	○		
Hiroyuki Sasa	Director			
Stefan Kaufmann	Director, Executive Officer and Chief Administrative Officer			
Nobuyuki Koga	Director			○
Masashi Shimizu	Director			○
Sumitaka Fujita	Independent Outside Director	○(Chairperson)		
Takayuki Katayama	Independent Outside Director		○(Chairperson)	
Susumu Kaminaga	Independent Outside Director		○	
Michijiro Kikawa	Independent Outside Director			○
Tetsuo Iwamura	Independent Outside Director	○		
Yasumasa Masuda	Independent Outside Director	○	○	
Katsuya Natori	Independent Outside Director			○(Chairperson)
Atsushi Iwasaki	Independent Outside Director			○
D. Robert Hale	Outside Director	○		
Jim C. Beasley	Independent Outside Director		○	

#### Composition of the Compliance Committee

Position	Name
Independent Outside Director	Susumu Kaminaga, Tetsuo Iwamura
Outside Committee member, lawyer	Yoichiro Hamabe
Chief Compliance Officer	Caroline West
Group Compliance, Global	Hidenao Tsuchiya

## Olympus' Corporate Governance

### Outside Directors

The Company has strengthened the corporate governance structure by appointing 10 outside directors, representing more than half of its 15 directors, and utilizing their objective

standpoint, wealth of experience, and extensive knowledge of management. 9 of the 10 outside directors are independent officers.

Outside directors	Reason for appointment	Attendance at meetings of the Board of Directors (Met 28 times in FY2019)
Sumitaka Fujita <sup>*1</sup>	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.	28/28
Takayuki Katayama <sup>*1</sup>	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.	27/28
Susumu Kaminaga <sup>*1</sup>	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.	28/28
Michijiro Kikawa <sup>*1</sup>	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.	26/28
Tetsuo Iwamura <sup>*1</sup>	Mr. Iwamura was appointed so that his extensive experience and diverse knowledge as a business manager at Honda Motor Co., Ltd. may be applied to the Company's management.	28/28
Yasumasa Masuda <sup>*1</sup>	Mr. Masuda was appointed so that his extensive experience and diverse knowledge as a business manager at Astellas Pharma Inc. may be applied to the Company's management.	21/21 <sup>*2</sup>
Katsuya Natori <sup>*1</sup>	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.	27/28
Atsushi Iwasaki <sup>*1</sup>	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.	25/28
D. Robert Hale	Mr. Hale was appointed to reflect in the management of the Company the rich experience as partner at ValueAct Capital Management L.P., a shareholder of the Company, as experienced management consultant in multiple industries, as investor in global capital markets, as well as knowledge in the healthcare industry, and experience in supporting the trans-formation of global companies.	Position as of June 2019
Jim C. Beasley <sup>*1</sup>	Mr. Beasley was appointed to reflect on the management of the Company the rich experience and broad knowledge management board member at C.R. Bard Group.	Position as of June 2019

<sup>\*1</sup> Reported as an independent officer based on the rules and regulations of the Tokyo Stock Exchange

<sup>\*2</sup> Number of Board of Directors' meetings held since appointment at the General Meeting of Shareholders for the 150th term on June 26, 2018

### Support Systems for Directors

The Company arranges for, and covers the cost of, external training sessions for directors to acquire basic knowledge necessary for the performance of directors' duties with a view to deepening directors' understanding of their roles and responsibilities.

To support the effective execution of the roles and duties of outside directors, the Company works proactively to provide outside directors with information and distributes documents and gives explanations prior to Board of Directors' meetings.

In addition, the Company provides training for newly inaugurated outside directors, comprising visits to the

Company's major business bases such as business offices and factories, etc., briefing sessions, and business study sessions to promote the acquisition of knowledge concerning the Company.

Outside directors of the Company may at all times when needed or when considered appropriate require clarifications and reports or the submission of internal documents from internal directors, executive officers, and employees, so as to strengthen the functions of information transmission and supervision and to create systems to ensure the soundness of management.

### Process for Appointment of 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.

### Development and Selection of Successors for the President

The Nominating Committee establishes a succession plan for the President and reviews it periodically. As for determining the successor, the Nominating Committee discusses whether the candidates, including outside candidates, have qualifications

that are suitable for the President, and provides opinions and advice to the Board of Directors. Thereafter, the successor is decided by the Board of Directors.

### Independence Criteria

The Company has established its "Criteria for Independence of Outside Officers" as described below in order to clarify its policy on the independence of Outside Officers.

#### (Criteria for Independence of Outside Officers)

- In any of the past 10 fiscal years, the Outside Officer has not directly received more than ¥10 million in remuneration (excluding remuneration from the Company to Officers) or other assets from the Company and the Company's affiliates (hereinafter, collectively the "Group"). If the Outside Officer is a consultant, accounting expert or legal expert, the organization to which he or she belongs has not received more than ¥10 million in remuneration or similar from the Group.
- During the past ten-year period, the Outside Officer has not been an Operating Director, Executive Officer, Corporate Officer or employee of the rank of General Manager or above at a company that falls under the following categories.
  - In any of the past 10 fiscal years, the monetary amount of the relevant company's transactions with the Group has been more than 2% of the consolidated revenue of either the company or the Group

- The relevant company is a principal shareholder of the Company (holding more than 5% of the total number of voting rights of the Company directly or indirectly; the same shall apply hereinafter)
  - The Group is a principal shareholder of the relevant company
  - The relevant company has substantive interests in the Group (as a main bank, consultant, etc.)
  - The Group and the relevant company have a relationship in which they mutually dispatch and appoint directors
- The Outside Officer is not financially dependent on a person who falls under the categories of 1. or 2. above.
  - The Outside Officer is not a spouse of, or a relative within the third degree of kinship of, a Director, Operating Director, Corporate Officer or employee of the rank of General Manager or above at the Group.
  - The Outside Officer does not belong to an auditing firm that conducts statutory audits of the Group.
  - In addition to each of the above items, the Outside Officer does not have any significant interest that casts doubt on his or her independence.

 Corporate Governance Report:  
<https://www.olympus-global.com/company/governance/policy.html>

### Policies for Holding Stocks for Purposes Other Than Pure Investment and Exercise of Related Voting Rights

The Company holds shares of listed stock for purposes other than pure investment in cases in which such holdings have been deemed viable for contributing to improved corporate value over the medium to long term after verifying the medium-to-long term economic rationality of such holdings and the outlook for the future. Each fiscal year, the Board of Directors verifies the appropriateness of individual holdings through a comprehensive evaluation of factors, including the purpose of a given holding and the benefits and risks associated with said holding. Those holdings that are deemed unsuitable will be downsized.

The Company exercises its rights as a shareholder in relation to stocks held for purposes other than pure investment by voting on all applicable proposals. In this voting, the Company

decides whether to vote in favor of or against each proposal based on the circumstances surrounding the management of the company in question as evaluated from the perspective of improving the corporate value of this company over the medium to long term.

#### Stocks Held for Purposes Other Than Pure Investment

	FY2016	FY2017	FY2018	FY2019
Number of holdings	64	57	48	37
Amounts of holdings (billions of yen)	68.0	27.9	26.9	18.9

## Olympus' Corporate Governance

### Initiatives for Realizing Effective Corporate Governance

The Company has been continuously strengthening its corporate governance system and enhancing its effectiveness, positioning these tasks as top management priorities.

#### 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. These evaluations have been held every year since 2015, and this time, the evaluation was the fifth such evaluation.

 Evaluation Results for Effectiveness of the Board of Directors:  
<https://www.olympus-global.com/company/governance/board.html>

#### 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 (11) and Audit & Supervisory Board member (4) (Fiscal 2019), and the Company received answers from all of the respondents. With these replies from 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.

#### Evaluation Items, Issues, and Status of Improvement

1. Fulfilling Functions of the Board of Directors	Opinions are divided over the major direction, important matters of the Company, and appropriate decision making between the two: (1) Discussion was thoroughly made and (2) There is room where discussions can be further deepened, depending on agenda items
2. Operation of the Board of Directors in the Past One Year	Regarding the operation of the Board of Directors, the frequency of the meetings is appropriate and sufficient time discussion is secured. Discussions are open and active and are made from a perspective based on the global management framework. Meanwhile, although there has been an improvement in careful selection of agenda items and contents of proposal materials, issues should be more organized and clarified in materials, which is mentioned as an issue to be addressed.
3. Important Committees	Although each committee, Nominating Committee, Compensation Committee and Compliance Committee, appropriately fulfills expected roles, there were some cases where further provision of information was needed for discussion at the Committees.
4. Size / Composition of the Board of Directors	Support for outside directors is sufficiently provided.
5. Roles of Audit & Supervisory Board members	Support for Audit & Supervisory Board members is sufficiently provided, and the presence of Audit & Supervisory Board members contributes to enhancing the effectiveness of the Board of Directors.
6. Relationship with investors and shareholders	The Board of Directors is appropriately provided information on the capital market. Although the Company's long-term competitive advantages are communicated to the capital market, further enhancement is desired.

#### Future Initiatives Based on the Evaluation Result of the Effectiveness of the Board of Directors

Based on the evaluation of the Board of Directors for the period ended March, 2019, the Board of Directors discussed future initiatives. As a result, the Board concluded that issues to be addressed are to further advance separation of execution and supervision, to create a framework where the Board members can concentrate on important management issues and strategic discussion, and to aim for a higher level execution and supervisory system. The Board also confirmed that discussions of the Company's initiatives for sustainability

and risk management including environmental and social issues should be further deepened considering priority.

The Company made a transition to a Company with a three committees board structure on June 25, 2019. We are determined to further proceed with the separation of execution and supervision, accelerate decision making on business execution, further reinforce governance, and enhance transparency. Moreover, the Board of Directors of the Company will further heighten the effectiveness of the Board of Directors by planning and implementing response measures as to each of the aforementioned issues.

### Executive Compensation

Our basic policy for executive 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 said policy, the Compensation Committee focuses on appropriately setting the compensation portion linked to short and mid- and long-term performance, and decides officers' compensation.

#### Executive Compensation in Fiscal 2019

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)				Number of directors / Audit & Supervisory Board members
		Base	Bonuses	Stock options	Retirement benefit	
Directors (excluding outside directors)	377	262	95	20	—	5
Audit & Supervisory Board members (excluding outside audit & supervisory board members)	56	56	—	—	—	2
Outside officers	110	110	—	—	—	9

\* The above-stated outside officers include one outside officer who retired at the time of the 150th Annual General Meeting of Shareholders held on June 26, 2018.

#### Remuneration Composition

The composition of remunerations of directors and executive officers is prescribed for each of the following categories. The combined maximum remuneration limit for restricted share

compensation and performance linked stock remunerations is per year 500 million yen and 600,000 shares.

Category 1	Category 2	Category 3
Yasuo Takeuchi, Akihiro Taguchi, Haruo Ogawa, Yasushi Sakai	Stefan Kaufmann	Non-executive internal directors and outside directors

#### ■ Composition of Category 1 Remuneration

The category 1 executive remuneration consists of a monthly remuneration, bonus payments as a short-term incentive system, and restricted share compensation and performance-linked stock remuneration as long-term incentive systems. The monthly remuneration distinguishes between directors' base remuneration (paid only to directors) and executive officers' base remuneration. The latter is determined based on graded remuneration amounts which are set in accordance with the role and responsibility of the subject position. Bonus total payment amounts are determined by combining the consolidated performance category (calculated based on consolidated business results) and the personal assessment category (assessed and calculated based on the attainment of financial and non-financial targets in the position holder's area of

responsibility). Additionally, the restricted share compensation, contingent on the position holder's continuing in the position as executive officer of the Company for a certain period, and the performance-linked stock remuneration, contingent on the attainment of predetermined targets, is intended as an incentive to promote sustained enterprise value enhancement and to promote value sharing with shareholders, as an arrangement to award the Company's common shares in addition to eligible executives' monthly remuneration and bonus.

#### Compensation by Type

Type of compensation			Standard ratio
Fixed compensation:	Monthly salaries	Executive officers' base remuneration*	50%
	Short-term incentives	Bonuses	25%
Variable compensation:	Long-term incentives	Restricted share compensation	6%
		Performance-linked stock remuneration	19%

\*The table above does not include directors' base remuneration.

#### ■ Composition of Category 2 Remuneration

The category 2 executive remuneration consists of a monthly remuneration, with bonus payments as a short-term incentive system, and with performance-linked stock remuneration as long-term incentive system and pension plan contributions. Monthly remunerations are decided on an individual basis in accordance with the role and responsibility of the subject position. Bonus total payment amounts are determined by combining the consolidated performance category (calculated based on consolidated business results), the personal assessment category (assessed and calculated based on

the attainment of financial and non-financial targets in the position holder's area of responsibility), and the fixed category. Additionally, the performance-linked stock remuneration, contingent on the attainment of predetermined targets, is intended as an incentive to promote sustained enterprise value enhancement and to promote value sharing with shareholders, as an arrangement to award the Company's common shares in addition to eligible executives' monthly remuneration and bonus. Category 2 executives are not eligible to receive restricted share compensation.

#### ■ Composition of Category 3 Remuneration

The category 3 executive remuneration consists only of the monthly remuneration, without payment of bonus,

restricted share compensation, and performance-linked stock remuneration.

## Olympus' Corporate Governance

### Internal Controls

All our activities are based on our corporate philosophy, "Making people's lives healthier, safer and more fulfilling." The Company, based on this basic concept, shall prepare and operate a framework which ensures the effectiveness and efficiency

of operations and appropriateness and reliability of financial reporting of the Company and its subsidiaries (hereinafter, "the Olympus Group"), and make continuous improvements.

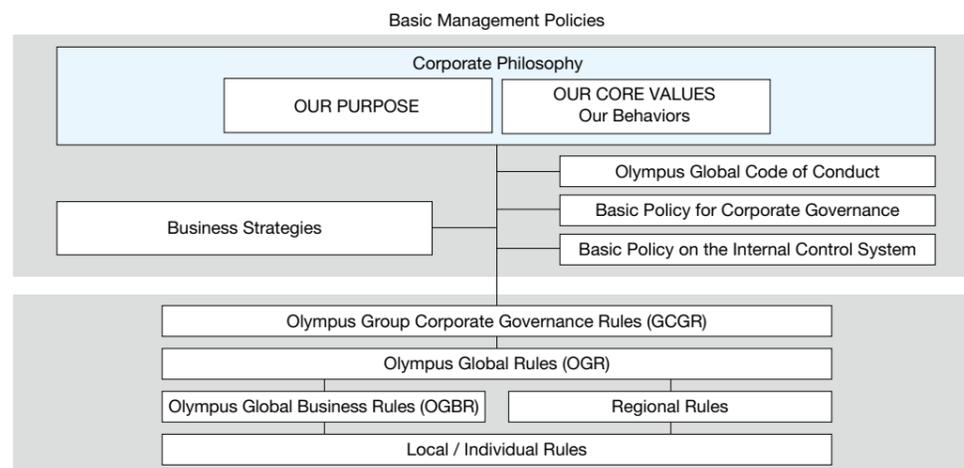
#### 10 Items for Establishing a Framework as Basic Policy for Our Internal Control System

1. Framework to ensure the compliance by Executive Officers and employees of the Company and Directors and employees of the its subsidiaries, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation
2. Framework regarding the maintenance of records and management of information in relation to performance of duties by Executive Officers of the Company
3. Regulations and other framework relating to managing risks of loss of the Olympus Group
4. Framework to ensure the effective performance of duties by Executive Officers of the Company and Directors of its subsidiaries
5. Framework for reporting to the Company on matters concerning execution of duties by the Directors and employees of the subsidiaries
6. Framework for matters related to employees whose assignment is to assist in the duties of Audit Committee of the Company, and matters related to the independence of those employees from the Executive Officers of the Company, and matters related to ensuring the effectiveness of instructions from Audit Committee of the Company to those employees
7. Framework regarding reports by Directors (except those who are members of the Audit Committee), Executive Officers and employees of the Company to the Audit Committee of the company, and reports by Directors and employees of the subsidiaries of the Company or personnel who have received reports from them to the Audit Committee of the Company
8. Framework to ensure that any personnel who have made a report to the Audit Committee of the Company will not be subjected to any unfair treatment due to the report made
9. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by the Audit Committee members of the Company and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties
10. Other systems to ensure the effectiveness of audits by the Audit Committee of the Company

[Basic Policy on the Internal Control System](https://www.olympus-global.com/company/governance/control.html?page=ir)  
<https://www.olympus-global.com/company/governance/control.html?page=ir>

#### Global Framework of Internal Rules

The Company has established a platform for managing internal rules in order to ensure the ongoing improvement of management quality from the perspective of global governance and management.



### Basic Policy on 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, integrated 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 for the majority of these information disclosures.

#### Communication with Stakeholders

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

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 2019.

Activity	Times conducted	Details
Conferences on results for institutional investors and analysts	4	Meetings or teleconferences held quarterly to explain topics from the period, focused on financial performance and forecasts
Investor Day / IR event	2	Events featuring explanations of the Company's business strategies, growth strategies, and product exhibitions
New product and technology briefings	1	Briefings concerning the Company's new products and technology
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	7	Meetings for institutional investors in which the president and the CFO visit overseas sites
Conferences held by securities companies (including overseas conferences)	5	Participation in and meetings at conferences held by securities companies in Japan and overseas
Meetings for individual investors	7	Meetings held at branch offices of securities companies and events for individual investors
Individual meetings with institutional investors and analysts	Approx. 450	Individual meetings held with the president, the CFO, and/or investor relations division representatives (including meetings conducted at overseas IR roadshows and conferences)