

Message from the CAO



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Progress in Fiscal Year 2021

- Revitalized organization by encouraging employees' career development aligned with the Company's future growth
- Prepared Global Business Services (GBS) to better support a global operating model

Future Priority Measures

- Contribute to increased globalization and efficiency, and continuously improve organizational health through *Transform Olympus* initiatives
- Progress toward a single job-based and performance-based HR system

“ We are making quicker decisions, and employees are feeling engaged and responsible for driving change.”

What progress has been made in the past year under the COVID-19 pandemic?

First of all, I would like to extend my heartfelt sympathy to anyone who may have been directly impacted by COVID-19, and my gratitude to the countless healthcare professionals and organizations worldwide who are responding to this global crisis. As a company, various changes caused by COVID-19 have accelerated many of our projects. I see significant engagement and enthusiasm from employees to move beyond regional and organizational silos and contribute to making Olympus a truly global medtech company.

I'm very happy with the level of globalization that we have achieved so far. Our global management team is quite diverse because our policy is that our talent should be appointed and assigned regardless of age, gender, or nationality. This has also motivated many of our colleagues to strive for global career development.

When it comes to efficiency, the numbers always speak the truth. Our SG&A ratio has decreased from over 55% in fiscal year 2019 when we started the *Transform Olympus* process to less than 50% in fiscal year 2021, despite lower sales during COVID-19. That being said, we still have

potential. With a more globally integrated and harmonized operating model, we can see large levers for higher efficiency.

In Japan, we implemented "Career Support for External Opportunity" Running this program was very demanding for the entire organization, but the outcome was that we could offer more career opportunities to those who stayed with the Company and can be active moving forward, and that we could also accelerate changes in the corporate culture.

This program helped create development space for employees who are fully onboard with the Company's direction. From my perspective, this was an opportunity to revitalize our organization.

How are the initiatives of *Transform Olympus* contributing to business performance and supporting further improvement of efficiency and effectiveness for FY2022?

Transform Olympus is contributing to the business performance in three ways. First, it is helping us to develop a more global operating model. Second, it has a direct impact on costs and SG&A ratio by increasing efficiency.

Third, and equally important, it is aiming at improving organizational health. So we have multiple initiatives that are aimed at changing culture, capability building, and global teamwork. I truly believe that only a healthy organization will be a sustainable organization.

From that point of view, *Transform Olympus* is delivering multiple contributions to our business performance short term but also long term. By following up on our many bottom-up initiatives and the eight strategic priorities (details on the next page), which aim at improving our operating model and processes, I think *Transform Olympus* is one of the main drivers of efficiency and effectiveness.

Please tell us about the progress of the Global Business Services (GBS).

The GBS is the centerpiece of our global operating model. Only with GBS will we reach a stage where we have efficient and integrated end-to-end processes, and be able to further improve monitoring at the transactional level. We are looking at all regions and some functions, and transitioning to either a captive shared services center or business process outsourcing (BPO). All transactional tasks for fiscal year 2022 will be directed to the captive center or BPO starting this year.

We treat processes that are more complex and closer to our customers as core competences, so we will keep them at the captive center with our own employees. Processes that are not differentiators for our customers are more likely to be delegated to BPO.

The GBS concept is continuously evolving, and we are only at the starting point. We have received requests from several departments, and in the future we would like to support them by transferring some of their tasks to GBS as well.

What policies and areas, including ESG issues, will be your focus in the medium- to long-term perspective?

We need the commitment, capabilities, and alignment of our employees, so for me HR is always on the top of everything I do. Everything we do depends on the motivation of our employees.

In fiscal year 2021, we worked on solidifying concepts, so in my opinion the focus for fiscal year 2022 is execution. The other focus is preparing to achieve the operating margin of over 20% in fiscal year 2023.

As a company, we have also committed ourselves to strengthening our ESG initiatives and efforts to address our materiality. We still have to move out of our regional silos and become more global in the way we look at ESG, and

climate change in particular. In the area of climate change, we disclosed that we are aiming to achieve carbon neutrality by 2030 for our site operations, which is a very ambitious goal in Japan. Among Japanese companies, there are not very many who have set the bar as high as we have.

When it comes to human rights, we strive to comply with the local laws and the guidelines rigorously, but what we aim to do next is improve our processes to monitor our vendors and suppliers to ensure that they also adhere to similar human rights laws and guidelines. By expanding these ESG efforts, we also hope to improve our sustainability index rating.

How do you think Olympus should handle recruiting talent moving forward, and what are your plans for the HR system?

Olympus is a purpose- and value-driven company, and that's really an asset among younger generations. We can provide potential employees with a huge amount of purpose because everything we do is about making people's lives healthier, safer, and more fulfilling. We can also offer a truly global environment, because the management team and all our projects function in a global manner.

At Olympus, we are shifting to a sort of hybrid recruiting structure. We will continue to recruit new graduates every year, and invite experienced employees to join Olympus as part of our mid-career hiring system. We want to provide graduates and young professionals with the opportunity to join Olympus, while also allowing people with capabilities we do not have in the Company to join us so we can benefit from their experience.

Our other goal is to create a single job-based and performance-based HR system, but we need to allow some time to help leaders build the capabilities needed to manage in such an environment. This is all in line with our ambitions to create a healthy organization at Olympus, in which those who deliver higher performance should be rewarded accordingly.