

Corporate Governance

Message from the Chairperson of the Board

Through our commitment to Our Purpose and patient safety, we continue to enhance our corporate governance to create innovative value that benefits our patients worldwide and contribute to a wide range of stakeholders.



Olympus is aiming to become a global MedTech company, and what underpins everything is patient safety, which is the most important value of Our Purpose. The Board is strongly supportive of the executive team's efforts to instill a patient safety mindset at all levels of the organization; we see steady progress and penetration through the *Elevate* program's progress reports by the executive team and activities reports by the Quality Assurance and Regulatory Affairs (QA&RA) Committee.

Supporting Olympus' sustainable growth while focusing on patient safety is one of the most important roles of the Board.

Mr. Yasuo Takeuchi, Director, Representative Executive Officer, Executive Chairperson and ESG Officer of Olympus, is carrying out the duties of the CEO at the present time. The Nominating Committee of the Board is meeting to consider all options for the successor to the CEO.

Going forward, we will further enhance the Board's monitoring roles as well as work closely with the executive team to continuously improve our corporate governance.

Characteristics of Corporate Governance at Olympus

Governance Structure

✓

A company with a Nominating Committee, etc.

Outside Directors on the Board of Directors*

✓

80%
(8/10)

* All Outside Directors are independent.

Diversity on the Board of Directors

✓

Women
2 / 10

Non-Japanese
4 / 10

Voluntary Committee

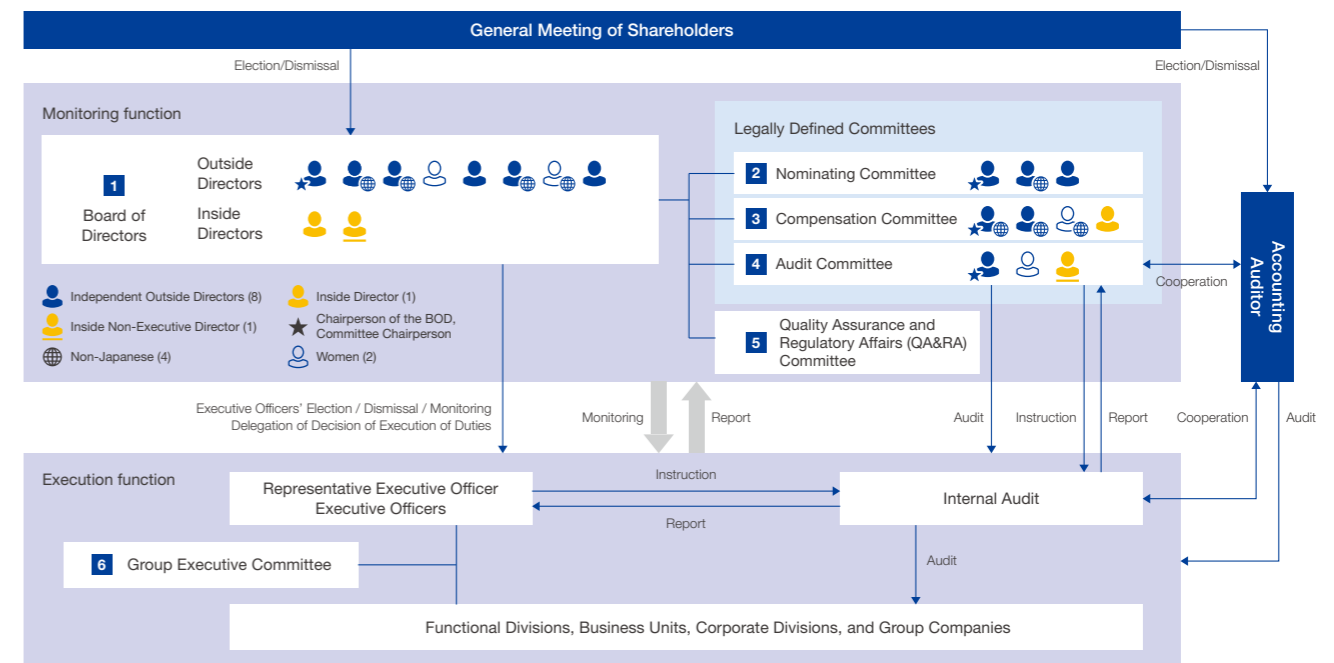
✓

Established the Quality Assurance and Regulatory Affairs (QA&RA) Committee

Efforts to Realize Highly Transparent and Effective Management

- The Chairperson of the Board of Directors and the Chairperson of statutory committees (Nominating Committee, Compensation Committee, and Audit Committee) are independent Outside Directors.
- The Chairperson of the Board of Directors participates in the Group Executive Committee as an observer.
- Pre-briefings to independent Outside Directors, information sharing and mutual exchange of opinions through meetings only for independent Outside Directors, and the feeding back of results to Executive Officers

Corporate Governance Structure (As of November 2024)



1 Board of Directors	The Board of Directors determines important matters including basic management policy and monitors execution of duties of Directors and Executive Officers.
2 Nominating Committee	The committee deliberates on matters related to human resources at the Director and Executive Officer levels, as well as determines the proposals to be submitted to the General Meeting of Shareholders in relation to the appointment of Directors.
3 Compensation Committee	The committee determines a policy on compensation for Directors and Executive Officers, and its individual compensation.
4 Audit Committee	The committee audits execution of duties of Directors and Executive Officers and creates audit reports, as well as determines the proposals to be submitted to the General Meeting of Shareholders in relation to the selection of the accounting auditor, etc.
5 Quality Assurance and Regulatory Affairs (QA&RA) Committee	The committee provides ongoing oversight to support regulatory compliance, cross-functional planning, resourcing, and monitoring of Olympus' transition toward a robust company quality management system as a global MedTech company and report the progress.
6 Group Executive Committee	The Group Executive Committee deliberates on critical matters concerning business execution for the entire Olympus Group, as well as reports and shares progress of initiatives led by each business/function so that Executive Officers mutually confirm the status of their area of responsibilities.

Corporate Governance

Basic Concept of Corporate Governance

All our activities are based on “Making people’s lives healthier, safer and more fulfilling” as stated in our corporate philosophy. Following this philosophy, we aim to improve the Olympus Group’s continuous development and medium- to long-term corporate value for all stakeholders, including shareholders. Based on our fiduciary responsibility to shareholders and

our responsibility to stakeholders including clients, employees, and local communities, etc., as well as our corporate philosophy, we have implemented the principles of the Corporate Governance Code and will strive to realize an effective corporate governance.

Details Basic Policy for Corporate Governance: https://www.olympus-global.com/company/governance/pdf/basic_policy_for_corporate_governance_en.pdf
 Corporate Governance Report (As of November 8, 2024): https://www.olympus-global.com/company/governance/pdf/governance_report_november_8_2024_en.pdf

The Member Composition of the Board of Directors and Each Committee

We consider the diversity of the composition of the Board of Directors in terms of internationality, gender, career, and age, as well as experience, knowledge, and ability, etc. Our Directors secure a sufficient amount of time for the Board of Directors in order to fulfill their own obligations and responsibilities. The Board of Directors is currently composed of 10 members, of whom eight are independent Outside Directors. In addition, of those 10 Directors, four are non-Japanese, and two are women. This composition is based on a consideration for human resource requirements to becoming the global MedTech company that Olympus

aims to be, which includes having abundant experience and insight in corporate management, finance, and international business deployment, as well as diversity in internationality and gender.

Based on factors that include the experience and knowledge of each Director, proposals for the compositions of the Nominating Committee, Compensation Committee, and Audit Committee, as well as of the voluntary Quality Assurance and Regulatory Affairs (QA&RA) Committee, are decided at a Nominating Committee meeting and then passed by a Board of Directors’ resolution.

The Member Composition of the Board of Directors and Skills Matrix

Name	Date of appointment	Independence	Main experiences and expertise for Director						
			Corporate Management	Overseas Business	Healthcare Industry	Quality Assurance	Legal/Risk Management	Finance/Accounting	ESG
Sumitaka Fujita (Chairperson)	Apr. 2012	○	●	●				●	●
David Robert Hale	June 2019	○	●	●	●			●	
Jimmy C. Beasley	June 2019	○	●	●	●	●			
Sachiko Ichikawa	June 2021	○		●			●	●	●
Kohei Kan	June 2022	○		●			●	●	●
Gary John Pruden	June 2022	○	●	●	●	●			
Luann Marie Pendy	June 2023	○		●	●	●			
Masato Iwasaki	June 2024	○	●	●	●				●
Yasuo Takeuchi	Apr. 2012		●	●	●			●	●
Toshihiko Okubo	June 2023			●	●				

Note: The above table does not indicate all the expertise/experiences the Directors have.

The Member Composition of Each Committee

Committee	Members
Nominating Committee	Sumitaka Fujita (Chairperson), Gary John Pruden, Masato Iwasaki
Compensation Committee	Jimmy C. Beasley (Chairperson), David Robert Hale, Luann Marie Pendy, Yasuo Takeuchi
Audit Committee	Kohei Kan (Chairperson), Sachiko Ichikawa, Toshihiko Okubo
Quality Assurance and Regulatory Affairs (QA&RA) Committee	Gary John Pruden (Chairperson), Jimmy C. Beasley, Luann Marie Pendy

Changes in Corporate Governance

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Chronology	<ul style="list-style-type: none"> Deferred recording of past losses discovered New management system launched 							<ul style="list-style-type: none"> Announcement of <i>Transform Olympus</i> corporate transformation plan 						
Management Plans	2010 Medium-term Strategic Plan (10CSP) Advancing to the next stage of globalization		Medium-term Vision Stage of reconstructing management (recover trust and strengthen internal systems)				2016 Medium-term Management Plan (16CSP) Sustainable growth stage (Strengthening the foundations of our business and developing a strong business portfolio)			Corporate Strategy Transforming into a truly global MedTech company			Company Strategy Leading as a global MedTech company	
Management System	A company with an Audit & Supervisory Board									A company with a Nominating Committee, etc.				
Chairperson of the Board	Inside Directors					Independent Outside Directors								
Directors	More than half are Outside Directors.													
Members	Outside 3/ Inside 12	Outside 6/ Inside 5	Outside 8/ Inside 5	Outside 5/ Inside 5	Outside 6/ Inside 5	Outside 10/ Inside 5	Outside 9/ Inside 3	Outside 8/ Inside 3	Outside 9/ Inside 3	Outside 10/ Inside 3	Outside 8/ Inside 3*			
Women	—		1		—		1		2					
Non-Japanese	1	—		3		4		5*2						
Committees	Voluntarily established a Nominating Committee, Compensation Committee, and Compliance Committee Committee Chairpersons: Outside Directors Members: Majority are Outside Directors									Established a Nominating Committee, Compensation Committee, and Audit Committee Committee Chairpersons: Independent Outside Directors Members: Majority are independent Outside Directors			Established Quality Assurance and Regulatory Affairs (QA&RA) Committee as a voluntary committee	

Established Management Reform Committee, Director Liability Investigation Committee, Non-Director Liability Investigation Committee

*1 Since October 28, 2024: Outside 8/Inside 2 *2 Since October 28, 2024: 4

Corporate Governance

Message from a Newly Appointed Outside Director



Masato Iwasaki
Outside Director
(Member of the
Nominating Committee)

For many years, I was involved in corporate transformation, M&A, and other aspects of business at Takeda Pharmaceutical Company Limited. Having a lot in common with a global medical device company originating from Japan, I feel a strong affinity toward Olympus. First and foremost, I empathize with the fact that Olympus has committed to “Patient Focus” as one of its core values and is promoting a range of initiatives. To firmly ingrain the corporate culture that Olympus is striving for, it is important for management to take the lead in embodying its core values and incorporating the patient’s perspective in various situations when carrying out our work, and I have high expectations for

the executive team. Another major aspect healthcare companies have in common is that by building global, innovation-based business ecosystems through R&D, Olympus can deliver value to patients around the world. Olympus’ mission is to continue to create innovation for patients, and to achieve this I believe it is essential to utilize the diversity of its employees, who are an asset for any global company. In my previous position, I was involved in responding to globalization and promoting diversity, which Olympus is currently facing, so I would like to generously impart my knowledge and experience to contribute to Olympus’ further development.

Activities of the Board of Directors and Committees in FY2024

Name	Attendance at meetings of the Board of Directors	Attendance at meetings of the Nominating Committee	Attendance at meetings of the Compensation Committee	Attendance at meetings of the Audit Committee	Attendance at meetings of the Quality Assurance and Regulatory Affairs (QA&RA) Committee
Sumitaka Fujita	14/14	13/13	—	—	—
Yasumasa Masuda	13/14	—	—	27/27	—
David Robert Hale	14/14	2/2*2	—	—	—
Jimmy C. Beasley	14/14	—	11/11	—	12/13
Sachiko Ichikawa	14/14	—	—	27/27	—
Yasushi Shingai	14/14	2/2*2	11/11	—	—
Kohei Kan	14/14	—	—	27/27	—
Gary John Pruden	14/14	10/11*1	3/3*2	—	13/13
Tatsuro Kosaka	11/11*1	11/11*1	—	—	—
Luann Marie Pendy	11/11*1	—	8/8*1	—	9/10*1
Yasuo Takeuchi	14/14	2/2*2	—	—	—
Stefan Kaufmann	14/14	11/11*1	—	—	—
Toshihiko Okubo	11/11*1	—	—	19/19*1	—

*1 Appointed in June 2023
*2 Retired in June 2023
Note: As Mr. Masato Iwasaki was appointed Director in June 2024, he did not attend the meetings of the Board of Directors or those of the other committees in FY2024.

Name	Activities
Board of Directors	<p>Considerations made</p> <ul style="list-style-type: none"> ● Matters related to Olympus’ Basic Management Policy, e.g., company strategy, business plans, performance forecasts and Basic Policy on the Internal Control System, etc. ● Matters related to Corporate Governance, e.g., status report for each business; status reports for initiatives in governance, risk, compliance, and quality control; status report on the execution of the ESG strategy; status report on IR activities; internal audit plans and report on the 2024 Noto Peninsula Earthquake; evaluation of the effectiveness of the Board of Directors; executive structure for the next term, etc. ● Matters related to the status of activities of each committee, e.g., audit plans of the Audit Committee and its status of activities, matters discussed at the Compensation Committee, and sharing of other committee proceedings, etc. <p>In addition to the above, the Chairperson of the Board of Directors reports on matters to be discussed at the meeting of the Group Executive Committee as necessary, and the Board of Directors regularly receives status reports on the execution of duties from Executive Officers.</p>
	<p>Other activities</p> <ul style="list-style-type: none"> ● So that our Board of Directors can contribute to enhancing Olympus’ corporate value by cooperating with Executive Officers, its duties to be fulfilled are (i) improving recognition and insight into the management environment and management issues through constructive discussion with Executive Officers, (ii) effectively monitoring management decision-making and execution from a strategic and broad perspective, and (iii) supporting the promotion of strategies so Olympus can develop itself as a global MedTech company, and exercising effective monitoring capabilities. ● We hold an “Executive Session,” which is held after the conclusion of every Board of Directors’ meeting and an “Opinion Exchange Meeting for Outside Directors,” which is held once per quarter. These are meetings in which only Outside Directors can participate. At each meeting, the Outside Directors aim to share their recognition while extracting management issues, and the Chairperson provides feedback on the details to the Executive Officers. ● Olympus is making efforts to improve the effectiveness of the Board of Directors including improvements based on the results of evaluations on the effectiveness of the Board of Directors regarding matters that should be discussed and reported at Board of Directors’ meetings.
Nominating Committee	<p>Considerations made</p> <ul style="list-style-type: none"> ● In considering the plan for the composition of the Board of Directors, the Nominating Committee updated a matrix of the experience and knowledge required of our Directors. ● Regarding the selection of candidates for Directors, outside consultants were used, and deliberations and interviews were conducted according to the selection criteria after considering the composition of Olympus’ Board of Directors. ● Regarding the selection plan for Executive Officers, the Nominating Committee discussed their suitability and made decisions after a year-long evaluation and selection process. ● Regarding the succession plan for Executive Officers, the Nominating Committee discussed whether the candidates possessed the desired experience and knowledge in accordance with expected roles in the execution of duties at Olympus.
Compensation Committee	<p>Considerations made</p> <ul style="list-style-type: none"> ● Details about compensation for Directors and Executive Officers were determined. ● Details have been disclosed in annual securities report (“(4) Compensation, etc. for Officers (iii) Compensation Committee”). <p>Annual Securities Report for the Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)</p>
Audit Committee	<p>Considerations made</p> <ul style="list-style-type: none"> ● Details have been disclosed in annual securities report (“(3) Audits (i) Audit Committee Audits b. Status of the Audit Committee’s activities”). <p>Annual Securities Report for the Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)</p>
Quality Assurance and Regulatory Affairs (QA&RA) Committee	<p>Considerations made</p> <ul style="list-style-type: none"> ● The following matters were reviewed, discussed and deliberated, and reported to the Board of Directors as necessary: <ol style="list-style-type: none"> (1) Oversight and advising on companywide plans and the state of progress relating to quality management system improvements and on the key metrics for meeting global regulatory standards (2) Reviewing and advising on regulatory communications, strategies, and upcoming meetings (3) Oversight the incorporation of improved quality processes and procedures into R&D and supply chain functions (4) Providing recommendations to management on the allocation of Olympus Group resources, relating to quality and regulatory efforts

Corporate Governance

Support Systems for Directors

To support the effective execution of the roles and duties of Directors, we work proactively to provide Outside Directors with information and distribute documents prior to Board of Directors' meetings while setting an opportunity for the explanation of agendas in advance as necessary and working to stimulate discussions in the Board of Directors' meetings. We have also established the "Secretary to the Board" as a dedicated organization to support the execution of duties of Outside Directors as well as the effective and robust activities of the Board of Directors, Nominating Committee, and Compensation Committee. Furthermore, in order to assist the Audit Committee with their duties, Olympus has established the "Office of the Audit Committee," that ensures independence

from execution.

Additionally, we support the acquisition of knowledge about Olympus by providing training comprising visits to our major business bases such as business facilities and factories, etc., and business study sessions such as briefing sessions, products demonstrations, and technical result presentations. By having meetings with newly appointed Directors and Executive Officers, etc., Olympus is also promoting understanding of executive thinking and awareness of issues and providing support to deepen understanding of the roles and responsibilities of Directors of Olympus. We will also provide support including covering costs for gaining the necessary knowledge to carry out their duties as a Director.

Process for Election of Directors and Executive Officers, Development and Selection of Successors for the CEO

Process for Election of Directors and Executive Officers

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 election and dismissal of Directors.

In addition, Executive Officer elections are determined by the Board of Directors after the Nominating Committee discusses whether the candidate has experience, insight, etc., appropriate

for an Executive Officer and develops proposals for elections.

Development and Selection of Successors for the CEO

The Nominating Committee deliberates a succession plan for the CEO and reviews it periodically. As for determining the successor, the Nominating Committee discusses whether the candidates have qualifications that are suitable for the role of CEO and provides opinions and advice to the Board of Directors. Thereafter, the successor is decided by the Board of Directors.

Initiatives for Enhancing Effective Corporate Governance

Overview and Background for Implementation of the Evaluation of the Board of Directors

Since 2015, we have been conducting evaluations of the effectiveness of the Board of Directors, and an overview of the results has been made public every year with the aim of realizing effective corporate governance. In the Board of Directors' Evaluation conducted from February to June 2024, the following points have been set as main objectives.

- To measure the effectiveness of the measures to improve effectiveness determined in the Board of Directors' Evaluation in the previous year. (A summary of results was released in June 2023.)

- Olympus conducted a succession of the Representative Executive Officer, President and CEO in April 2023 and formulated a new company strategy in May that year. Simultaneously, for the succession of the Board of Directors, the Board proceeded to promote its diversification from an international standpoint in particular. Under perception of such changes, the Board will ascertain challenges to maintaining and improving the effectiveness of the Board of Directors and endeavor to build a consensus regarding future initiatives.

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

Initiatives to Improve Board of Directors' Effectiveness

Board of Directors' Evaluation Processes for the Term of 2024

- Individual questionnaires with all Directors
- Third-party consultants conducted individual interviews with all Directors
- The Chairperson of the Board, the secretariat, and the third-party consultants organized key issues to be discussed by the Board of Directors.
- The entire Board of Directors held a discussion while applying the facilitation of third-party consultants.

Check

Action

Conduct and Analyze Board of Directors' Evaluations

- As a result of the evaluation, as it has been pointed out in previous years, the independence and diversity of the Board of Directors were ensured, discussions were conducted openly, and the responsibilities and culture that should be fulfilled by the Board of Directors were shared, with these serving as the foundation for supporting the effectiveness of the Board.
- With respect to key evaluation items, it was confirmed that the Quality Assurance and Regulatory Affairs (QA&RA) Committee established by the Board of Directors was operating effectively with regard to the "strengthening of monitoring by the Board of Directors regarding quality assurance and regulatory affairs (QA&RA)," which was confirmed in the Board of Directors' Evaluation last year.
- As challenges to further enhancing the effectiveness of the Board of Directors in the future, the Board confirmed (i) facilitating improvements that accommodate the improved international diversity in the operation of the Board of Directors and the Nominating, Compensation, and Audit Committees and (ii) the need to strengthen the advisory and monitoring functions of the Board of Directors from a strategic and broad perspective in order to promote the three priorities of "Patient safety and sustainability," "Innovation for growth" and "Productivity" set forth in the company strategy, among other challenges.

Plan

Board of Directors' Initiatives for the Term of 2025

1. Consider setting up opportunities for all Directors, including those residing abroad, to meet face-to-face as much as possible to secure sufficient time for thorough discussions of Olympus' strategies and important management issues.
2. Consider the establishment of a new governance structure and a monitoring framework by the Board of Directors in order to strengthen the Board's advisory and monitoring functions particularly for "Innovation for growth," one of the three priorities listed in Olympus' company strategy.
3. Facilitate continuous improvements of the operational aspects of the Board of Directors (appropriate agenda-setting, meeting materials, etc.) and the rationalization the structure and operation of the Nominating, Compensation, and Audit Committees.

Do

Operation of Board of Directors' Meetings for the Term of 2025

The Board of Directors of Olympus has been verbalizing the "responsibilities" and "culture" that it should fulfill. Following the discussion for this Board of Directors' Evaluation, the Board has redefined the responsibilities of the Board of Directors as follows, reflecting its belief of "Patient Focus" as set forth in its corporate philosophy. (Added portions are denoted in bold characters and underlined.)

<Responsibilities that should be fulfilled by the Board of Directors>

In order to contribute to the enhancement of Olympus' corporate value through collaboration with the executive side, the Board of Directors will (i) deepen its awareness and insight into the business environment and management issues through constructive discussions with the executive side, (ii) effectively oversee management decision-making and execution from a strategic and broad perspective, and (iii) support the promotion of measures to help Olympus grow as a truly global MedTech company, **create innovative value for patients worldwide and contribute to a wide range of stakeholders.**

<Culture of the Board of Directors>

The Board of Directors affirms the relationship of "Based on mutual trust between the monitoring and executive functions, the Board of Directors promotes prompt and decisive management to adapt to environmental changes. Through constructive discussions with the executive side, the Board of Directors exercises advisory functions and management monitoring functions from a strategic and broad perspective to support the improvement of management quality" as the "culture of the Board of Directors."

The culture formed by the Board of Directors of Olympus consists of "mutual trust between the monitoring and executive functions," "management leadership through execution" and "collaborative relationships to enhance corporate value through constructive discussions between the monitoring and executive functions." The Board of Directors will succeed to the "culture" consisting of these components, and will confirm by consensus that deepening the understanding of the significance and sharing of the values of individual Directors will serve as the foundation for supporting the effectiveness of the Board of Directors.

While using the culture of Olympus' Board of Directors as a foundation, the Board believes that continuing to adapt the responsibilities that should be fulfilled by the Board of Directors, creating an optimal composition of the Board of Directors to realize such responsibilities and continuing to adapt the nature of the structure and operation of the Board of Directors to changes in the business environment and management issues from time to time will contribute to the improvement of Olympus' corporate value, and will continue to result in the implementation of initiatives to further improve the effectiveness of the Board of Directors.

Officer Compensation

Officer Compensation

At Olympus as a company with nominating committee, etc., the Compensation Committee, the majority members of which is occupied by independent Outside Directors, discusses, determines policy to determine compensations, etc., of Olympus' Directors and Executive Officers on an individual basis, details of compensation, etc., and compensation rules. Our basic policy regarding officer compensation is to make officers have a strong sense of awareness that maximizes the corporate value and meets expectations of various stakeholders and reward their responsibilities with suitable and appropriate treatments. Based on the said policy, the Compensation Committee focuses on appropriately setting the compensation portion linked to short-term, medium- to long-term performance and decides officer compensation.

Compensation Level

An appropriate compensation level is established in the light of roles/responsibilities considering objective outside data, evaluation data, economic environment, industry trend, and management status to establish a competitive compensation level that enables securement/retention of brilliant talents. Specifically, compensation levels of global MedTech companies and compensation levels of MedTech companies in a country

the officer is from are benchmarked, and the compensation level will be determined.

Components of Compensation

- 1. Base salary (BS):** Cash compensation in the form of fixed compensation that is paid monthly in accordance with the roles and responsibilities regarding work duties
- 2. Short-term incentive compensation (STI):** Cash compensation intended to reward executives for driving actual business performance results every fiscal year. STI allows officers to earn cash compensation equal to 0% to 200% of their target bonus opportunity, based on the achievement of financial and non-financial performance measures.
- 3. Long-term incentive compensation (LTI):**
 - Restricted stock unit (RSU)—subsequent grant-type restricted stock compensation:** A type of service-vested stock compensation that grants rights (units) corresponding to a set amount of total compensation to be paid as shares of Company stock (with one unit equal to one share) at the completion of the pre-defined period
 - Performance share unit (PSU)—performance-based stock compensation:** An equity award with pre-defined performance-based conditions and paid out in shares of Company stock after the performance period is completed. The compensation paid is calculated as a ratio between 0% and 200% relating to reaching the target after three years.

Officer Compensation in FY2024

Officer classification	Total amount of compensation, etc. (¥ million)	Total amount of compensation, etc., by type (¥ million)			Number of subject Officers	
		Base salary	Performance-linked monetary compensation	Non-monetary compensation		
Director	Inside	1,772	830	289	653	4
	Outside	277	207	—	70	10
Executive Officer	2,373	1,105	522	746	8	

Notes: 1. Base salary includes the amount paid in the fiscal year ended March 2024. Performance-linked monetary compensation, which is short-term incentive, and non-monetary compensation (RSU and PSU), which is long-term incentive, include the amounts to be recorded as expenses for the fiscal year ended March 2024.
 2. There are two other Executive Officers who are classified as both an Executive Officer and Inside Director, which is in addition to the eight Executive Officers mentioned above. Total compensation by type is reported for these two individuals in the Inside Director's row.
 3. Olympus does not provide performance-linked compensation (performance-linked monetary compensation and performance-based stock compensation [PSU]) to Directors who are not classified as both an Executive Officer and Inside Director.
 4. The table above includes one Inside Director and one Outside Director who retired at the close of the fiscal year ended March 2023 General Meeting of Shareholders held on June 27, 2023.
 5. One Outside Director has requested to decline his compensation, and the Compensation Committee has decided not to pay the compensation to him. He is not included in the number of Outside Directors mentioned above.

Compensation Structure for Directors

Taking into consideration roles and responsibilities, compensations for Directors are paid by fixed compensation as BS. Furthermore, to share the interests between Directors and investors, in addition to BS non-performance-linked stock compensation is granted. The stock compensation here is to be RSU, and the right will be defined at retirement for those Directors who are resident in Japan. The right will be defined on an individual basis in accordance with a general method of stock compensation in each region for those Directors who are non-resident in Japan. To further promote the concept of sharing interests between Directors and investors through hold-

BS 65-80%	RSU 20-35%
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Notes: 1. The table above summarizes the compensation ratios by type as to Outside Directors who are resident in Japan. As for Outside Directors who are non-resident in Japan, a payment level of RSU is the same as that for Directors who are resident-in Japan, but a compensation ratio by type is different because of difference in total compensation.
 2. For Directors who are also Executive Officers, base salary paid for their Director role is separate from compensation paid for Executive Officers who are natives of Japan. For those who are not natives of Japan, base salary paid for their role as a Director is included in the compensation of Executive Officer. Additionally, these individuals do not receive a Director RSU grant since their RSU award is set based on their role as Executive Officer.

ing of more shares, the stock-based compensation was set at ¥8 million for both Japanese and non-Japanese residents. The number of units to be granted is calculated based on the share price at the time of assumption of office at the General Meeting of Shareholders, and the corresponding number of shares will be given after vesting.

Compensation Structure for Executive Officers

In the fiscal year ended March 2020, in accordance with a corporate strategy of aiming to become a global MedTech company, we established a new compensation system which was implemented at the beginning of the fiscal year ended March 2021. In order to achieve our corporate strategy and to create corporate value, it is essential that we have a compensation system that ensures that we retain capable management personnel and that they can fully harness their talent. To this end, we have decided on a compensation system based on the following concepts.

1. Establish a more powerful incentive program which can compete with global MedTech companies.
2. Establish an incentive program which is consistent with the corporate strategy.
3. Establish a program with focuses on value creation and performance evaluation utilizing LTI.
4. Set a compensation level considering the stage of development to become a global MedTech company—a hybrid mix of “Global labor market” and “Home.”
5. Ensure a sound management of incentives by putting clawback clauses and shareholding guidelines in place.
6. Enhance the motivation of Executive Officers by setting challenging and achievable targets.

While setting a common global compensation system is desirable for compensation for Executive Officers who are responsible for global management, due to differences in compensation levels in the markets by country and region, it is difficult to attract and retain talented executives by pay levels of, for example, Japan market. Therefore, while the compensation structure of all Executive Officers will be the same, as for compensation level, the levels will be determined by referring to the pay level in the home country of each Executive Officer. Compensation for Executive Officers is to be a combination of BS, a fixed compensation, STI, which is linked to business performance of each fiscal year, and LTI. Focusing on achieving corporate strategy aimed at enhancing medium- to long-term corporate value and shareholder value, the ratio of performance-linked compensation, particularly LTI, was raised, and the standard amounts of STI and LTI were set. LTI consists of RSU and PSU.

A clawback clause has been set up to deter the management (Executive Officers) from short-sighted, harmful investments and improper accounting. Shareholding guidelines are established to share interests between investors and management.

Changes in the Compensation Structure for Executive Officers

FY2020

Executive Officer

BS 50%	STI 25%	LTI 25%
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Note: Executive Officers who were non-residents of Japan were not eligible for compensation through RSU, and their compensation through PSU was paid in equivalent cash compensation instead of the shares themselves.

Setting up a new compensation system, in line with the corporate strategy of becoming a global MedTech company.



FY2021, FY2022

Representative Executive Officer

BS 25%	STI 25%	LTI 50%
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Executive Officer

BS 28.5%	STI 28.5%	LTI 43%
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Note: Executive Officers who were non-residents of Japan were also provided with shares for LTI.

Having taken into consideration the compensation levels of global MedTech companies, the compensation structure has been changed to higher the ratios of STI, which is performance-linked monetary compensation, and LTI, which is stock compensation.



FY2023 to FY2025

Representative Executive Officer

BS 19%	STI 24%	LTI 57%
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Executive Officer

BS 24%	STI 28%	LTI 48%
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Note: Executive Officers who are non-residents of Japan also are provided with shares for LTI.

- 1** Increasing the proportion of long-term incentives in line with the corporate strategy
- 2** Setting challenging and achievable targets in accordance with the business environment and increasing the motivation of Executive Officers

Corporate Governance

Compensation of Executive Officers

Considering the compensation amounts of global MedTech companies, the ratio of STI, which is performance-linked monetary compensation, and LTI, which is stock compensation were raised and we set the composition. The ratio of RSU and PSU was 25% for RSU and 75% for PSU in accordance with the basic concept of putting emphasis on performance-linked

compensation. Nevertheless, in light of the current uncertain and drastically changing business environment, the ratio was set as 40% for RSU and 60% for PSU since the fiscal year ended March 2022 in order to secure a desirable share of stock in the total compensation.

Compensation Composition for FY2024 (Results) and FY2025

Representative Executive Officer

BS 19%	STI 24%	RSU 23%	PSU 34%
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Executive Officer

BS 24%	STI 28%	RSU 19%	PSU 29%
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Notes:
 1. The left table summarizes the target compensation ratio as the role of executive. Compensation paid for the role of monitoring to a person who also serve as a Director is not included.
 2. For those who are not natives of Japan, one-time payments, severance pay, housing allowances, pensions, etc., are established to add adjustments to the previous compensation agreements on an individual basis. (This is not included in the ratios shown in the figure on the left.)

Short-term Incentive Compensation (STI)

Performance-linked monetary compensation payable at a ratio of 0% to 200% in proportion to achievement of financial indicators, quality target for all Executive Officers and Executive Officer individual target for a single fiscal year. Financial indicators are set to be revenue and operating margin aiming at assessing growth and efficiency. In addition, since it is important to steadily implement long-term and strategic efforts within each fiscal year, continuing from the fiscal year ended March 2024, quality target is set as an indicator. The Executive Officer individual target is also added for the fiscal year ending March 2025 to follow our new refreshed Core Values, especially "Impact," and facilitate the cultural change towards more impact and personal accountability of Executive Officers.

FY2024

Index	Weight	Target value	Actual value	Payout rate	Payout rate
Revenue ^{*1}	25%	¥914.0 billion	¥871.5 billion	51.1%	
Operating margin ^{*1}	25%	18.9–20.9%	16.2%	0% ^{*2}	112.8%
Quality target	50%	401 work streams	Exceeded target level	200.0%	

FY2025

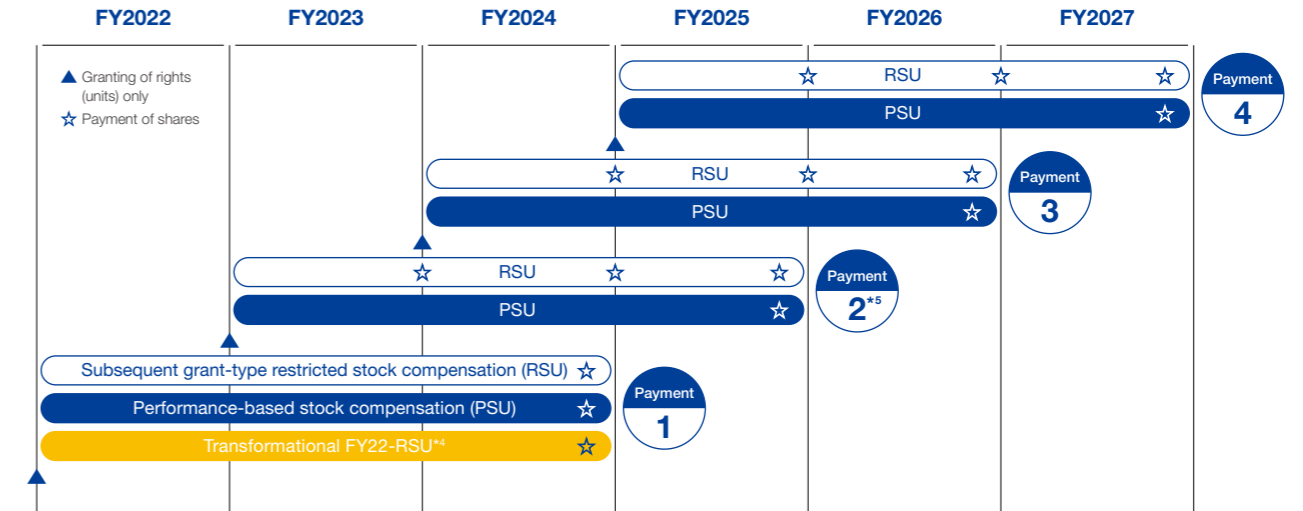
Index	Weight	Target
Revenue ^{*1}	25%	¥1,021.0 billion
Operating margin ^{*1}	25%	19.4%

Quality target	30%	The medium- to long-term, and short-term goals of major initiatives to improve the root causes (vulnerabilities) that may exist with our QARA organizational structure, manufacturing processes, quality management systems and the quality culture of our Medical Business
EO individual target ^{*3}	20%	Targets of very concrete results or outcomes he/she has to deliver in the fiscal year ending March 2025 will be set as individual targets consisting of four goals related to (1) Holistic remediation and transformation program, (2) Long-term sustainability, (3) Short-term basic improvement, and (4) Budgets.

^{*1} Revenue is calculated from the figure after foreign exchange adjustment by applying the exchange rate used for the earnings forecast for the fiscal year under review, and operating margin is calculated from operating profit after adjustments that deduct other income and other expenses.
^{*2} Since operating margin was less than 16.9%, the payout rate was 0%.
^{*3} For CEO and Executive Chairperson, the Executive Officer individual target is not applied, and the composition of the indicators is 35% for revenue, 25% for operating margin, and 40% for quality target.

Long-term Incentive Compensation (LTI)

From the fiscal year ended March 2021, RSU and PSU are being utilized.



^{*4} The payout rate was 0% for those PSU for which the fiscal year ended March 2021 was the final fiscal year of the evaluation period. Although the COVID-19 pandemic was having a major impact on the business environment, Executive Officers produced effects through the fiscal year ended March 2022 and beyond. The Compensation Committee believed it was necessary to have an effective form of compensation aimed at maximizing corporate value, improving shareholder value, and strengthening the sharing of interests with shareholders, and were, therefore, paying out a "Transformational FY22-RSU."
^{*5} From the fiscal year ended March 2023, payment type of RSU was changed to 1/3 payable as shares after each year.

Performance-based Stock Compensation (PSU)

FY2022 to FY2024 (Results)

Index	Weight	Target (100% payout)	Result	Payout rate	Payout rate
Operating margin ^{*6}	40%	Setting 100% payout target for each year	^{*7}	57.3%	
Relative TSR	40%	50%ile (Peer group)	31.1%ile	62.2% ^{*8}	87.8%
ESG	20%	DJSI-index	^{*9}	200.0%	

^{*6} Operating margin value is after adjustment by deducting other income and expenses.
^{*7} Operating margin: 100% payout target for each year were as follows. Payout rate of operating margin is a simple average of payout rate of each year. FY2022=17.5%, FY2023=21.4%, FY2024=18.9–20.9%
 The results of operating margin of each year were as follows. FY2022=19.3%, FY2023=20.0%, FY2024=16.2%
^{*8} (Relative TSR payout rate % for 25% to 50%) = 2 * (Relative TSR result %ile)
^{*9} Payout rate of ESG index is determined by DJSI-index of each fiscal year in the evaluation period. Results of each year were as follows. FY2022 = World, FY2023 = World, FY2024 = World

FY2023 to FY2025

Index	Weight
Operating margin	20%
Relative TSR	60%
ESG ^{*10}	20%

FY2024 to FY2026

Index	Weight
EPS growth rate	20%
Relative TSR	40%
Quality target	30%
ESG ^{*10}	10%

FY2025 to FY2027

Index	Weight
Relative TSR ^{*11}	60%
Quality target	20%
ESG	20%

POINT As ESG evaluation index, in light of ESG focus areas and materiality of Olympus, we set the three focus areas of ESG as internal index, in addition to the DJSI Index.

Focus area	Index	Weight	Target in FY2027	Mid-term goals (for reference)
Healthcare Access & Outcome	CRC (Colorectal cancer) related training in target emerging countries and regions	5%	36–37 (Number of programs)	+20% growth rate
Healthy Organization	Management positions held by women globally	5%	28.5%–29.6%	30% in FY2028
Carbon Neutral Society & Circular Economy	Reduction of CO ₂ emission in our site operations across Scope 1 and 2	5%	-68% to -70% (Reduction compared with FY2020)	Carbon neutral by 2030
DJSI	Included in DJSI Index	5%	World	World maintained

^{*10} Evaluation based on the Dow Jones Sustainability Index (DJSI), which is a global representative ESG investment index. In light of the business characteristics of Olympus, the DJSI is set as an evaluation index for the reasons given below. In addition, with the goal of meeting global standards in all areas of ESG, an evaluation table was set with an emphasis on the DJSI that will be achieved in the third year, in consideration of the results of the first and second years.
 • The DJSI provides comprehensive coverage of overall corporate activities.
 • The breadth of coverage in the evaluation area contrasts with the expectations of a broad range of stakeholders.
 • The DJSI is a highly reliable external evaluation organization and ensures transparency and fairness.
^{*11} The peer group consists of the following 20 companies in Japan, Europe, and the U.S. that are "manufacturers whose business portfolio includes medical devices" or "manufacturers classified in the healthcare category of the GICS code." Abbott Laboratories; GE Healthcare Technologies; Medtronic plc; Koninklijke Philips N.V.; Danaher Corporation; Takeda Pharmaceutical; Becton, Dickinson and Company; Siemens Healthineers AG; Stryker Corporation; Baxter International Inc.; Boston Scientific Corporation; Zimmer Biomet Holdings, Inc.; Terumo Corporation; Agilent Technologies, Inc.; HOYA Corporation; Smith & Nephew plc; Edwards Lifesciences Corporation; Intuitive Surgical, Inc.; STERIS plc; Sysmex Corporation