June 26, 2015

News Release

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# Notice Regarding the Formulation of the "Basic Policy for Corporate Governance"

Recently, the "Corporate Governance Code" summarizing various principles for the purpose of realizing the effective corporate governance of listed companies (hereinafter, "this Code") has been enacted. Starting on June 1, 2015, the enforcement of this Code commenced as the listing rules of the Tokyo Stock Exchange.

With the enactment of this Code, our company has agreed with the purpose thereof and has promptly taken measures to implement the principles of this Code. Today, as part of the initiatives therefor, our company has formulated a "Basic Policy for Corporate Governance" (hereinafter, "this Policy") in light of the principles of this Code. As the resolution was adopted at the board of directors meeting held today, we would like to make an announcement, as stated in the Exhibit.

This Policy has been formulated for the realization of effective corporate governance 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. The content hereof has been approved by our company's board of directors.

End

Exhibit

June 26, 2015

# Basic Policy for Corporate Governance

## Our Corporate Philosophy

"The Olympus Group strives to realize better health and happiness for people by being an integral member of society, sharing common values, and proposing new values through its business activities." This philosophy is called "Social IN," which is the basic concept behind all of our activities. Under this philosophy, we aim to improve our company's continuous development and mid- and long-term corporate value for stakeholders, including shareholders.

## Basic Idea Regarding Corporate Governance

Based on our fiduciary responsibility to shareholders and our responsibility to stakeholders including clients, employees and local communities, etc. as well as the above corporate philosophy, our company has implemented all the principles of the Corporate Governance Code and developed this policy with the aim of realizing effective corporate governance.

## 1. Securing Shareholders' Rights and Equality

(1) Our company respects shareholders' rights and secures their substantial equality.

(2) Our company takes appropriate steps to improve the environment pertaining to the exercise of rights at the general meeting of shareholders.

(3) If it is judged that listed shares will contribute to the improvement of our group's corporate value in the mid- to long-term, then, upon verifying the economic rationality and the future prospects for the mid- to long-term, our company will hold the listed shares. Every year, the board of directors will verify the rationality and necessity of holding our major policy shareholdings in light of the returns and risks of holding such policy shareholdings from a mid- to long-term perspective, and based on that verification, confirm the target and rationality of holding such policy shareholdings. Moreover, in order to exercise shareholders' rights regarding policy shareholdings, our company will exercise its voting rights on all agenda items, and from the viewpoint of improving the mid- to long-term corporate value of an enterprise issuing such shares, will consider said enterprise's financial condition and decide appropriately about whether to approve or disapprove each agenda item.

(4) Our company has implemented takeover defense measures from the viewpoint of protecting our mid- to long-term corporate value. From the viewpoint of fulfilling our fiduciary responsibility to shareholders, the board of directors will thoroughly examine the necessity and rationality of the implementation of the measures. Prior to their invocation, the measures will be examined by an special committee comprised of independent outside directors and independent outside auditors, and a general meeting of shareholders will be held to verify shareholders' desires if necessary. Moreover, the effective period of the takeover defense measures is set for one year. After providing thorough a explanation to shareholders at the general meeting of shareholders, the effective period will be renewed.

(5) In the case of conducting related party transactions, our company and its subsidiaries are required to obtain the approval of the board of directors of each company in accordance with the company rules: "Olympus Group Internal Control Rules," and are required to report to our company after obtaining approval from the regional headquarters.

**2. Cooperation with Stakeholders other than Shareholders**

Under our corporate philosophy, "Social IN," our company endeavors to cooperate as appropriate with various stakeholders including employees, clients, business connections, creditors and local communities.

Our company will present its values regarding appropriate cooperation with stakeholders, respect for their interests, and ethics for sound business activities, and stipulate and implement a code of conduct to be complied with by such members. Specifically, we have formulated the "Olympus Group Corporate Conduct Charter" and the "Olympus Group Code of Conduct" as a code of conduct for all groups, and have widely disseminated them among all officers and employees who belong to our company groups.

As a supervisor responsible for compliance-related matters, we have appointed a Chief Compliance Officer (CCO). As an advisory organ for the board of directors, we have established a Compliance Committee that is chaired by an independent outside director and is comprised of the CCO and outside committee members. Furthermore, we have established an internal compliance-related reporting system, the "Compliance Helpline," operated by an internal reporting desk and an external reporting desk managed by an outside attorney, and regularly report the status of use thereof to the board of directors through the above Compliance Committee.

### 3. Complete Information Disclosure and Secured Transparency

Under the basic concept for all corporate activities, “Social IN,” our company will disclose corporate information, such as management policy, financial condition, status of business activities and CSR activities in a fair, timely, appropriate and active manner for the purpose of obtaining all stakeholders’ correct understanding and trust.

### 4. Responsibility of the Board of Directors, etc.

#### (1) Role of the Board of Directors

The board of directors approves important matters related to management proposed by the President who is the person responsible for management and execution, and supervises business operations.

#### (2) Qualification of Directors and Auditors

Having high ethical standards as well as the experience, knowledge and ability required to create mid- to long-term corporate value, our directors spend a sufficient amount of time for the board of directors in order to fulfill their own obligations and responsibilities.

Our company has chosen to be a “Company with Board of Auditors” and has built a system that improves the objectivity and fairness of management monitoring through the board of directors and the board of auditors. Our auditors possess the ethical standards, as well as the experience, knowledge and ability required to create mid- to long-term corporate value. At least one of them possesses abundant knowledge of financial affairs and accounting services.

#### (3) Diversity of the Board of Directors

Our company considers the diversity of the whole board of directors in terms of experience, knowledge and ability, etc.

#### (4) Scale of the Board of Directors

Based on our group’s scale and business lines, we maintain an appropriate number of members, fifteen or fewer persons, as stipulated in the Articles of Incorporation, in order to effectively and efficiently exercise the functions of the board of directors.

#### (5) Independent Outside Director

From the viewpoint of increasing the supervisory functions of the board of directors, at least half of the directors are independent outside directors. The independence standards are set forth by the board of directors.

**(6) Chairman of the Board of Directors**

For the purpose of securing the separation of executive and supervisory power, a director who does not conduct business operations serves as the chairman of the board of directors.

**(7) Nomination and Compensation Related Committees**

The board of directors will convene a nominating committee and a compensation committee as a voluntary committee.

**Nominating Committee**

The nominating committee discusses the appointment of the directors and auditors as well as personnel affairs, and provides opinions and advice to the board of directors. The nominating committee consists of three or more committee members nominated 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**

The compensation committee discusses matters pertaining to the directors' compensation and provides opinions and advice to the board of directors. The compensation committee consists of three or more committee members nominated 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.

**(8) Appointment Process of the Directors and Auditors**

As for directors, the nominating committee discusses and interviews director candidates in light of the appointment standards, and provides opinions and advice to the board of directors. Based on such opinions and advice, director candidates are decided by the board of directors, and directors are appointed by a resolution at the general meeting of shareholders.

As for auditors, upon collecting the opinions of the board of auditors, the nominating committee discusses and interviews auditor candidates in light of the appointment standards, and after obtaining the consent of the board of auditors, provides opinions and advice to the board of directors. Based on such opinions and advice, auditor candidates are decided by the board of directors, and auditors are appointed by a resolution at the general meeting of shareholders.

**(9) Fostering and Deciding the President's Successor**

The President recognizes the fostering of the successor as one of the most important duties, and fosters executive officers as candidates for the successor. The nominating committee understands the fostering process and provides any necessary advice. 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.

**(10) Compensation System**

Regarding officers' compensation (compensation for directors who conduct business operations and executive officers), the basic policy is to provide compensation that is suited to their duties, and to increase the awareness among the officers in order to: "Meet the shareholders' expectations by aiming to maximize corporate values." Based on said policy, the board of directors focuses on appropriately setting the compensation ratio linked to short and mid- and long-term performance, and through the compensation committee's opinions and advice, decides officers' compensation.

**(11) Management of the Board of Directors Meeting**

For the purpose of approving important business operations and supervising business operations, agenda items for, deliberation time of, and the frequency of holding the board of directors meeting are set in order to facilitate necessary and sufficient discussion. In order to facilitate constructive discussions and the exchange of opinions at the board of directors meeting, materials are sent regarding matters to be discussed and matters to be reported at the board of directors meeting, and the orientation session is held in consideration of the time required for the attendees to prepare for the board of directors meeting. Moreover, the board of directors meeting schedule and expected agenda items are prepared in advance.

**(12) Assembly for Independent Outside Directors Only**

Aiming at information exchange and knowledge sharing, our company will implement an assembly for only independent outside directors as needed.

**(13) Evaluation of the Board of Directors Meeting**

Every year, the effectiveness of the board of directors as a whole is analyzed and evaluated at the board of directors meeting including a third party's perspectives, and an overview of the evaluation result is released.

**(14)Information Acquisition and Support System**

Our company endeavors to actively provide the directors and auditors with information helpful for effectively fulfilling their roles and duties.

**(15)Improvement through Study of the Directors and Auditors**

The directors and auditors endeavor to improve themselves including by acquiring and updating, etc. their knowledge in order to fulfill their roles and duties. Our company provides newly-appointed outside officers with various programs for acquiring knowledge concerning our company, including tours to our company' business office and factory, as well as study groups on our business, etc.

## 5. Interaction with Shareholders

For the purpose of our company's continuous development and improvement of mid- to long-term corporate value, the board of directors have stipulated and announced the Policy for Improving the System and Initiatives for Promoting Constructive Interactions with Shareholders.

### Policy for Improving the System and Initiatives for Promoting Constructive Interactions with Shareholders

(1) Basic Policy

For the purpose of our company's continuous development and improvement of mid- to long-term corporate value, our company, centering on the president and the financial officer, actively conducts constructive interactions with shareholders. The IR department assists such initiatives through internal information exchange and improving the system for providing shareholders' opinions as feedback, etc. to the upper management team.

(2) Policy for Interactions by the President and Financial Officer

The President and the financial officer play a central role in conducting overall interactions with shareholders toward the realization of constructive interactions. Specifically, the President and the financial officer will proactively establish opportunities for direct interactions with shareholders by conducting the following in addition to individual interviews with shareholders: briefing sessions for every quarterly settlement, small meetings, telephone conferences with overseas investors, domestic and international road shows on a regular basis, and participation in conferences held by securities firms, etc.

(3) Policy for IR Activities by the IR Department

By putting the IR Department in charge of IR activities, our company actively implements IR activities toward solid interactions with shareholders. Specifically, in addition to conducting individual interviews at any time as requested by shareholders, our company will regularly implement IR events, such as briefing sessions for individual investors and facility tours. Moreover, we will actively provide information to shareholders through the website, annual reports, business reports for shareholders and the Convocation of the General Meeting of Shareholders, etc.

(4) Policy for Improving the Internal Information Exchange System by the IR Department

The IR department, as needed, exchanges information with the Corporate Planning Dept., the General Affairs Dept., the Financial Affairs Dept., the Accounting Dept. and the Legal Affairs Dept., etc. on a daily basis, and establishes a project team if necessary, in order to build a coordinated collaboration system. Moreover, the IR department reports shareholders' opinions and concerns obtained from interactions with shareholders centering on institutional investors at the management and executive management committee as well as the board of directors meeting, if necessary. Thereafter, the contents of such opinions and concerns will be discussed.

(5) Policy for Insider Information Management when Interacting with Shareholders In accordance with the "Regulations for Insider Trading Prevention," insider information is strictly managed. When interacting with shareholders, the IR department issues a reminder to the person in charge of the interaction, thereby preventing the divulgence of insider information.

**6. Revision and Abolition of this Policy**

Revision and abolition of this Policy shall be subject to a resolution of the board of directors.

End