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Corporate Governance Report

Last Update: June 28, 2017

Olympus Corporation

Representative Director, President: Hiroyuki Sasa

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Securities Code: 7733

https://www.olympus-global.com/

The corporate governance of Olympus Corporation (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company has formulated its Basic Policy for Corporate Governance as follows as its fundamental approach and policy regarding corporate governance.

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) 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 "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 Ethics" 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

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company is implementing all the principles embodied in the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

・Principle 1-4 [So-called policy shareholdings]
The Company's policy regarding possession of listed shares as a policy measure and the criteria for exercise of voting rights for such policy shareholdings is stated in 1.3 of the Basic Policy for Corporate Governance, for your reference.
・Principle 1-7 [Related party transactions]
The framework of procedures when the Company or its subsidiary is engaging in related party transactions is stated in 1.4 of the Basic Policy for Corporate Governance, for your reference.
・Principle 3-1 [Complete information disclosure]
The Company shall act independently to make the following communications, for disclosure in a timely and accurate manner in accordance with the law, and to secure transparency and fairness in our decision making and realize effective corporate governance.
(i) Our corporate philosophy and medium-term vision are disclosed via our website and our annual report and elsewhere, for your reference.
Corporate Philosophy https://www.olympus-global.com/company/philosophy/
Medium-term Vision https://www.olympus-global.com/ir/data/managementplan.html
(ii) The Company, as stated in the above "1. Basic Views," has formulated its basic views and policies regarding corporate governance in the Basic Policy for Corporate Governance, based on the respective principles in the Corporate Governance Code, for your reference.
(iii) Compensation to the Company's Directors shall be decided by the Board of Directors based on the rules for Director compensation, following the stated comments and advice of the Compensation Committee, which is formed of a majority of independent Outside Directors, with an independent Outside Director as its chairman. The Compensation Committee shall review from a short, medium and long term perspective the linking of performance to compensation for the productivity-linked portion, including the composition of bonuses and stock options, and shall review such at the roll-out of the Medium-term Vision.
The compensation of persons who are both Directors and members of the executive management (this refers to the executive officers; this applies subsequently) is as above.
(iv) Nomination of candidate Directors for the Company shall be decided by the Board of Directors following the stated comments and advice of the Nomination Committee, which is formed of a majority of independent Outside Directors, with an independent Outside Director as its chairman. The nomination of candidate Auditors shall be decided by the Board of Directors following the stated comments and advice of the Nomination Committee, after gaining the consent of the Board of Auditors. The executive management shall be decided by the Board of Directors, based on the rules of the Executive Management Committee.
(v) Reasons for election of the Directors are stated in the reference documents for Director election resolutions in the *Notice Regarding the Convocation of the General Meeting of Shareholders*, for your reference.
Page 6 / 19 of the Notice Regarding the Convocation of the General Meeting of Shareholders for the 149th Term: Election of Eleven Directors / Election of Four Audit & Supervisory Board Members
https://www.olympus-global.com/ir/stock/pdf/meeting149p_02.pdf
The reasons for election of members of the executive management are stated in the reference documents for Director election resolutions in the *Notice Regarding the Convocation of the General Meeting of Shareholders* above, for your reference. (Directors and executive officers: Hiroyuki Sasa, Yasuo Takeuchi, Akihiro Taguchi,

Haruo Ogawa, Kiichi Hirata)

・Supplemental Principle 4-1-1 [Scope of delegation to the management team]

Matters to be discussed in the Board of Directors are stipulated under the rules of the Board of Directors defined by the Board of Directors and the Board of Directors discussion and reporting standards, based on the policy of separating execution from supervision. These are important matters in terms of the management of the company, e.g. legal matters, matters to do with the Articles of Incorporation, the basic management policies, planning for the medium term and so on. The management team implements business in accordance with the basic management policy and the management plans as decided by the Board of Directors.

・Principle 4-8 [Effective use of independent Outside Directors]

From the perspective of heightening the supervisory functions of the Board of Directors, half or more of the Board is to consist of independent Outside Directors. Six out of eleven of the Board of Directors are independent Outside Directors.

・Principle 4-9 [Qualifications and standards for independent judgments by independent Outside Directors]

The Board of Directors has set standards in order to secure the independence of the independent Outside Directors. These are publicly disclosed in this report II.1. [Independent Directors/*Kansayaku*] and so on, for your reference.

The Nomination Committee, made up of a majority of independent Outside Directors, reviews the independence of candidates to ensure the actual substance of independence, as well as ascertaining that the candidates can contribute to the Board of Directors.

・Supplemental Principle 4-11-1 [Balance, diversity and scale for the Board of Directors, and policies and procedures for election of the Directors]

The balance and diversity of the Board of Directors, and the policy and procedures for the election of Directors, are stated in "4. Responsibilities of the Board of Directors, etc." of the *Basic Policy for Corporate Governance*, for your reference.

・Supplemental Principle 4-11-2 [Situation of concurrent posts for Directors and Auditors]

Concurrent roles as officers of other listed companies by the Directors or Auditors are disclosed each year in the reference documents of the *Notice Regarding the Convocation of the General Meeting of Shareholders* (for candidates) and the business reports (for those active at the end of the term), for your reference.

Pages 7-19 and 38-40 of the Notice Regarding the Convocation of the General Meeting of Shareholders for the 149th Term:
https://www.olympus-global.com/ir/stock/pdf/meeting149p_02.pdf

・Supplemental Principle 4-11-3 [Self-evaluation for the Board of Directors]

The Directors and Auditors of the Company's Board of Directors engage in self-evaluation each year, while analysis and evaluation from a third person point of view is also made of the effectiveness of the Board of Directors. An outline of the evaluation results for the Board of Directors is available on the Company's website, for your reference. (An outline of the evaluation results for the Board of Directors for the term ending March 31, 2017 will be available around the end of July 2017.)

Board of Directors, Audit & Supervisory Board
https://www.olympus-global.com/company/governance/board.html

・Supplemental Principle 4-14-2 [Training policy for Directors and Auditors]

The Company has a policy to provide training for Auditors and Directors to aid their acquisition of knowledge about the Company by holding tours of Company offices, factories and other main sites, seminars and workshops for newly appointed Directors and Auditors, including Outside Directors and Auditors. The Company also has a policy to help arrange outside education and training so that the Directors and Auditors can learn the fundamental knowledge required for carrying out their work, paying the costs involved, to aid a greater understanding of the roles and responsibilities of the Directors and Auditors.

・Principle 5-1 [Policy concerning constructive dialog with shareholders]

The policy concerning systems development and initiatives to encourage constructive dialog with shareholders is stated in "5. Interaction with Shareholders" of the *Basic Policy for Corporate Governance*, for your reference.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust accounts)	23,163,100	6.76
Japan Trustee Services Bank, Ltd. (trust accounts)	17,249,900	5.03
Sony Corporation	17,243,950	5.03
Nippon Life Insurance Company	13,286,618	3.88
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,286,586	3.88
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust and Banking Company Retrust Portion, Sumitomo Mitsui Banking Corporation Pension Trust)	11,404,000	3.33
State Street Bank and Trust Company 505001	11,152,732	3.25
State Street Bank and Trust Company 505223	11,038,133	3.22
State Street Bank and Trust Company	10,414,057	3.04
Sumitomo Mitsui Banking Corporation	8,350,648	2.44

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation
—

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Precision Instruments
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion /
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

5. Other Special Circumstances which may have Material Impact on Corporate Governance

—

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with *Kansayaku* Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	11
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		A	b	c	d	e	f	g	h	i	j	k
Shiro Hiruta	From another company								△			
Sumitaka Fujita	From another company								△			
Takayuki Katayama	From another company											
Susumu Kaminaga	From another company											
Michijiro Kikawa	From another company											
Tetsuo Iwamura	From another company											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Shiro Hiruta	○	There are no particular matters to report.	In order that his extensive experience and diverse knowledge as a business manager at Asahi Kasei may be applied to the Company's management. The independence standards are satisfied and this person is nominated as an independent officer.
Sumitaka Fujita	○	There are no particular matters to report.	In order that his extensive experience and diverse knowledge as a business manager at Itochu Corporation may be applied to the Company's management. The independence standards are satisfied and this person is nominated as an independent officer.
Takayuki Katayama	○	There are no particular matters to report.	In order that his extensive experience and diverse knowledge as a business manager at Teijin Limited may be applied to the Company's management. The independence standards are satisfied and this person is nominated as an independent officer.
Susumu Kaminaga	○	There are no particular matters to report.	In order 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. The independence standards are satisfied and this person is nominated as an independent officer.
Michijiro Kikawa	○	There are no particular matters to report.	In order 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. The independence standards are satisfied and this person is nominated as an independent officer.
Tetsuo Iwamura	○	There are no particular matters to report.	In order that his extensive experience and diverse knowledge as a business manager at Honda Motor Co., Ltd. may be applied to the Company's management. The independence standards are satisfied and this person is nominated as an independent officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominating Committee	Compensation Committee
All Committee Members	3	3
Full-time Members	3	3
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

The Company has established a Nomination Committee and a Compensation Committee as voluntarily established committees.

The Nomination Committee reviews elections for Directors and Auditors, and personnel matters, offering comments and advice to the Board of Directors. The Nomination Committee consists of three or more members nominated by the Board of Directors from among the Directors. The majority of these are Outside Directors. In addition, the chairman is an independent Outside Director.

The Compensation Committee reviews the matters pertaining to the compensation of the Directors, offering comments and advice to the Board of Directors. The Compensation Committee consists of three or more members nominated by the Board of Directors from among the Directors. The majority of these are Outside Directors. In addition, the chairman is an independent Outside Director.

[*Kansayaku*]

Establishment of *Kansayaku* Board	Established
Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation	4
Number of *Kansayaku*	4

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

Auditors in the Audit & Supervisory Board receive from the accounting auditors regular explanations of the audit plan for the fiscal year, matters concerning the quarterly financial statements, the end of term auditors' report and so on, and hold exchanges of opinions as necessary.

The Company's internal audits are controlled by the Internal Audit Office (currently 25 persons as of the submission date), an organization directly controlled by the president. The Internal Audit Office implements internal audits for the Company and Group companies, in coordination with the internal audit departments of the controlled subsidiaries in the European, American and Asian regions. The Internal Audit Office assesses the development and operating condition of internal controls based on the Financial Instruments and Exchange Act, undertakes management audits (operational audits, compliance audits, system audits, etc.), indicates points for improvement and follows up the said improvements. The condition and results of the internal audits are regularly reported to the president and the Board of Directors as required. The Auditors and the accounting auditor maintain a close exchange of information on the audit plans and audit results, as well as coordinating, for example on physical inventory audits. Currently there are four certified internal auditors, and one certified information system auditor.

Appointment of Outside *Kansayaku*	Appointed
Number of Outside *Kansayaku*	2
Number of Independent *Kansayaku*	2

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		A	b	c	d	e	f	g	h	i	j	k	l	m
Katsuya Natori	Lawyer										△			
Atsushi Iwasaki	CPA													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent *Kansayaku*	Supplementary Explanation of the Relationship	Reasons of Appointment
Katsuya Natori	○	There are no particular matters to report.	In auditing the Company's management, to make use of his extensive experience and diverse knowledge as an attorney and business manager at Sun Microsystems Inc., Fast Retailing Co., Ltd., and IBM Japan Ltd. The independence standards are satisfied and this person is nominated as an independent officer.

Atsushi Iwasaki	○	There are no particular matters to report.	His extensive experience and diverse knowledge as a certified public accountant is judged to be suitable to act as an Outside Auditor for auditing the management of the Company. The independence standards are satisfied and this person is nominated as an independent officer.

[Independent Directors/*Kansayaku*]

Number of Independent Directors/*Kansayaku*	8

Matters relating to Independent Directors/*Kansayaku*

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 Directors and Outside Audit & Supervisory Board Members. Explanation of the said conditions of transactions, etc. not meeting these criteria are omitted.

(Criteria for Independence of Outside Officers)

The Board of Directors of the Company assesses the independence of Outside Directors or Outside Audit & Supervisory Board Members (hereinafter, collectively "Outside Officers") based on the following criteria:

When the independence of Outside Officers is assessed at the Board of Directors, the Nomination Committee composed of a majority of Outside Directors shall, in advance, examine the independence of the relevant persons, and state its opinion and provide advice to the Board of Directors.

1. 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.
2. During the past ten-year period, the Outside Officer has not been an Operating Director, Corporate Executive Officer, Executive Officer or employee of the rank of General Manager or above at a company that falls under the following categories.
   (i) 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 net sales of either the company or the Group
   (ii) 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)
   (iii) The Group is a principal shareholder of the relevant company
   (iv) The relevant company has substantive interests in the Group (as a main bank, consultant, etc.)
   (v) The Group and the relevant company have a relationship in which they mutually dispatch and appoint directors
3. The Outside Officer is not financially dependent on a person who falls under the categories of 1. or 2. above.
4. The Outside Officer is not a spouse of, or a relative within the third degree of kinship of, a Director, Operating Director, Executive Officer or employee of the rank of General Manager or above at the Group.
5. The Outside Officer does not belong to an auditing firm that conducts statutory audits of the Group.
6. 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.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

The share-based compensation stock option system is to be introduced in order to strengthen the interrelation between the remuneration of directors (excluding outside directors) and executive officers on the

one hand and the Company's business results and share price on the other hand by allowing directors and executive officers to participate jointly with shareholders not only in the benefits from a rising share price but also in the risk of a share price decline, and thereby strengthen morale and preparedness to contribute to enhancing the business results and the corporate value of the Company over the medium and long term.

Recipients of Stock Options	

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

(1) Total amount of compensation etc. for Directors and Audit & Supervisory Board members class, total amount of compensation etc. by class, and number of applicable Directors and Audit & Supervisory Board members (units: thousand yen, persons) Total Compensation for Directors (excluding Outside Directors): 371,557 (Details) Base Compensation: 266,550 Bonuses: 60,590 Stock Options: 44,417 Number of Directors: 6 Total Compensation for Audit & Supervisory Board members (excluding external Audit & Supervisory Board members): 56,400 (Details) Base Compensation: 56,400 Bonuses: ― Stock Options: ― Number of Auditors: 2 Total Compensation for Outside Officers: 104,160 (Details) Base Compensation: 104,160 Bonuses: ― Stock Options: ― Number of Auditors: 11 (2) Total amount of compensation, etc., by only those with consolidated compensation of 100 million yen or more are shown (units: thousand yen) Name: Hiroyuki Sasa (Director) Total compensation: 114,977 (Details) Base Compensation: 84,000 Bonuses: 18,440 Stock Options: 12,537

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The basic policy for compensation to officers giving remuneration appropriate to their responsibilities, to give a powerful awareness of the need to maximize corporate value and meet the expectations of the shareholders.

Compensation for Directors (excluding Outside Directors) comprises monthly remuneration, bonuses as a short-term incentive plan, and restricted share and performance-linked share-based remuneration as a long-term incentive plan.

The monthly remuneration is set according to the base remuneration for each position and factors such as contribution to the company. The amount of the total bonus is decided upon taking into consideration consolidated operating income (excluding other operating income and other operating expenses) for the accounting period.

Moreover, the restricted share remuneration subject to continuous service as Director of the company for a certain period and the performance-linked share-based remuneration subject to the achievement of predetermined performance targets serve as a mechanism to issue common shares of the company as remuneration separate from the monthly remuneration and bonuses for the applicable Directors, which is intended to the incentive for sustainable improvement of the corporate value, as well as further enhance value sharing with the shareholders. The sum of the restricted share remuneration and the performance-linked share-based remuneration approved at the company's general meeting of shareholders for the 149th term is up to ¥500 million and 150,000 shares, 82% of which will be associated with the performance-linked share-based remuneration.

Outside Directors are paid only monthly remuneration not a bonus or restricted share and performance-linked share-based remuneration.

Compensation for Audit & Supervisory Board Members comprises only monthly remuneration based on consultations with the Audit & Supervisory Board Members, but does not include a bonus or restricted share and performance-linked share-based remuneration.

1. For Director bonuses as a short-term incentive plan, profit-linked pay was introduced from fiscal 2015 with the aim of heightening the connection with business performance. Specifically, since the end of the regular general meeting of shareholders scheduled for June 2018, the amounts are calculated according to the following method, allowance for such secured and payment made.

a. Total value of remuneration

The total value of remuneration is the smaller of (i) or (ii) below:

(i) the total of 0.2706% of the consolidated operating income (excluding other operating income and other operating expenses) for fiscal 2017 (as stated in the securities report for the 150th Term to be submitted June 2018) from which ¥30 billion has been subtracted (if the consolidated operating income fails to reach ¥30 billion, this figure is ¥0); this figure is adjusted by any increase or decrease in the number of applicable Directors, changes in the posts, and so on; or:

(ii) ¥350 million. The specific calculation formula for the total amount of remuneration is as follows.

Total amount of remuneration = (consolidated operating income (excluding other operating income and other operating expenses) for fiscal 2017 - ¥30 billion) x 0.2706%

x (total officers points for the applicable Directors ÷ 663) (round to the nearest ¥10,000)

b. Individual compensation

The total amount of remuneration found in a. above is proportionately apportioned according to the officers points determined for each Director below to fix the individual directors' compensation (rounded to the nearest ¥10,000).

Chairman of the Board: 165
President and Representative Director: 210
Director, Vice President: 147
Director, Senior Executive Managing Officer: 108
Director, Executive Managing Officer: 90
Director, Managing Officer: 76

The specific calculation formula for the individual compensation is as follows.
Individual compensation = total amount of remuneration ÷ total sum of officers points for all applicable directors x officer points of the individual director.
The cap on the individual compensation to Directors is as bellow.
President and Representative Director: ¥110.9 million
Director, Vice President: ¥77.6 million
Director, Senior Executive Managing Officer: ¥57.0 million
Director, Executive Managing Officer: ¥47.5 million

2. The performance-linked share-based remuneration is a long-term incentive plan where the company will deliver a number of shares of its common stock corresponding to an amount adjusted within the range of 0% to 150% in accordance with the degree of attainment of predetermined performance indices as of the end of the relevant target period of three fiscal years. The specific number of shares to be delivered will be calculated in the following manner and determined after the end of the general meeting of shareholders to be held in June 2020.
a. Total value of remuneration
The total value of remuneration will be calculated as follows: (i) Add the net income attributable to the parent ("Net Income") for fiscal 2017 indicated in the securities report for the 150th term to be submitted in June 2018, the Net Income for fiscal 2018 indicated in the securities report for the 151st term to be submitted in June 2019, and the Net Income for fiscal 2019 indicated in the securities report for the 152nd term to be submitted in June 2020 ("Total Net Income"); (ii) Subtract ¥129.5 billion from the Total Net Income and multiply the difference by 0.0537% (or ¥0 if the Total Net Income is less than ¥129.5 billion) ("Result A"); (iii) Average the growth rates of the net sales for fiscal 2017 indicated in the securities report for the 150th term to be submitted in June 2018, the net sales for fiscal 2018 indicated in the securities report for the 151st term to be submitted in June 2019, and the net sales for fiscal 2019 indicated in the securities report for the 152nd term to be submitted in June 2020, from the actual net sales (IFRS figure) for fiscal 2017 indicated in the earnings summary for the first quarter of the fiscal year ending March 31, 2018 to be published in August 2017 ("Average Net Sales Growth Rate"); (iv) Subtract 3.1% from the Average Net Sales Growth Rate and multiply the difference by ¥962,419,355 (or ¥0 if the Average Net Sales Growth Rate is 3.1% or less) ("Result B"); (v) Add Result A and Result B ("Result C"); and (vi) Result C will be adjusted according to the increase or decrease in the number of the applicable Directors, changes in their positions, etc. The formula to calculate a specific amount is as follows.
Total amount to be paid = {(Total Net Income - ¥129.5 billion) x 0.053715% + (Average Net Sales Growth Rate - 3.1%) x ¥962,419,355} x (Sum of the position points of the applicable Directors ÷ 663)
b. Total number of shares to be granted
The total number of shares to be granted will be calculated by dividing the total amount to be paid, which is calculated based on (a) above, by the closing price of the common stock of the company at the Tokyo Stock Exchange on the business day before the resolution by the board of directors of the company for the allotment of the common stock of the company (or the closing price on the most recent day before that day if no trade is concluded on that day).
c. Number of shares to be granted to a Director
The number of shares to be granted to a Director will be calculated by prorating the total number of shares to be granted, which is calculated based on (b) above, according to the point set for the relevant position. (Note that the position point for a Director is the same as the one used for the calculation of a bonus for the Director.)
Number of shares to be granted to a Director = Total number of shares to be granted ÷ Sum of the position points of the applicable Directors x Position point
In addition, the upper limits of the amount to be paid and number of shares to a Director are as follows.
President and Representative Director: ¥129.5 million, 38,800 shares
Director, Vice President: ¥90.7 million, 27,200 shares
Director, Senior Executive Managing Officer: ¥66.6 million, 19,900 shares
Director, Executive Managing Officer: ¥55.5 million, 16,600 shares

[Supporting System for Outside Directors and/or *Kansayaku*]

The Company actively provides information to enable the Outside Directors and Outside Auditors to effectively fulfill their roles and responsibilities. Documents are distributed and explained prior to board of

directors meetings being held. General Affairs shall function as the on-demand contact point for the Directors, while information gathering and contact for Outside Auditors shall be through the Office of the Audit & Supervisory Board.

The Company shall provide training for Auditors and Directors to aid their acquisition of knowledge about the Company by holding tours of Company offices, factories and other main sites, seminars and workshops for newly appointed Directors and Auditors, including Outside Directors and Auditors. The Company also helps arrange outside education and training so that the Directors and Auditors can learn the fundamental knowledge required for carrying out their work, paying the costs involved, to aid a greater understanding of the roles and responsibilities of the Directors and Auditors.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Board of Directors consists of 11 members, a majority of which are Outside Directors. In principle, the Board of Directors meets once per month and approves important management proposals made by the president, the highest authority for executive management, while exercising appropriate oversight of business execution. The position of chairman of the board of directors is taken by a director who is not involved in business execution. The term of directors is set at one year to allow their performance to be evaluated on a yearly basis and to clarify responsibility for this performance. The Company expects the five Outside Directors to apply their specialized expertise in management by engaging in decision making and oversight over the Board of Directors from an independent perspective. Furthermore, the Board of Directors requests reports on matters that are decided by the Executive Management Committee or by the president. In this manner, the Company is strengthening governance from the perspectives of sharing information and monitoring, thereby creating systems for better ensuring the soundness of management.

The Company employs an executive officer system, which segregates the decision making function and supervisory function of the Board of Directors from the business execution function of the executive officers. In addition, the Company has set a maximum tenure period for the president and a maximum age for Directors and executive officers. These restraints are in place to prevent inappropriate activities from occurring due to extended tenures of corporate officers.

The Articles of Incorporation limit the number of members of the Board of Directors to 15, and state that resolutions for election of Directors shall be made at general meetings of shareholders with shareholders present holding one third or more of the voting rights exercisable by shareholders, by a majority of those shareholders.

The Executive Management Committee, in principle, convenes three times a month in order to aid the president in making important management decisions through discussion of these matters. This committee consists of members including the president and heads of functional organizations. Also, Audit & Supervisory Board members and the Chief of Compliance Officer (CCO) attend meetings of this committee as observers, thereby further reinforcing the oversight function for business execution divisions.

Olympus is a company with the Audit & Supervisory Board system. Two of the four Audit & Supervisory Board members are Outside Audit & Supervisory Board members. One of the two standing Audit & Supervisory Board members was recruited from outside Olympus to guarantee the strength of supervisory functions. Olympus has established the Audit & Supervisory Board Office with dedicated staff to complement the work of the Audit & Supervisory Board members. In principle, the Audit & Supervisory Board, like the Board of Directors, meets once per month.

In accordance with the Rules of the Audit & Supervisory Board, and the Audit & Supervisory Board Members' Audit Standard, the Audit & Supervisory Board members attend important meetings, including Board of Directors' meetings, and periodically exchange opinions with Directors and executive officers. In principle, they exchange opinions with the representative director four times per year. Furthermore, regular explanations of the audit plan for the fiscal year, matters concerning the quarterly financial statements, the end of term auditors' report and so on are received from the accounting auditors, and exchanges of opinions are held as necessary.

The Auditors express opinions in the Board of Directors as required on important matters involved in decision making, and oversee the Company's business management system. The Outside Auditors in particular apply their respective expertise knowledge to give opinions, working to build the management monitoring functions.

Outside Auditor Nobuo Nagoya is a certified public accountant and has considerable knowledge of finance and accounting.

The Company has established a Nomination Committee and a Compensation Committee as voluntarily established committees of the Board of Directors, thus raising transparency of the management system. The majority of both these committees are Outside Directors, and the chairmen are also Outside Directors. The Nomination Committee gives advice to the Board of Directors on nomination of candidates for Directors and Auditors, while the Compensation Committee does the same for decisions on the compensation system for Directors and individual remuneration. The Board of Directors gives the utmost consideration to the advice given by these committees in its decisions.

The Company's internal audits are controlled by the Internal Audit Office (currently 25 persons as of the submission date), an organization directly controlled by the president. The Internal Audit Office implements internal audits for the Company and Group companies, in coordination with the internal audit departments of the controlled subsidiaries in the European, American and Asian regions. The Internal Audit Office assesses the development and operating condition of internal controls based on the Financial Instruments and Exchange Act, undertakes management audits (operational audits, compliance audits, system audits, etc.), indicates points for improvement and follows up the said improvements. The condition and results of the internal audits are regularly reported to the president and the Board of Directors as required. The Auditors and the accounting auditor maintain a close exchange of information on the audit plans and audit results, as well as coordinating, for example on physical inventory audits. In the current consolidated accounting year, a global conference was held with the internal audit departments of Europe, America and Asia, to share issues, set up task forces and begin examining issues. In addition, the director of the Internal Audit Office maintains communication with the Outside Directors, and works to lift the quality of the auditing activities. Furthermore, efforts are focused on fostering human resources to improve the quality of the audits. Currently there are four certified internal auditors, and one certified information system auditor.

As the above shows, the Company ensures comprehensive management monitoring functions by electing several Outside Directors and Outside Auditors, and in addition has established an Office of Audit & Supervisory Board and an Internal Audit Office to ensure a comprehensive audit system. Accordingly, we believe our current governance system is appropriate for the Company.

The Company has an agreement with EY Japan for audit work in conformity with the Companies Act and audit work in conformity with the Financial Instruments and Exchange Act. There is no special interest between the said auditing firm or the managing partners of the said auditing firm that engage in audit work for the Company. The names of the certified public accountants engaged in our operations for fiscal 2017 and the structure of the assistants involved in auditing work are as follows.

(Names of certified public accountants engaged in our operations)

Hirohumi Harashina	Designated and Engagement Partner	Executive member
Masanori Enomoto	Designated and Engagement Partner	Executive member
Masayasu Iida	Designated and Engagement Partner	Executive member

(Structure of assistants involved in the Company's auditing work)

Certified public accountants 33, other 38

3. Reasons for Adoption of Current Corporate Governance System

The Company's Board of Director's is structured so that Outside Directors make up more than half its members and with a chairman that does not engage in business execution, in order to establish a clear divide between business execution and oversight functions. In addition, the Nomination Committee and the Compensation Committee, both of which are voluntarily established by the Company, consist of a majority of independent Outside Directors, and are also chaired by Outside Directors. Based on this system, the Company is encouraging sustainable growth and improvement over the medium and longer term, while developing systems to improve its earning power, capital efficiency and so on.

In this way, the Company has adopted the Audit & Supervisory Board system, and has voluntarily established a Nomination Committee and Compensation Committee, as a company adopting a committee—style corporate governance system. Through these and other measures voluntarily seeking to improve its control functions, the Company has formed the optimum corporate governance system for itself.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Sent out 3 weeks prior to the general meeting of shareholders. PDF versions of the convocation notice are uploaded to the Company's website, TDnet, and the electronic voting platform several days prior to being sent out, as electronic disclosure.
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights is made possible by using the Company's specified voting website and its electronic voting platform.
Participation in Electronic Voting Platform	An English translation of the convocation notice is uploaded onto the Internet (on the electronic voting platform and the Company's website). In addition, electronic exercise of voting rights is made possible by using the Company's specified voting website and its electronic voting platform.
Providing Convocation Notice in English	An English translation of the entire convocation notice is uploaded onto the Internet (on the electronic voting platform and the Company's website).
Other	The full text of the convocation notice and the resolutions notice are uploaded to the Internet (the electronic voting platform and the Company's website). Visuals are used in the reported matters of the general meeting of shareholders to ensure better understanding among our shareholders.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company has posted its policy on information disclosure on its website. Based on the information disclosure policy, the Company has enacted Information Disclosure Rules to stipulate the information disclosure system, disclosure criteria, and management of the said information, to ensure well-timed and appropriate information disclosure.
Regular Investor Briefings for Individual Investors	Information sessions are held by IR staff for individual investors several times a year and the company provides information on the website.
Regular Investor Briefings for Analysts and Institutional Investors	Information sessions on the financial results focused on fiscal performance and projection are held quarterly (May, August, November, and February), in addition to which information sessions are held at appropriate times to explain the management strategy.
Regular Investor Briefings for Overseas Investors	In addition to actively holding videoconferences with overseas institutional investors and interviews or other meetings, the president and officers in charge visit institutional investors overseas two or three times a year to hold meetings explaining the financial results and so on.
Posting of IR Materials on Website	In addition to posting documents disclosed at the appropriate time, such as financial results information, annual reports, shareholder news, securities reports, quarterly reports, intellectual property reports and feedback, information on CSR and environmental activities is also posted.
Establishment of Department and/or Manager in Charge of IR	The Public Relations and IR Division is in charge of investor relations.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Olympus Group Corporate Conduct Charter and the Olympus Group Code of Ethics, enacted in September 2004 and revised in June 2012, clearly set out behavior in line with the laws and a higher ethical perspective, as well as fair and sincere corporate behavior, in the

	relationship between the Olympus Group and its customers, trading partners, shareholders, employees, regional companies and all other stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	The Olympus Group sees the reflection of public input in its management policies to share values with society as vital to the realization of the "Social IN" corporate philosophy. We continually listen to the views of stakeholders in the context of our day-to-day activities. We also engage experts in dialogue and are currently working on identifying medium- and long-term CSR issues. Under the Olympus Group Environmental Policy, placing great importance on reducing environmental loads throughout product life cycles, we are actively working to improve the environmental performance of our products, facilities, and logistics processes. Details of the activities undertaken are available in the Japanese and English versions of the *Olympus CSR Report*. CSR and environmental activities are also available on the Company's website. (https://www.olympus-global.com/csr/)
Development of Policies on Information Provision to Stakeholders	The Olympus Group has enacted the Olympus Code of Conduct and specifies the fair, well-timed and appropriate disclosure of corporate information such as its management policy, the condition of its business activities and its CSR activities and so on, in order to gain the correct understanding and trust of its stakeholders.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company refers to the concept of assimilating, as members, with society, sharing values with other members of society, and making people's lives healthy and happy by proposing new values through business activities as "Social IN," and identifies the concept as the leading motive lying behind all its activities.
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.

1. Framework to ensure the compliance by Directors and employees of the Company and its subsidiaries, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

(1) In order to ensure a system in which Directors and employees of the Olympus Group perform their duties in compliance with applicable laws and regulations as well as the Articles of Incorporation, the Company shall establish the Olympus Group's Charter of Corporate Behavior and the Olympus Group Code of Ethics and internal corporate regulations, and shall instill the policies and facilitate initiatives to raise awareness of compliance in Olympus Group through continuing education and other measures.

(2) The Company shall establish the Compliance Committee chaired by an Outside Director as a body to supervise and improve the compliance system of the Olympus Group. It shall also establish a compliance promotion system by appointing an officer in charge of compliance ("Chief Compliance Officer") and establishing a department in charge of group-wide compliance. The department in charge of group-wide compliance shall be responsible for activities toward the improvement of the group compliance system based on the Global Compliance Management System. Furthermore, it shall continuously conduct education of employees and measures relating to assessment. It shall establish a compliance helpline inside and outside the Company for consultation or provision of information on compliance related issues so that any employee, when suspecting there is or may be a violation of laws and regulations, etc., may make a report.

(3) The Company shall establish the CSR Committee with the President responsible for CSR and chaired by the officer in charge of CSR, and regularly hold meetings to set the contents and objectives for CSR activities by the Olympus Group and evaluate such activities. The Committee shall develop high ethical standards and promote measures to realize the Olympus Group's Charter of Corporate Behavior and the Olympus Group Code of Ethics.

(4) The Company shall establish the Internal Audit Office that directly reports to the President. The Internal Audit Office shall, pursuant to the provisions of the Internal Audit Regulations, conduct internal audits of the businesses of the Company and domestic subsidiaries in general with regard to the status of their compliance with laws and regulations, the Articles of Incorporation, and internal corporate regulations, and the appropriateness of the business execution procedures and details and other matters. For overseas subsidiaries, the internal audit department of each regional business center shall regularly conduct internal audits. Their audit results shall be reported to the President, the Board of Directors and the Audit & Supervisory Board of the Company.

(5) In order to ensure the fairness of operations of subsidiaries, the Company shall dispatch Directors and Audit & Supervisory Board Members to major subsidiaries and request them to obtain the Company's approval for significant matters of subsidiaries based on Internal Control Framework on approval procedures.

(6) In order to ensure the appropriateness and reliability of financial reporting of the Olympus Group, the Internal Audit Office shall continue to conduct improvement activities by regularly evaluating its efforts and operations to ensure that control activities relating to financial reporting function effectively under the internal control system.

(7) The Administration Department shall be responsible for working with lawyers, the police and other parties to systematically stand firm against anti-social forces and organizations which threaten societal order and safety. The Olympus Group continuously shall conduct measures for excluding anti-social forces and prepare relevant rules and regulations in order to maintain its social responsibility to exclude anti-social forces.

2. Framework regarding the maintenance of records and management of information in relation to performance of duties by Directors of the Company

(1) Pursuant to applicable laws and regulations and internal corporate regulations including the internal rules on document management, the Company shall maintain and manage documents or electronic data.

(2) Directors and Audit & Supervisory Board Members may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time based on the internal rules on document management.

3. Rules relating to the risk management of the Company and its subsidiaries in the event of loss and other circumstances

(1) The Company shall manage its business risks of the Olympus Group based on due deliberations held at meetings of the Board of Directors and the Executive Management Committee, among other meetings, and appropriate operation of the internal approval procedure. The President shall make a proposal to the Board of Directors for resolution of significant matters of the Olympus Group that are specified by the Rules of the Board of Directors following sufficient deliberations at meetings of the Executive Management Committee. The Board of Directors shall make a decision about the proposed matters after sufficient deliberations. In addition, the President shall make a decision about significant matters except for board meeting agendas after deliberations at meetings of the Executive Management Committee.

(2) The Company shall manage risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters by establishing divisions in charge, establishing internal corporate regulations and standards, working for preventive risk management as the Olympus Group, and implementing education and training.

(3) The CSR Committee shall report and deliberate on plans and measures in relation to risk management, and make efforts to establish and maintain a risk management system at the Olympus Group. Moreover, pursuant to the Rules on Risk Management and Crisis Response, each department in charge in the Company and the subsidiaries shall be aware of risks and take preventative measures, and the Company has a framework which enables prompt actions in the event of an emergency. In the event of a disaster including earthquakes, fire and accidents, and occurrence of incidents of great risks, such as the violation of corporate ethics, the department in charge shall make immediate reports to the President, other members of the Executive Management Committee and relevant people. The final determination in such circumstance shall be made by the President.

4. Framework to ensure the effective performance of duties by Directors of the Company and its

subsidiaries

(1) The Board of Directors shall approve medium- and long-term Corporate Strategic Plans in which the business objectives of the Olympus Group are set forth, and action plans for these, which are called annual business plans. In addition, the Board of Directors shall receive a monthly report on business performance in order to evaluate the status of the Company's annual business plan.
(2) The Board of Directors shall determine the separation of duties among the President and other Operating Directors and approve the separation of duties of Executive Officers. In addition, the Board of Directors shall receive reports on their duties as performed.
(3) Based on internal corporate regulations including the internal rules on approval procedures and organizational matters, the Board of Directors shall approve the management organization and the separation of duties as well as the responsibility and authority of each of the Representative Director, other Operating Directors and Executive Officers, and receive reports from major management organizations on their duties as performed.
(4) To ensure efficient execution of duties by Directors of the subsidiaries, the Company has established Group Finance Control Rules and introduced a cash management system for each of Japan, Americas, Europe and Asia.

5. Framework for reporting to the Company on matters concerning execution of duties by the Directors, etc., of the subsidiaries of the Company

(1) Pursuant to the internal rules on management of subsidiaries and affiliates, the Company shall clearly provide for management standards applied to its subsidiaries, review management status of respective subsidiaries, and regularly make reports to the Executive Management Committee.
(2) The Company shall receive reports from the subsidiaries through the Executive Management Committee Global Session held on a regular basis.
(3) The Company shall ensure receiving reports as appropriate and in a timely manner from the subsidiaries in accordance with the Global Consolidated Accounting Control Framework to ensure that the Company will remain accurately informed of financial position and results of operation of the Olympus Group, and appropriately maintain and manage the consolidated accounting policies.

6. Matters relating to employees that assist the Audit & Supervisory Board Members of the Company upon the request of such Audit & Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors of the Company and matters relating to effectiveness of directions given to such employees of the Audit & Supervisory Board Members of the Company to be ensured

The Company shall establish the office of Audit & Supervisory Board Members and allocate a dedicated employee who will assist with the Audit & Supervisory Board Members' duties. The Company may also allocate non-dedicated, shared employees as necessary. In addition, the Company shall set forth internal corporate regulations to ensure independence from execution as stated below, and ensure effectiveness of directions from the Audit & Supervisory Board Members to such employees.

i) In order to assist with Audit & Supervisory Board Members' duties, such employees shall not receive directions or guidance from any Directors and employees.
ii) Appointment, dismissal, transfers, wages, personnel evaluation, etc. of employees, who should assist with Audit & Supervisory Board Members' duties, shall be determined after obtaining the approval of the Audit & Supervisory Board.

7. Framework regarding reports by Directors and employees of the Company to Audit & Supervisory Board Members 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 & Supervisory Board Members of the Company

(1) Directors and employees of the Company, and Directors, Audit & Supervisory Board Members and employees of subsidiaries shall make reports to the Audit & Supervisory Board of the Company any material violation of relevant laws and regulations, or the Articles of Incorporation, acts of wrongdoing, or acts that may cause material damages to the Company, directly or by way of an appropriate division in a timely manner. In addition, when Audit & Supervisory Board Members of the Company request reports from Directors and employees of the Olympus Group in accordance with relevant laws and regulations, as well as the Rules of the Audit & Supervisory Board and the

Audit & Supervisory Board Members' Audit Standard, which are both established by the Audit & Supervisory Board of the Company, such Directors and employees shall immediately make a report to the Audit & Supervisory Board Members.

(2) In case any material compliance issue arises in the Olympus Group, the Chief Compliance Officer shall make reports on details and other matters to the Board of Directors in accordance with the Rules for Compliance Helpline Operation. Reports on details of issues reported and results of investigations shall also be made regularly to Standing Audit & Supervisory Board Members.

(3) The Internal Audit Office of the Company shall regularly report the status of internal audit in the Olympus Group to Audit & Supervisory Board Members of the Company. In addition, the Chief Compliance Officer shall report the status concerning compliance to the Audit & Supervisory Board Members as necessary.

8. Framework to ensure that any personnel who have made a report to the Audit & Supervisory Board Members of the Company will not be subjected to any unfair treatment due to the report made

The Company shall set forth internal corporate regulations and shall not impose any unfair treatment (including de-facto measures such as restricting the personnel to engage in duties, or assigning the personnel solely to work on chores, in addition to measures of personnel affairs such as dismissal, demotion, pay cut and other disciplinary actions and disadvantageous transfer) to any personnel who have made a report on the grounds of having made a report to the Audit & Supervisory Board Members.

9. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by Audit & Supervisory Board Members of the Company and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties

The Company shall set forth internal corporate regulations. When an advance payment or reimbursement of expenses is requested for execution of duties of Audit & Supervisory Board Members, the Company shall promptly process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit & Supervisory Board Members.

10. Other systems to ensure the effectiveness of audit by Audit & Supervisory Board Members of the Company

(1) Directors and employees of the Company and the subsidiaries shall ensure effectiveness of the audit by cooperating with the Audit & Supervisory Board Members for investigations by interviews and on-site inspections.

(2) The Company shall ensure that it provides Audit & Supervisory Board Members with opportunities to sufficiently exchange opinions with Directors, Accounting Auditor and any other personnel necessary for the Audit & Supervisory Board Members in appropriately performing their duties.

(3) The Company shall ensure that it provides Audit & Supervisory Board Members with opportunities to attend meetings of the Board of Directors as well as meetings of the Executive Management Committee and any other important meetings to express their opinions.

(4) The Company shall ensure that it provides Audit & Supervisory Board Members with, upon their request, opportunities of collaboration between Audit & Supervisory Board Members and Audit & Supervisory Board Members of the subsidiaries and collecting information from employees of the subsidiaries.

2. Basic Views on Eliminating Anti-Social Forces

The basic policy of the Company's internal control system defines our policy against anti-social forces (e.g. criminal organizations). The Company has formed a system to take an organized approach to such forces, under the guidance of General Affairs. Specifically, an information communication network is set up inside the Company, to maintain contact with attorneys and the police, as well as to take preventive measures such as participating in specialized organizations to gain information and in training programs. Our contracts concluded with trading partners contain clauses excluding anti-social forces, and overall a consistent attitude of having no connection with such forces whatsoever is maintained.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

2. Other Matters Concerning to Corporate Governance System

The Company complies with the Financial Instruments and Exchange Act and associated laws, and undertakes disclosure of company information according to the rules for timely disclosure. To actively disclose information according our internal disclosure standards (including information not covered by the law, information that may heavily impact on the Company's corporate value, or information that may be of use to our stakeholders), the Company has enacted its Information Disclosure Rules as its internal regulations, outlining the specific division of roles for information disclosure.

The president is chief executive with the authority and responsibility for forming the information disclosure system. The head of the Corporate Group is the office responsible for handling information, responsible for handling information and for all actual tasks involved in information disclosure, and gives assistance in decision making to the chief executive for information disclosure, to ensure a fast, accurate and fair disclosure of information.

Mechanisms are in place so that important company information for the Company or the Olympus Group is notified immediately from the person responsible for the department holding the said information to the Public Relations and IR Department, which is in charge of information disclosure.

The importance of the notified information is consulted on with the relevant department: primarily CAO, the head of the Corporate Management Division, Financial Affairs Division, the Corporate Services Division, the Management Planning Department, the Public Relations and IR Department, the Financial Affairs Department, the Accounting Department or the General Affairs Department. The officer responsible for handling information decides on the details of the information disclosure. In addition, in addition with consultation with department heads as necessary concerning the said information, the officer also takes advice as appropriate from the accounting auditor, attorney or other expert.

Information concerning an important matter to decide or the financial results is disclosed immediately after a resolution from the Board of Directors, or for information concerning important matters that will occur, immediately after the said occurrence becomes fact.

Prior to disclosure, leakage of information is prevented according to the internal Rules on Managing Confidential Information, and selling of shares or other such actions are restricted under the internal Rules to Prevent Insider Trading.

The disclosed information is posted on the Company's website and actively made publicly available.