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Olympus Corporation

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The status of corporate governance of the Company is as set out below.

I Basic concepts of corporate governance, capital structure, corporate attributes, and other basic information

1. Basic concepts

The Company has formulated basic concepts and policies concerning corporate governance in the "Basic Policy on Corporate Governance" set forth below.

[Basic Policy on Corporate Governance]

Our Corporate Philosophy
All our activities are based on our Corporate Philosophy, "Making people's lives healthier, safer and more fulfilling." Following this philosophy, we aim to improve our company's continuous development and mid- and long-term corporate value for all stakeholders, including shareholders.

Basic Concepts 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 basically 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 suitability of ownership considering comprehensively the purpose of holding, the benefits associated with holding and the risks, and gradually reduce shares that we judged not to be suitable for possession. 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 the "Job Authority Rules" and any other related rules. Its subsidiaries 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, "Making people's lives healthier, safer and more fulfilling." 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 "Corporate Philosophy" , "Our Behaviors" and the "Olympus Global 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). Furthermore, we have established a global contact desk which can be available 24 hours a day in multiple languages for any employees and external stakeholders in addition to local internal compliance-related reporting system in each region, We reports the status of use thereof to the Audit Committee regularly and to the Board of Directors as necessary.

3. Complete Information Disclosure and Secured Transparency

Under the basic concept for all corporate activities, our Corporate Philosophy, "Making people's lives healthier, safer and more fulfilling," 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 determines basic management policy, matters related to the internal control system, and other important matters, and supervises directors and executive officers, in the execution of their duties.

(2) Qualification of Directors

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.

(3) Diversity of the Board of Directors

Our company considers the diversity of the composition of the Board of Directors in terms of experience, knowledge and ability, etc. regardless of nationality, race, and gender.

(4) Scale of the Board of Directors

Based on our group's scale and business lines, we maintain an appropriate number of members, 15 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, more than half of the directors are independent outside directors. The independence standards are set forth by the Nominating Committee.

(6) Chairman of the Board of Directors

For the purpose of securing the separation of executive and supervisory function, an independent outside director serves as the chairman of the Board of Directors.

(7) Committees for Nomination, Compensation and Audit

The Board of Directors shall set up a Nominating Committee, Compensation Committee and Audit Committee.

[Nominating Committee]

- The Nominating Committee shall deliberate matters related to human resources at the director and executive officer level, and shall determine the content of proposals submitted to the general meeting of shareholders in relation to the appointment and dismissal of directors.
- The Nominating Committee consists of three or more committee members selected from among the directors by the Board of Directors, and independent outside directors constitute the absolute majority thereof. An independent outside director serves as the chairman.

[Compensation Committee]

- The Compensation Committee shall deliberate matters related to compensation of directors and executive officers, and prescribe policy in relation to determining the details of compensation, etc. for individuals, and in accordance with the policy, determine the contents of compensation, etc. for individuals.
- The Compensation Committee consists of three or more committee members selected from among the directors by the Board of Directors, and independent outside directors constitute the absolute majority thereof. An independent outside director serves as the chairman.

[Audit Committee]

- The Audit Committee shall carry out the following duties.
  1) Auditing the execution of duties by executive officers and directors, and creating audit reports
  2) Determining the content of proposals relating to the appointment, dismissal and non-reappointment of accounting auditors
  3) Other duties prescribed by law or by the Articles of Incorporation, and other matters recognized as necessary by the Audit Committee
- The Audit Committee shall consist of at least three individuals selected from among the directors by the Board of Directors, of whom more than half shall be independent outside directors. The chairman of the committee shall be an independent outside director. Moreover, at least one member shall be an individual who possesses extensive knowledge related to financial and accounting.

(8) Appointment Process of the Directors

The Nominating Committee shall deliberate director candidates while making reference to the selection criteria, hold interviews, and determine the content of proposals submitted to the general meeting of shareholders in relation to the appointment and dismissal of directors.

(9) Fostering and Deciding the CEO's Successor
The Nominating Committee establishes a succession plan for the CEO, and reviews it periodically.
As for determining the successor, the Nominating Committee discusses whether the candidates, including outside candidates, have qualifications that are suitable for the President, and provides opinions and advice to the Board of Directors. Thereafter, the successor is decided by the Board of Directors.

(10) Compensation System
Regarding officers' compensation (directors 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 expectations of various stakeholders including shareholders by aiming to maximize corporate values." Based on said policy, the Compensation Committee focuses on appropriately setting the compensation ratio linked to short and mid- and long-term performance, and decides officers' compensation.

(11) Management of the Board of Directors Meeting
For the purpose of deciding on important matters and supervising business operations, agenda items for, 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 previously sent regarding matters to be discussed and matters to be reported at the Board of Directors meeting 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 Outside Directors Only
Aiming at information exchange and knowledge sharing, our company will hold an assembly for only outside directors as needed.

(13) Evaluation of the Board of Directors Meeting
Every year, the effectiveness of the Board of Directors is analyzed and evaluated 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 with information helpful for effectively fulfilling their roles and duties.
• The outside directors of the Company may, whenever deemed necessary or appropriate, request an explanation or report from internal directors, executive officers or employees, or request the submission of internal materials.
• Our company shall set up an office provided with suitable personnel, etc., so that the Nominating Committee, Compensation Committee, Audit Committee and any other committees can execute their duties appropriately.

(15) Improvement through Study of the Directors
The directors 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 directors 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 CEO and the CFO, actively conducts constructive interactions with shareholders. The IR function 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 CEO and CFO
The President and the financial officer play a central role in conducting overall interactions with shareholders toward the realization of constructive interactions. Specifically, the CEO and the CFO 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 Function
By putting the IR function 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, integrated reports, business reports for shareholders and the Convocation of the General Meeting of Shareholders, etc.

4) Policy for Internal Information Exchange by the IR Function

The IR function, as needed, exchanges information with the Corporate Strategy and Planning, Internal Control, the Treasury, the Accounting, and the Legal Affairs functions etc. on a daily basis, and establishes a project team if necessary, in order to build a coordinated collaboration system. Moreover, the IR function reports shareholders' opinions and concerns obtained from interactions with shareholders centering on institutional investors at the Group Executive 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 function 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.

[Disclosure based on the principles of the Corporate Governance Code] Updated

[Principle 1-4 Policy shareholdings]

• In line with the Company's "Basic Policy on Corporate Governance," the Board of Directors specifically gives comprehensive consideration to the benefits and risks of its holdings, verifying the necessity of holdings for each individual issue, and sells shares which are not reasonable to hold. As of the end of March 2016 the Company held 64 issues worth 68 billion yen. This was reduced to 57 issues worth 27.9 billion yen at the end of March 2017, 48 issues worth 26.9 billion yen by the end of March 2018, 37 issues worth 18.9 billion yen at the end of March 2019, 29 issues worth 14.5 billion yen at the end of March 2020 and further decreased to 18 issues worth 10.4 billion yen at the end of March 2021.

• Details of shares held by the Company have been disclosed in annual securities reports, for your reference.
Annual Securities Report For the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
https://www.olympus.co.jp/ir/data/pdf/annual153PA.pdf

• If a company that holds the Company's shares as policy shareholdings other than pure investment makes an offer to sell, etc., the sale cannot be prohibited.

• 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 on Corporate Governance," for your reference.

[Principle 1-7 Related party transactions]

Information concerning the framework of procedures when the Company and the Company's subsidiaries conduct transactions with related parties is stated in 1.-(4) of the "Basic Policy on Corporate Governance," for your reference.

[Principle 2-6 Exercising the functions of corporate pension asset owners]

Regarding the corporate pension fund of the Company, the Asset Management Committee, which is charged with deliberations and proposals concerning the investment management of pension assets, submits proposal to various conference bodies, such as the Governing Board and the Representatives Committee, where proposals are deliberated upon and after verification of the appropriateness thereof executed by the Olympus corporate pension fund.

The Olympus corporate pension fund is subject to investment trust and pension insurance arrangements in accordance with policies and portfolios approved by the Asset Management Committee and the Representatives Committee. The actual fund management is mandated to a financial institution, with the investment status including stewardship activities being subject to quarterly monitoring in regular operations briefing sessions. The Asset Management Committee and the Representatives Committee consist of persons from the fields of human resources, accounting, and finance who have specialist expertise in the subject functions, as well as employee representatives, forming a framework capable of verifying the sound operations of the pension funds from the perspectives of professional expertise and beneficiary protection.

[Principle 3-1 Complete information disclosure]

In addition to appropriate disclosure based on laws and regulations, the Company voluntarily disseminates the following information in order to ensure transparency and fairness in decision-making and to realize effective corporate governance.

(1) Corporate Philosophy and Corporate Strategy

• Corporate Philosophy

Employing the concept of responding to fundamental requests for health, safety and fulfillment from people around the world and society and widely contributing to society through its business activities as "Meaning of our existence," its Corporate Philosophy, the Group restates the concept as "Making people's lives healthier, safer and more fulfilling," and all its activities are based on this philosophy.

• Corporate Strategy

As announced in January 2019, aiming to develop itself as a truly global medtech company while reaching a milestone of the centennial anniversary of the foundation, the Company developed a transformation plan "Transform Olympus," and has striven to establish a foundation that ensures sustainable growth of the Group as a truly global medtech company by carrying out activities such as 1. establishing centralized global group management, 2. globally integrating human resources management, 3. optimizing and simplifying medical device business "Transform Medical," 4. diversifying the Board of Directors, and 5. migrating to a company with Nominating Committee, etc. In November 2019, the Company also developed a medium- to long-term Corporate Strategy as the first step of developing itself as a truly global medtech company and for the purposes of fostering a more competitive corporate culture that encourages high performance and creating value for customers under the Company's Corporate Philosophy

"Making people's lives healthier, safer and more fulfilling."
The Company's strategic aspiration in this Corporate Strategy is to "become a globally-leading medtech company contributing to people's health around the world through innovative value that benefits customers, such as patients and healthcare professionals, medical institutions and the medical economy," and the Company has stipulated the core components for business growth and enhanced profitability as follows.
1. Selection of and concentration on the corporate portfolio, 2. Strengthening our overwhelming position in Endoscopic Solutions Business, 3. Focus and scale the Therapeutic Solutions Business, 4. Leading the next-generation minimally invasive surgery market
• The Company's Corporate Philosophy and Corporate Strategy are published on the Company's website and in integrated reports available for reference.
(2) Basic concepts concerning corporate governance of the Company
• As set out in the above section 1 "Basic concepts," based on the respective principles of the Corporate Governance Code, the Company has formulated as its "Basic Policy on Corporate Governance" basic concepts and basic policies concerning corporate governance, which are available for reference.
(3) Compensation of directors and executive officers
• At the Company, the compensation of directors is determined by the Compensation Committee, which is chaired by an independent outside director and whose members consist in the majority of independent outside directors. The Compensation Committee holds deliberations on the linkage with short-term and medium-term business results in relation to the performance-linked compensation element, including the composition of bonuses and compensation in stocks, and conducts reviews each time the Corporate Strategy is rolled forward.
The compensations of senior management members (meaning executive officers concurrently serving as directors; the same applies in the following.) are as stated above.
(4) Election of directors and executive officers
• At the Company, proposals for director candidate elections and dismissals are determined by the Nominating Committee, which is chaired by an independent outside director and whose members consist in the majority of independent outside directors, after it is discussed whether the candidate has experience, insight, etc. appropriate for directors. In addition, elections of executive corporate officers are determined by the Board of Directors after the Nominating Committee discusses whether the candidate has experience, insight, etc. appropriate for executive officers and develops proposals for elections. Elections of senior corporate officers are determined through interviews attended by the president and outside directors of the Nominating Committee.
(5) The reasons for the election of each director
• The reasons for the election of each director and skill matrix are described in the reference documentation to proposals for the election of directors, which is part of the convocation notice of the general meeting of shareholders and this report (II. Business management organization and other corporate governance structures related to business decisions, execution, and supervision, 1. Matters pertaining to organ structure and organization management, etc. and Directors Skills Matrix).

Notice Regarding the Convocation of the General Meeting of Shareholders For the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
https://www.olympus-global.com/ir/stock/pdf/meeting153p_02.pdf

[Supplementary principle 4-1-1 Scope of delegation to the management team]
Based on the Company's policy of segregation of business execution and supervision, matters to be referred to the Board of Directors are set forth in the Board of Directors Regulations and the Standards for Referrals and Reports to the Board of Directors, respectively determined by the Board of Directors. These matters consist of basic policies of management, including statutory matters and matters set out in the Articles of Incorporation, etc., as well as important matters related to management, such as the Corporate Strategy. The management board executes business operations in accordance with the basic management policies and the Corporate Strategy determined by the Board of Directors.

[Principle 4-9 Qualifications and standards for independent judgments by independent outside directors]
The Board of Directors determines criteria for ensuring the independence of independent outside directors, which are detailed in this report, section II. 1. "Matters pertaining to organ structure and organization management, etc.," sub-section "Independent officers."
The Nominating Committee, which consists in the majority of independent outside directors, assesses the independence of candidates, thereby ensuring practical effectiveness, and at the same time verifies that the selected candidates can be expected to contribute to the Board of Directors.

[Supplementary principle 4-11-1 Balance, diversity and scale for the Board of Directors, and policies and procedures for election of the Directors]
Balance and diversity for the Board of Directors, and policies and procedures for election of the Directors are stated in the section on "Basic Policy on Corporate Governance," sub-section "4. Responsibility of the Board of Directors, etc."
As for the current composition, of 11 directors, eight are independent outside directors. In addition, of 11 directors, three have a citizenship other than Japanese nationality, and one is female. With multiple human resources equipped with abundant experience and insight in corporate management, finance and international business deployment, the board has a composition with consideration for internationality and gender as well.

[Supplementary principle 4-11-2 Situation of concurrent posts for directors and audit & supervisory board members]
Directors' status as concurrently serving officers of other listed companies is disclosed annually as reference document to the notices regarding the convocation of the general meeting of shareholders, in business reports and in annual securities reports.

Notice Regarding the Convocation of the General Meeting of Shareholders For the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
https://www.olympus-global.com/ir/stock/pdf/meeting153p_02.pdf

Annual Securities Report For the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
https://www.olympus.co.jp/ir/data/pdf/annual153PA.pdf

[Supplementary principle 4-11-3 Self-evaluation for the Board of Directors]
At the Board of Directors of the Company, an analysis and evaluation of the effectiveness of the Board of Directors overall is annually conducted, including from a third-party perspective. Since 2015, the Company has continuously implemented evaluations, primarily with self-evaluations through a questionnaire, and is sharing problems and promoting improvement to enhance effectiveness. After the transition to a company with Nominating Committee, etc. in 2019, the Company has understood matters for improvement, etc. to further increase the effectiveness of the Board of Directors and individual committees (Nominating Committee, Compensation Committee, and Audit Committee) and been promoting improvement.

[Major initiatives for issues extracted in the effectiveness evaluation of the Board of Directors during the term of office of directors in FY2019]
Initiatives for the Board of Directors and individual committees to further contribute to sustainable growth and increase in medium- to long-term corporate value in order for the Company to develop itself as a truly global medtech company have been complied as follows:
1. Work to further increase the quality of management, and improve the speed of management.
   (i) Focus on monitoring important strategic issues
   (ii) To increase effectiveness of the Board of Directors, review how to operate the Board of Directors, selection of issues, and ideal ways and methods of information provision, and promote improvement
   (iii) Clarify responsibilities and roles of directors and executive officers
2. Realize the optimal composition of directors for the Board of Directors from the standpoints of diversity and continuity.
   Develop a necessary matrix of candidates for directors from the viewpoint of "experience," "insight" and "attributes," and examine proposals for planned election and dismissal of directors as succession plans.
3. Continuously make operational efforts to realize the best decision making and the further enhancement of Board of Directors' deliberations.
   (i) Further strengthen the internal control structure
   (ii) Implement improvement of the risk management structure and process contributing to monitoring, and progress report

[Overview of the evaluation regarding the effectiveness of the Board of Directors during the term of office of directors in FY2020]
In this effectiveness evaluation, the evaluation of the Board of Directors was made for two main purposes of (a) confirming the direction of improvement of issues in the previous effectiveness evaluation and firmly establishing improvement activities, and (b) reaching an agreement in the Board of Directors on responsibilities to be carried out by the Board of Directors and how to fulfill a monitoring function more effectively for further strengthening of the supervisory function of the Board of Directors based on the Corporate Strategy aiming for continuous development as a global medtech company.
• Evaluation method
The evaluation was conducted for directors and executive officers through a questionnaire concerning the Board of Directors and each committee. Discussions were also held between all directors, and based on the opinions of directors during these discussions, the evaluations were discussed at the Board of Directors. The questionnaire was conducted based on the knowledge of external consultants in order to objectively measure the effects of improvements identified in the previous evaluation of the Board of Directors and to understand how the Board of Directors should monitor those improvements. Based on the results of the questionnaire, discussions were held several times to obtain the frank opinions of each director on the effective monitoring function of the Board of Directors of the Company. External consultants facilitated the discussion to objectively organize the issues and support the discussion. Subsequently, the Board of Directors discussed measures to improve the effectiveness of the Board of Directors based on the analysis results based on the discussions.

• Summary of evaluation results
As a result of the analysis and evaluation, we have confirmed that trust in the execution of the Board of Directors has been fostered and a common understanding has been formed in which the Board of Directors should appropriately expand the delegation of authority to executive officers and further accelerate management decision-making.
Furthermore, the systemic foundation to support effective corporate governance has been secured for the Board of Directors of the Company as a company with Nominating Committee, etc. In addition, in terms of operations, we have also confirmed that substantial efforts have been continuously made to improve the effectiveness of the Board of Directors, such as through prior explanations to outside directors and information sharing and mutual exchange of opinions through meetings of outside directors, and such efforts have been well established. We identified the following responsibilities of the Board of Directors of the Company. "In order to contribute to the enhancement of Olympus' corporate value through cooperation with the executives, the Board of Directors will: (i) deepen the recognition and insight of the business environment and management issues through constructive discussions with the executive officers; (ii) effectively supervise management decision-making and execution from a strategic and broad perspective; and (iii) support the promotion of strategy for the growth of Olympus as a truly global medtech company."

• Future initiatives
Based on the aforementioned responsibilities of the Board of Directors and the confirmation on the common recognition of directors in discussions, the Board of Directors of the Company will promote the following initiatives in order to further improve the effectiveness of these initiatives.
I. Going forward, in the execution of the Company's Corporate Strategy to become a global medtech company, the Company will regard the proposals for product quality, research and development, etc., as a major important issue for the Board of Directors, and continue to promote initiatives to further deepen discussions on such proposals.
II. In light of the fact that it is important for the Board of Directors to understand the reality of the Company's management, including

the issues of execution, their historic background, and corporate culture, in supervising management, the Board of Directors will strive to organize and present specific issues in relevant agenda items and share the importance, complexity, and broad significance of such issues in order to promote overall understanding, which includes a sensible understanding among the members of the Board of Directors.
III. We will ensure the effective operation of the three committees (Nominating, Compensation and Audit Committees) and strengthen cooperation between the three committees and the entire Board of Directors.
IV. In order to ensure the sustainable operation of the "Board Succession Plan," the Board of Directors shall clarify the optimum composition (skill matrix) to effectively fulfill its duties, taking into account the management strategy and management issues of the time, and the Nominating Committee shall evaluate and appoint directors in a systematic manner for its realization.

An overview of the evaluation of the Board of Directors is published on the website of the Company.
Board of Directors: https://www.olympus-global.com/company/governance/board.html

[Supplementary principle 4-14-2 Training policy for directors and audit & supervisory board members]
With regard to training for directors, the Company's policy is to support the acquisition of knowledge about the Company by carrying out visits to the Company's major business bases such as business offices and factories, etc., briefing sessions, and business study sessions in addition to providing opportunities to acquire knowledge about the Company's Corporate Strategy and corporate governance structure for newly inaugurated directors including outside directors. Additionally, it is a policy of the Company to arrange for, and cover the cost of, external training sessions for directors to acquire basic knowledge necessary for the performance of directors' duties with a view to deepening directors' understanding of their roles and responsibilities.

[Principle 5-1 Policy concerning constructive interaction with shareholders]
Policies concerning the creation of frameworks and efforts to promote the constructive interaction with shareholders are described in the section "Basic Policy on Corporate Governance," sub-section "5. Interaction with Shareholders."

2. Capital structure

Foreign shareholder ratio	30% or more

[Main shareholders] Updated

Name	Number of shares held (shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust accounts)	169,323,100	13.17
JP MORGAN CHASE BANK 385632	92,419,874	7.19
Custody Bank of Japan, Ltd. (trust accounts)	73,115,000	5.69
Nippon Life Insurance Company	53,146,472	4.13
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust)	45,616,000	3.55
MUFG Bank, Ltd.	43,522,344	3.39
STATE STREET BANK AND TRUST COMPANY 505010	42,787,084	3.33
SSBTC CLIENT OMNIBUS ACCOUNT	33,854,835	2.63
MSCO CUSTOMER SECURITIES	23,495,015	1.83
STATE STREET BANK WEST CLIENT - TREATY 505234	18,376,712	1.43

Controlling shareholders (excluding parent company)	———
Parent company	None

Supplementary information

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3. Corporate attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Industry type	Precision instruments
Number of group employees at the end of the previous fiscal year	1,000 or more
Consolidated sales in the previous fiscal year	100 billion yen to under 1 trillion yen
Number of consolidated subsidiaries at the end of the previous fiscal year Updated	100 to 299

4. Guidance on measures to protect minority shareholders when conducting transactions with controlling shareholders

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5. Other special circumstances that may have significant impact on corporate governance

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II Business management organization and other corporate governance structures related to business decisions, execution, and supervision

1. Matters pertaining to organ structure and organization management, etc.

Organizational form	A company with Nominating Committee, etc.

[Directors]

Number of directors pursuant to the Articles of Incorporation	15
Tenures of directors pursuant to the Articles of Incorporation	1 year
Chairman of the Board of Directors	Outside directors
Number of directors Updated	11

[Outside Directors]

Number of outside directors Updated	8
Number of outside directors designated independent officers Updated	8

Company relationships (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Sumitaka Fujita	From another company											
Susumu Kaminaga	From another company											
Tetsuo Iwamura	From another company											
Yasumasa Masuda	From another company											
Atsushi Iwasaki	From another company											
David Robert Hale	From another company							△				
Jimmy C. Beasley	From another company											
Sachiko Ichikawa	From another company											

*** Item selection concerning relationship with the Company**
*** Marked "○" if recently or currently applicable to the person in question and marked "△" if previously applicable.**
*** Marked "●" if recently or currently applicable to a relative in question and marked "▲" if previously applicable.**

a Business executive of a listed company or its subsidiary
b Business executive or non-executive director of a listed company's parent
c Business executive of a listed company's affiliate or subsidiary
d Person whose main transaction counterparty is a listed company or a business executive thereof
e Main transaction counterparty of a listed company or a business executive thereof
f Consultant, accounting expert, or legal expert deriving from a listed company large financial gains or other property (other than officers' remuneration)
g Main shareholder of a listed company (if that shareholder is a corporation, a business executive thereof)
h Business executive (only the person in question) of a transaction counterparty of a listed company (other than items d, e, and f)
i Business executive of an entity in a relationship of mutual employment as outside officers (only the person in question)
j Business executive of a recipient of a donation from a listed company (only the person in question)
k Other

Company relationships (2) Updated

Name	Committee affiliation			Indepen-dent officer	Supplementary explanation concerning applicable items	Reasons for appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Sumitaka Fujita	○			○	There is no fact that falls under attribute information.	Mr. Sumitaka Fujita has extensive experience and diverse knowledge as a business manager at ITOCHU Corporation. He also possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of the Company through his experience as an Outside Director and Outside Auditor at other companies and his experience as the Chairman of the Japan Association for Chief Finance Officers. Since Mr. Fujita took the post of Outside Director of the Company in April 2012, he has been giving guidance/advice to the business management of the Company at the Board of Directors. In addition, he contributed to the development of a transparent director compensation system as the Chairman of the Compensation Committee which was established voluntarily. Since June 2018, he has been leading the Board of Directors as the Chairman of the Board of Directors of the Company. Furthermore, after the transition to a company with Nominating Committee, etc., in June 2019, he facilitated decisions of contents of an agenda item to elect directors as the Chairman of the Nominating Committee in addition to the supervision of the business execution of the Company at the Board of Directors. The Company expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of the Company and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Based on this, the Company has determined that he is an indispensable person for the composition of the Board of Directors and nominated him. The appointed person meets the independence criteria and is therefore designated as an independent officer.
Susumu Kaminaga		○		○	There is no fact that falls under attribute information.	Mr. Susumu Kaminaga has extensive experience and diverse knowledge as a business manager at Sumitomo Precision Products, Co., Ltd. in addition to his long experience in global business development in advanced technology fields. In addition, through his experience as an Outside Director at other companies, he possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of the Company. Since Mr. Kaminaga took the post of Outside Director of the Company in June 2016, he has been giving guidance/advice to the business management of the Company at the Board of Directors and the Compliance Committee voluntarily established. In addition, he has been serving as a member of the Compensation Committee since June 2017. Since the transition to a Company with Nominating Committee, etc., in June 2019, he has been taking charge of the operation of the Compensation Committee as the Chairman since February 2020 in addition to the supervision of the business execution of the Company at the Board of Directors. The Company expects that Outside Directors will

Name	Committee affiliation			Indepen-dent officer	Supplementary explanation concerning applicable items	Reasons for appointment
	Nominating Committee	Compensation Committee	Audit Committee			
						supervise management from the perspective of achieving sustainable growth of the Company and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Based on this, the Company has been determined that he is an indispensable person for the composition of the Board of Directors and nominated him. The appointed person meets the independence criteria and is therefore designated as an independent officer.
Tetsuo Iwamura	○	○		○	There is no fact that falls under attribute information.	Mr. Tetsuo Iwamura has an extensive experience and diverse knowledge as a business manager at Honda Motor Co., Ltd. In addition, through his long experience in global expansion in the sales marketing, manufacturing and development field at Honda Motor Co., Ltd., he has a high level of insight, expertise, and capabilities that are expected of an Outside Director of the Company. Since Mr. Iwamura took the post of Outside Director of the Company in June 2017, he has been giving guidance/advice to the business management of the Company at the Board of Directors and the Nominating Committee and Compliance Committee voluntarily established. After the transition to a company with Nominating Committee, etc., in June 2019, he facilitated decisions of contents of an agenda item to elect directors as a member of the Nominating Committee in addition to the supervision of the business execution of the Company at the Board of Directors. In addition, since July 2020, he has facilitated decisions regarding executive compensation as a member of the Compensation Committee. The Company expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of the Company and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Based on this, the Company has determined that he is an indispensable person for the composition of the Board of Directors and nominated him. The appointed person meets the independence criteria and is therefore designated as an independent officer.
Yasumasa Masuda			○	○	There is no fact that falls under attribute information.	Mr. Yasumasa Masuda has extensive experience and diverse knowledge as a business manager in the healthcare industry at Astellas Pharma Inc. In addition, through his experience as an independent non-executive officer at the Deloitte Tohmatsu Group, he possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of the Company. Since Mr. Masuda took the post of Outside Director of the Company in June 2018, he has been giving guidance/advice to the business management of the Company at the Board of Directors and the Nominating Committee established voluntarily. After the transition to a company with Nominating Committee, etc., in June 2019, he facilitated decisions of contents of

Name	Committee affiliation			Indepen-dent officer	Supplementary explanation concerning applicable items	Reasons for appointment
	Nominating Committee	Compensation Committee	Audit Committee			
						an agenda item to elect directors, and decided directors' compensations as a member of the Nominating Committee and the Compensation Committee in addition to the supervision of the business execution of the Company at the Board of Directors. The Company expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of the Company and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Based on this, the Company has determined that he is an indispensable person for the composition of the Board of Directors and nominated him. The appointed person meets the independence criteria and is therefore designated as an independent officer.
Atsushi Iwasaki			○	○	There is no fact that falls under attribute information.	Mr. Atsushi Iwasaki has extensive experience and diverse knowledge as a certified public accountant. In addition, through his experience as an Outside Director and Outside Audit & Supervisory Board Member at other companies, he possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of the Company. Since Mr. Iwasaki took the post of Audit & Supervisory Board Member of the Company in June 2016, he has been auditing/supervising the business execution of the Company at the Audit & Supervisory Board and the Board of Directors. In addition, after the transition to a company with Nominating Committee, etc., in June 2019, he conducted an audit on the execution of duties of the Directors and the Executive Officers of the Company as a member of the Audit Committee in addition to the supervision of the business execution of the Company at the Board of Directors. The Company expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of the Company and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Based on this, the Company has determined that he is an indispensable person for the composition of the Board of Directors and nominated him. The appointed person meets the independence criteria and is therefore designated as an independent officer.

Name	Committee affiliation			Independent officer	Supplementary explanation concerning applicable items	Reasons for appointment
	Nominating Committee	Compensation Committee	Audit Committee			
David Robert Hale	○			○	Mr. David Robert Hale is a Partner of Value Act Capital Management L.P. Previously, Value Act Capital Master Fund, L.P. controlled by Value Act Capital Management L.P. held more than 5% of the total number of voting rights of the Company and the Company deemed Mr. David Robert Hale not an independent officer considering the Company's criteria for independence of Outside Officers. However, as pf March 31, 2021, the voting rights of the Company held by the said company consist of less than 5% of the total number of voting rights of the Company and the Company's independence criteria is satisfied, and therefore the Company designates him as independent officer.	Mr. David Robert Hale is a Partner of Value Act Capital Management L.P. (hereinafter called "VAC"), one of the Company's shareholders. He has a track record of helping global companies transform themselves with his knowledge of the global capital markets and the healthcare industry as a business management consultant and investor with experience in diverse industries, and he possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of the Company. Since Mr. Hale took the post of Outside Director of the Company in June 2019, he has been giving guidance/advice to the business management of the Company at the Board of Directors. In addition, he has participated in decisions on the evolution of the board as a member of the Nominating Committee. The Company expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of the Company and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Based on this, the Company has determined that he is an indispensable person for the composition of the Board of Directors and nominated him as a candidate for Outside Director again. Since he serves as a partner at VAC, which is one of the Company's shareholders, the Company believes that he will contribute to the enhancement of the Company's corporate value by reflecting shareholders' voices into the business management of the Company. The appointed person meets the independence criteria and is therefore designated as an independent officer.
Jimmy C. Beasley		○		○	There is no fact that falls under attribute information.	Through his 30 years of global business experience and extensive management experience in the C. R. Bard Group, one of the world's leading companies in the healthcare industry, Mr. Jimmy C. Beasley possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of the Company. Since Mr. Beasley took the post of Outside Director of the Company in June 2019, he has been giving guidance/advice to the business management of the Company at the Board of Directors. In addition, he facilitated decisions of directors' compensations as a member of the Compensation Committee. The Company expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of the Company and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Based on this, the Company has determined that he is an indispensable person for the composition of the Board of Directors and nominated him. The appointed person meets the independence criteria and is therefore designated as an independent officer.

Name	Committee affiliation			Independent officer	Supplementary explanation concerning applicable items	Reasons for appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Sachiko Ichikawa			○	○	There is no fact that falls under attribute information.	Ms. Sachiko Ichikawa has extensive experience, broad knowledge and a global perspective as an attorney (in Japan and New York, U.S.A.) and a certified public accountant in the U.S. In addition, through her experience as an Outside Director and Outside Audit & Supervisory Board Member at other companies and as a Director of The Board Director Training Institute of Japan, she possesses a high level of insight, expertise, and capabilities that are expected of an Outside Director of the Company. The Company expects that Outside Directors will supervise management from the perspective of achieving sustainable growth of the Company and enhancing corporate value over the medium to long term as entrusted by shareholders, and will provide advice based on their own knowledge. Based on this, the Company has determined that she is an indispensable person for the composition of the Board of Directors and nominated her. The appointed person meets the independence criteria and is therefore designated as an independent officer.

[Committees]

Committee compositions and chairman attributes Updated

	Total number of members	Number of full-time members	Number of internal directors	Number of outside directors	Chairman
Nominating Committee	4	0	1	3	Outside director
Compensation Committee	3	0	0	3	Outside director
Audit Committee	4	1	1	3	Outside director

[Executive officers]

Number of executive officers	5

Concurrently held positions

Name	Representative authority	Concurrent position as director			Concurrent position as employee
			Nominating Committee member	Compensation Committee member	
Yasuo Takeuchi	Yes	Yes	○	×	No
Akihiro Taguchi	No	No	×	×	No
Nacho Abia	No	No	×	×	No
Chikashi Takeda	No	No	×	×	No
Stefan Kaufmann	No	Yes	×	×	No

[Audit framework]

Directors and employees assigned to assist with the duties of the Audit Committee	Yes

Matters concerning relevant directors' and employees' independence from executive officers

The Company shall allocate a dedicated employee who will assist with the Audit Committee's duties. Employees can be deployed in dual roles as needed. 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 Committee to such employees.

1) While employees who have been assigned to assist in the duties of the Audit Committee assist in those duties, directors (excluding Audit Committee members), executive officers and employees, etc. shall not give them commands or instructions.
2) The appointment, dismissal, transfer, wage or personnel evaluation of employees who are assisting the Audit Committee with their duties shall be decided only after obtaining the approval of the Audit Committee.

Cooperation of Audit Committee, accounting auditor, and internal audit department Updated

The Audit Committee members have, at the Audit Committee meetings, received reports from the internal audit function and the accounting auditor, respectively, and engaged in cooperation, such as by exchanging opinions with the internal audit function and the accounting auditor. Moreover, outside directors receive through the meetings of the Board of Directors regular reports from the Audit Committee.

[Independent officers]

Number of independent officers Updated	8

Other matters concerning independent officers

The Company designated eight outside directors as independent officers. No special interest relation exists between outside directors and the Company.

[Concepts concerning the independence of outside officers]
The Company has established the following "Criteria concerning the independence of outside officers" to clarify the concepts of outside officers' independence.

[Criteria concerning the independence of outside officers]

1) No remuneration (excluding officer remunerations from the Company) or other property was directly received from the Company or an affiliate of the Company in any of the last 10 years (collectively, the "Group") in an amount exceeding 10 million yen. If the person in question is a consultant, accounting professional, or legal specialist, no affiliated organization of the person in question has received from the Group a remuneration or other payment in an amount exceeding 10 million yen.

2) In the last 10 years, the person in question has held no position as executive director, executive officer, corporate officer, or as employee in a position as general manager or higher in a company that meets any of the following conditions.
   (1) In any fiscal year of the past 10 years, the transaction amount with the Group exceeds 2% of consolidated revenue on either side.
   (2) A large shareholder of the Company (directly or indirectly holding more than 5% of the total voting rights of the Company. The same applies in the following.).
   (3) The Group is a large shareholder.
   (4) Effectively an interested party in relation to the Group (main bank, consultant, etc.).
   (5) The Group and the relevant company have a relationship in which they mutually dispatch and appoint directors.

3) The livelihood of the person in question is not predicated on a person corresponding to items 1) or 2) above.

4) The person in question is not the spouse or a relative up to the third degree of a director, executive director, corporate officer, or of an employee holding a position at the Group as general manager or higher.

5) The person in question does not belong to an audit firm that conducts statutory audits of the Group.

6) Further to the foregoing items, the person in question has no relationship of significant interest that renders independence doubtful.

[Incentives]

Implementation status of incentives for directors and executive officers	Introduction of a performance linked compensation system

Supplementary explanation of relevant items Updated

Details on the Company's compensation system are provided in the section "Disclosure content of policy for determining compensation amount or the calculation method."

Stock option awardees	

Supplementary explanation of relevant items

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[Compensations of directors and executive officers]

Disclosure status (compensation of individual director)	Individual compensation is partially disclosed
Disclosure status (compensation of individual executive officer) Updated	Individual compensation is partially disclosed

Supplementary explanation of relevant items Updated

The Company has disclosed the below compensation results for directors and executive officers for the fiscal year ended March 31, 2021 in its business report and annual securities report.

＜Compensation for the fiscal year ended March 31, 2021＞

(1) Total amount by type of compensation, etc., and the number of officers subject to compensation, etc.

Officer classification		Total amount of compensation, etc. (in millions of yen)	Total compensation by type (in millions of yen)			Number of subject officers (persons)
			Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Director	Inside	717	450	182	86	5
	Outside	149	129	–	20	10
	Total	866	578	182	106	15
Executive Officer		431	191	173	67	3

Notes:
1. Basic compensation shows the amount paid for the fiscal year ended March 31, 2021. Performance-linked compensation, etc. show the amounts of short-term incentive compensation for the applicable period, the fiscal year ended March 31, 2021 (to be paid in July 2021), and non-monetary compensation, etc. shows the amount of long-term incentive compensation to be recorded as expenses for the fiscal year ended March 31, 2021. Performance-linked stock compensation (PSU) of 87 million yen is only recorded in non-monetary compensation, etc. and is not recorded in performance-linked compensation, etc.
2. There are two other executive officers (who double as director) in addition to the three executive officers mentioned above, compensation, etc. of the two are included in compensation for directors.
3. The Company does not pay performance-linked compensation, etc. to directors who do not double as an executive officer.
4. The aforementioned inside directors include the two inside directors who retired at the close of the General Meeting of Shareholders for the fiscal year ended March 31, 2020 held on July 30, 2020. Outside directors include the one outside director who retired at the close of the same General Meeting of Shareholders.
5. One outside director has requested to decline his compensation and the Compensation Committee has decided to not pay the compensation to him. However, he is included in the number of outside directors mentioned above.

(2) Total amount of consolidated remuneration, etc. for each officer of the submitting company whose total amount of consolidated remuneration, etc. is 100 million yen or more.

(i) The total amount of consolidated compensation, etc. for the fiscal year ended March 31, 2021 for each officer is as follows.

Name	Officer classification	Total amount of compensation, etc. (in millions of yen)	Total compensation by type (in millions of yen)		
			Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.
Yasuo Takeuchi	Director, Executive Officer	234	91	87	57
Stefan Kaufmann	Director, Executive Officer	425	302	95	28
Akihiro Taguchi	Executive Officer	115	42	47	26
Nacho Abia	Executive Officer	239	118	91	30

Note:
This table shows the amounts of compensation paid in the current fiscal year (the fiscal year ended March 31, 2021) and includes amounts equivalent to housing and pensions based on tax adjustments for compensation outside of the country of origin and individual agreements. Performance-linked compensation, etc. lists the amount of short-term incentive remuneration with the applicable period of the current fiscal year (the fiscal year ended March 31, 2021, schedule to be paid in July 2021), and non-monetary compensation, etc. lists the amount of long-term incentive remuneration to be recorded as expenses in the current fiscal year (the fiscal year ended March 31, 2021). Furthermore, performance-linked stock compensation (PSU) is recorded only in non-monetary compensation, etc., and is not recorded in performance-linked compensation, etc.

(3) Target and actual values related to performance-linked compensation
(i) Short-term incentive compensation (STI)

For short-term incentive compensation (STIs) for executive officer with the applicable period of the fiscal year ended March 31, 2021, the target and actual values of the respective performance indicators are as follows.

Performance evaluation index	Target value	Actual value	Achievement rate	Payment rate
Revenue (20%)	¥669.5 billion	¥715.4 billion	107%	21.4%
General and administrative expenses (20%)	¥384.2 billion	¥358.9 billion	120%	24%
Strategic goals (60%)	–	–	111%	66.6%

Notes:
1. The contents and target values related to the strategic goals in the performance evaluation index have been set mainly in the “Measures to Be Implemented in Fiscal Year 2021” disclosed in June 2020.
2. Revenue: Forex-adjusted and excluding the Imaging Products Business, which was transferred during the fiscal year.
3. General and administrative expenses: Forex-adjusted and excluding the Imaging Products Business, which was transferred during the fiscal year. Excluding other gains and losses.

1.The upper limit of payments is set at 131.5 % based on the average share price in the most recent 30 business days of the previous fiscal year and the current fiscal year.

2.As a result of the above, the payment rate is 112% for the total payment rate of each performance evaluation index. In addition, the payment amount was determined by multiplying this payment rate by the standard amount of performance-linked compensation (STI).

(ii) Long-term incentive compensation (LTI): Performance-linked stock compensation (PSU), which is non-monetary compensation, etc.

For executive directors through the fiscal year ended March 31, 2019 and for executive officers through the fiscal year ended March 31, 2021 after the transition to a company with a Nominating Committee, etc., we have listed the performance-linked stock compensation (18PSU) as non-monetary compensation with the applicable period of the fiscal year ended March 31, 2021 as the final fiscal year of the assessment period.

1. Performance-linked stock compensation (18PSU) is intended to stimulate motivation to increase medium- to long-term business growth and profitability and to reward the results of such efforts, and with an applicable period of three fiscal years, has adopted a performance evaluation index of (i) the average rate of revenue growth over the applicable period and (ii) the total profit attributable to owners of parent (hereinafter “Profit”) for the applicable period. In addition, the PSU has been set to grant a number of common shares of the Company equivalent to an amount adjusted within the range of 0 to 150% according to the achievement rate of the targets at the end of the applicable period.

2. Target and actual values of each performance indicator for 18PSU are as follows.

Performance evaluation index	Target value	Minimum value	Actual value	Payment rate
Total Profit for applicable period	¥291.9 billion	¥145.9 billion	¥72.7 billion	0%
Average rate of revenue growth over applicable period	6.4%	3.2%	0.2%	0%

Notes:
1. Total Profit includes the Imaging Business for the fiscal year ended March 31, 2019 and the fiscal year ended March 31, 2020, and does not include the Imaging Business for the fiscal year ended March 31, 2021.
2. The actual value for the average rate of revenue growth does not include the Imaging Business for the entire period.

3. The payment rate is 0% as the actual value fell below the target value.

<Other decisions regarding compensation for the fiscal year ended March 31, 2021 term>
In order to improve corporate value, we examined the improvement of the system to further strengthen compensation governance and decided to apply the following from compensation for the fiscal year ending March 31, 2022.
[Compensation risk management] The RSU's rights will be defined after six months following the time of retirement of an executive officer.

Availability of policy for determining compensation amount or the calculation method Updated	Available

Disclosure content of policy for determining compensation amount or the calculation method

(1) Basic policy
Our basic policy regarding officer compensation is to make officers have a strong sense of awareness that maximize the corporate value and meet expectations of various stakeholders, and reward their responsibilities with suitable and appropriate treatments.

(2) Structure of the Compensation Committee and reporting to the Board of Directors
The policy to determine the compensation of directors and executive officers and the details of individual compensation are discussed and determined by the Compensation Committee, which consists of at least three members, the majority of whom are independent outside directors. The Compensation Committee reports the determined policy and compensation details to the Board of Directors.

(3) Details of policy to determine the amount of compensation, etc. for officers or the calculation method thereof and how the policy is determined
(i) At the Company as a company with nominating committee, etc., the Compensation Committee the majority members of which are occupied by independent outside directors discusses/determines policy to determine compensations, etc., of the Company's directors and executive officers on an individual basis, details of compensation, etc. and compensation rules. The Compensation Committee determined the details of compensations, etc. for the fiscal year ended March 31, 2021 after discussing matters concerning the determination of compensations, etc., including the consistency of the policy to determine compensations, etc., of directors and executive officers on an individual basis with how the details and amounts of compensations, etc., are determined, and the rationality of the process of deriving the details and amounts of compensations, etc., by applying numerical values and other relevant factors to the way they are determined, and the Company has decided that this is in accordance with said policy for determination.
(ii) The Compensation Committee retained "Pay Governance," an international independent compensation consultant, to provide objective and professional advice and information, and to support investigations. They attended 12 of 14 meetings of the Compensation Committee.

< Compensation of directors for the fiscal year ended March 31, 2021>
(1) Level of compensation for directors for the fiscal year ended March 31, 2021
(i) In order to set the directors' compensation at competitive compensation levels for securing and retaining talented personnel, the compensation level shall be 50-75% compared with the peer group in the role responsibilities and each residence.
1. Full-time non-executive director (Resident in Japan) 1 person
2. Part-time non-executive director (Residents in Japan) 7 people
3. Part-time non-executive director (Non-residents in Japan) 2 persons
4. Executive officers who double as director 2 persons

(ii) Compensation levels for each peer group are confirmed using objective compensation survey data from external specialist organizations.
(iii) If a director requests to decline compensation, the Compensation Committee will confirm and decide on the response.

(2) Compensation composition of directors for the fiscal year ended March 31, 2021

(i) Non-executive directors perform supervisory functions at various points of contact with the Board of Directors meeting, managements, and executive officers, and contribute to the creation of corporate value. Therefore, in addition to monetary compensation (basic compensation) for supervisory functions, non-performance-linked stock compensation (non-monetary compensation) is granted as compensation for the creation of corporate value.
(ii) Stock compensation for non-executive directors shall be subsequent grant-type restricted stock compensation (RSU: Restricted Stock Unit), and the right will be defined at retirement for those directors who live in Japan. The right will be defined on an individual basis in accordance with a general method of stock compensation in each region for those directors who do not live in Japan.
(iii) Stock compensation will be set at 3 million yen for both Japanese and non-Japanese residents. The number of shares to be given will be calculated based on the share price at the time of assumption of office at the general meeting of shareholders, and the number of shares will be given after vesting. In addition, the following shareholding guidelines are established.

a. Residents in Japan: Shareholding guidelines will not be established because they will vest upon their retirement
b. Non-residents in Japan: 0.5 times or more of basic compensation

(iv) Chairman of the Board of Directors receives a Chairman allowance in addition to the basic compensation.
(v) For those who double as executive officer, monetary compensation paid for management and supervisory functions performed as director is separate from compensation of executive officer for those who are natives of Japan. For those who are not natives of Japan, monetary compensation paid for management and supervisory functions performed as director is included in compensation of executive officer.

< Compensation of executive officers for the fiscal year ended March 31, 2021>
Executive officers in this section include those who double as directors.
(1) History overview
(i) In the management strategy published in November 2019, we defined “the meaning of our existence (Corporate Philosophy)” as “Making people’s lives healthier, safer and more fulfilling,” and announced the strategic aspiration and performance metrics of “become a globally-leading medtech company contributing to people’s lives by delivering innovative solutions that benefit patients, healthcare professionals, payors and providers.” The Company transitioned to a company with nominating committees, etc. in the fiscal year ended March 31, 2020, and the position of the compensation committee was changed from a voluntary committee to a statutory committee. In accordance with the management strategy of aiming to become a global medtech company, based on the direction of greater emphasis on long-term incentive compensation (LTIs), which was discussed by the Compensation Committee in the fiscal year ended March 31, 2019, we further deepened discussions and conducted numerous discussions about the new officer compensation system. As a result, we have established a new compensation system and described it in annual securities report for the fiscal year ended March 31, 2020.
(ii) However, with the spread of COVID-19, as the business environment in the fiscal year ended March 31, 2021 has changed significantly, the Compensation Committee determined that the reward content of the fiscal year ended March 31, 2020, originally set, is not suitable for “enhance the motivation of executive officers by setting challenging and achievable targets,” which is one of the philosophies of compensation, and it does not lead to creating corporate value and enhancing the shareholder value. As a result the Company reviewed the compensation for the fiscal year ended March 31, 2021.

(2) Details of policy to determine the amount of compensation, etc. for officers or the calculation method thereof and how the policy is determined
(i) Philosophy on compensation
In order to achieve our management strategy and to create corporate value, it is essential that we have a compensation system that ensures that we have capable management personnel and that they can fully demonstrate their abilities. To this end, we have decided on a compensation system based on the following concepts.

a. Establish a more powerful incentive program which can compete with global med-tech companies.
b. Establish an incentive program which is consistent with the management strategy.
c. Establish a program with focuses on value creation and performance evaluation utilizing long-term incentive compensation, which is non-monetary compensation, etc.
d. Pay a competitive basic compensation compared to leading Japanese global companies.
e. Ensure a sound management of incentives by putting claw-back clauses and shareholding guidelines in place.
f. Enhance the motivation of executive officers by setting challenging and achievable targets.

(ii) Level of compensation for executive officers for the fiscal year ended March 31, 2021
1. While a standardized, global compensation system is desirable for compensation design for executive officers who are responsible for global management, differences in compensation levels by region make it difficult to attract and retain talented executives by pay levels of Japan. As such all executive officers are compensated within a standard structure and set of ratios for basic compensation (BS: Base Salary), short-term incentive compensation (STI: Short Term Incentive), which is performance-linked compensation, etc., and long-term incentive compensation (LTI: Long Term Incentive), which is non-monetary compensation, etc. However, actual compensation levels are determined by considering differences in pay levels in the country of origin of the executive officer. Basic compensation for executive officers from Japan was set by comparing with basic compensation of companies included in TOPIX500 in the medical or life science field (peer groups). The total compensation also considers the pay ratio (the ratio of the median between CEO compensation and employee salary). A similar approach is used for executive officers whose country of origin is outside of Japan using appropriate local and regional benchmarks.
2. Compensation levels for the peer group are verified using objective compensation survey data from external specialist organizations.

(iii) Compensation composition of executive officer for the fiscal year ended March 31, 2021

1. Compensation for executive officer is a combination of fixed base compensation (BS), short-term incentive compensation (STI), which is performance-linked compensation, etc., and long-term incentive compensation (LTI), which is non-monetary compensation, etc.
2. For executive officers who are not from Japan, time-sum payments and Severance Pay, as well as housing allowances and pensions, are established to make adjustments to the previous compensation agreements on an individual basis. The Compensation Committee decides on the amount and terms that are set individually. The payment of Severance Pay at the time of retirement and the amount of the allowance are determined based on multiple conditions such as the term of office.
3. Focusing on achieving management strategies aimed at enhancing medium-to long-term corporate value and shareholder value, the ratio of Performance-linked compensation, particularly long-term incentive compensation, was raised for the CEO, and the ratio of short-term incentive compensation (STI), and long-term incentive compensation (LTI) against basic compensation (BS) was set as follows.
BS:STI:LTI=1 (25%) :1 (25%) : 2 (50%)
4. With respect to executive officers other than the CEO, the following ratios were adopted based on the same concept.
BS:STI:LTI=1 (28.5%) :1 (28.5%) :1.5 (43%)

(iv) Short-term incentive compensation, which is performance-linked compensation, etc., for the fiscal year ended March 31, 2021 (FY2021-STI)
While taking into account the status of the spread of COVID-19, the Compensation Committee ultimately decided the details of FY2021-STI as follows.

a. Upper limit of payment
In order to share value with our shareholders, we calculated the Total Shareholders Return (TSR) using the average share price in the most recent 30 business days of the previous fiscal year (the fiscal year ended March 31, 2020) and the current fiscal year (the fiscal year ended March 31, 2021) and set the upper limit of payment.
b. Due to the spread of COVID-19, it was difficult to establish targets for the initial financial indicators that were set, so the Company increased the ratio of strategic goals, which are non-financial indicators. In addition, since operating profit, which was set as a financial indicator, is an index that is greatly affected by the external environment, the Company has determined that it is appropriate to set general and administrative expenses, which are closely related to operating profit, as an index.
c. The composition ratio of revenue, general and administrative expenses, and strategic goals was set as follows.

Revenue	General and administrative expenses	Strategic goals
20%	20%	60%

Note:
The composition ratio of indices under the new compensation system set in the fiscal year ended March 31, 2020 was revenue 30%, operating profit 50% and strategic goals 20%.

(i) Revenue: 20%
- Even in a business environment where COVID-19 continues to spread, revenue growth is essential to achieve medium-to long-term management strategy targets and was set as an indicator.
- Evaluation table
  - The achievement rate for the management-base plan as of the first quarter equals the payment rate.
  - With 100% achievement of targets equaling 100% payment and achievement rate equaling payment rate, we have set a payment curve with a lower limit of 70% and an upper limit of 130%.

(ii) General and administrative expense: 20%
- General and administrative expenses is set as an indicator because it is closely related to operating profit and is essential for implementing investments for future growth.
- Evaluation table
  - It is assessed using the consumption rate for general and administrative expenses versus the management-base plan as of the first quarter.
  - An incremental evaluation table for general and administrative expenses has been established in which actual results in the range of 105 to 92% provide a payment rate of 70 to 130% and actual results of 100% provide 100% payment. In addition, the lower limit of 0% is provided if actual results are over 105%, and the upper limit of 130% is provided if actual results are less than 92%.

(iii) Strategic goals: 60%
- The following “Measures to Be Implemented in Fiscal Year 2021” disclosed in June 2020 are set as the main targets.
  - Focus our corporate portfolio
  - Structural reform of fixed costs
  - Successful launch of next-generation GI endoscopy system EVIS X1
  - Continued steady investment in product development for future growth
  - Driving efficiency in our R&D operations
- Evaluation table
  - The payment curve is set at between 0% and 200% by individual policy.

(v) Long-term incentive compensation, which is non-monetary compensation, etc., for the fiscal year ended March 31, 2021 (FY2021-LTI)

1. The business environment has been greatly affected by the spread of COVID-19). However, we have decided not to change the compensation composition for subsequent grant-type restricted stock compensation (RSU) or performance-linked stock compensation (PSU=Performance Share Unit) (RSU=25%, PSU=75%), the evaluation indicators or ratios (operating margin: 40%, ROIC=15%, EPS growth rate=15%, relative TSR=20%, ESG=10%) for performance-linked stock compensation (PSU), or the target values.

2. Subsequent grant-type restricted stock compensation (RSU) has a transfer restriction period of three years, and a number of shares equivalent to 25% of the standard amount for long-term incentive compensation (LTI) (basic compensation multiplied by a factor of 2 for the representative executive officer and 1.5 for executive officers) is determined at the beginning of the transfer restriction period. This number of shares is provided after three years have passed.

3. Reasons for selecting evaluation indicators, target values, and evaluation tables of performance-linked stock compensation (PSU) are as follows.

a. Operating margin: 40%

- Operating margin, a financial guidance on management strategy was set as an indicator of performance evaluation.
- 100% will be paid to achieve the operating margin target of the financial guidance of the management strategy. The evaluation table of 0% to 200% payment is calculated based on the reasonably set logic by relative comparison with the peer group.

b. ROIC: 15%

- ROIC, a financial guidance for management strategy, is used as an indicator for performance evaluation.
- 100% will be paid to achieve the ROIC target of the financial guidance of the management strategy.
- The evaluation table of 0 to 200% payment is calculated based on the logic reasonably consistent with the evaluation table of operating margin.

c. EPS growth rate: 15%

- The EPS growth rate, a financial guidance for management strategy, is used as an indicator of performance evaluation.
- 100% will be paid to achieve the EPS growth rate target in the financial guidance of the management strategy.
- The evaluation table of 0 to 200% payment is calculated based on the logic reasonably consistent with the evaluation table of operating margin.

d. Relative TSR: 20%

- Relative TSR is set as an indicator of performance evaluation. It is an important standard which makes long-term performance and pay align from the viewpoints of both shareholders and the executive management.
- Twenty global medtech companies (companies with medical or life science related businesses) are set as a peer group, and 100% will be paid if the rank of our TSR is located at 50%. The evaluation table of 0 to 200% payment is calculated based on the logic reasonably set by relative comparison with the peer group.

e. Strategic target (ESG): 10%

- Strategic goals are used as an indicator for ESG, which is announced to be reinforced in its management strategy.
- The index of DJSI (Dow Jones Sustainability Index) is set as an evaluation index for the following reasons.
  - It is a highly reliable external evaluation organization and ensures transparency and fairness.
  - The breadth of coverage in the evaluation area contrasts with the expectations of a broad range of stakeholders.
  - There is completeness of corporate activities as a whole.
- DJSI ratings are “World Index (W),” “Asia Pacific Index (AP),” and “Non-Index (N)” from the top ranks. In the fiscal year ended March 31, 2019, the Company won Asia Pacific Index. Establish an assessment table that emphasizes Index to be acquired in the third year, considering the outcome in the first and second years, and set payment rates of 200%, 150%, 100%, 50%, and 0%.

(3) Compensation risk management

(i) Shareholding guidelines

1. Shareholding guidelines are established to share interests between investors and management (executive officers).

2. Shareholding guidelines shall be as follows.

a. The CEO shall hold a number of the Company’s shares that is three times the amount of basic compensation or more.

b. Other executive officers shall hold a number of the Company’s shares that is one times the amount of basic compensation or more.

3. The shareholding guidelines will depend on the achievement of the targets but will be achieved in approximately three to five years after taking role. We will review the ratio of long-term incentive compensation (LTI), which is non-monetary compensation, etc., and consider the necessity of reviewing the holding guidelines when changing the composition of compensation.

(ii) Clawback clause

1. A clawback clause has been set up to deter the management (executive officers) from reckless investments and improper accounting.

2. Clawback is subject to short-term incentive compensation (STI), which is performance-linked compensation, etc., and long-term incentive compensation (LTI), which is non-monetary compensation, etc., for executive officer. The clawback will be turned on if the following event occurs.

a. An event that requires the refund of the difference between the amount of compensation that have been paid and the amount of compensation that should have been paid caused by a revelation that the information prerequisites for compensation is incorrect or different.

b. An event requiring the return of the amount of compensation already paid as a kind of sanctions in the event of a violation of obligation, etc.

3. The final decision on the application of clawback to individual events is made by the Compensation Committee and reported to the Board of Directors

<Compensation of directors for the fiscal year ending March 31, 2022>
Compensation of director will be paid in the following manner.
(1) Level of compensation for directors
(i) In order to set the directors' compensation at competitive compensation levels for securing and retaining talented personnel, the compensation level shall be 50-75% compared with the peer group in the role responsibilities and each residence.
(ii) Compensation levels for each peer group are confirmed using objective compensation survey data from external specialist organizations.
(iii) If a director requests to decline compensation, the Compensation Committee will confirm and decide on the response.

(2) Compensation composition of directors for the fiscal year ending March 31, 2022
(i) Non-executive directors perform supervisory functions at various points of contact with the Board of Directors meeting, managements, and executive officers, and contribute to the creation of corporate value. Therefore, in addition to monetary compensation (basic compensation) for supervisory functions, non-performance-linked stock compensation (non-monetary compensation) is granted as compensation for the creation of corporate value.
(ii) Stock compensation for non-executive directors shall be subsequent grant-type restricted stock compensation (RSU), and the right will be defined at retirement for those directors who live in Japan. The right will be defined on an individual basis in accordance with a general method of stock compensation in each region for those directors who do not live in Japan.
(iii) Stock compensation will be set at 3 million yen for both Japanese and non-Japanese residents. The number of shares to be given will be calculated based on the share price at the time of assumption of office at the general meeting of shareholders, and the number of shares will be given after vesting. In addition, the following vesting and shareholding guidelines have been established.
a. Residents in Japan: Vested upon their retirement
b. Non-residents in Japan: Shareholding guidelines of 0.5 times or more of basic compensation
(iv) Chairman of the Board of Directors receives a Chairman allowance in addition to the basic compensation.
(3) For those who double as executive officer, monetary compensation paid for management and supervisory functions performed as director is separate from compensation of executive officer for those who are natives of Japan. For those who are not natives of Japan, monetary compensation paid for management and supervisory functions performed as director is included in compensation of executive officer.

<Compensation of executive officers for the fiscal year ending March 31, 2022>
Executive officers in this section include those who double as directors.

(1) Type of executive officer compensation
The following compensation will be paid to each target person.
1. Basic compensation
2. Short-term incentive compensation, which is performance-linked compensation, etc.
3. Long-term incentive compensation, which is non-monetary compensation, etc.
a. Subsequent grant-type restricted stock compensation: FY2022-RSU
b. Performance-linked stock compensation: FY2022-PSU
4. Transformational FY22-RSU

(2) Level of compensation for the fiscal year ending March 31, 2022
Similar to the fiscal year ended March 31, 2021, the composition level for the fiscal year ending March 31, 2022 has been set based on the following concept.
1. While a standardized, global compensation system is desirable for compensation design for executive officers who are responsible for global management, differences in compensation levels by region make it difficult to attract and retain talented executives by pay levels of Japan. As such all executive officers will be compensated within a standard structure and set of ratios for basic compensation (BS: Base Salary), short-term incentive compensation (STI: Short Term Incentive), which is performance-linked compensation, etc., and long-term incentive compensation (LTI: Long Term Incentive), which is non-monetary compensation, etc. However, actual compensation levels are determined by considering differences in pay levels in the country of origin of the executive officer. Basic compensation for executive officers from Japan was set by comparing with basic compensation of companies included in TOPIX500 in the medical or life science field (peer groups). The total compensation will also consider the pay ratio (the ratio of the median between CEO compensation and employee salary). A similar approach will be used for executive officers whose country of origin is outside of Japan using appropriate local and regional benchmarks.
2. Compensation levels for the peer group will be verified using objective compensation survey data from external specialist organizations.

(3) Compensation composition for the fiscal year ending March 31, 2022
Similar to the fiscal year ended March 31, 2021, the fiscal year ending March 31, 2022 has been set based on the following concept.
1. Compensation for executive officer is a combination of fixed base compensation (BS), short-term incentive compensation (STI), which is performance-linked compensation, etc., and long-term incentive compensation (LTI), which is non-monetary compensation, etc.
2. For executive officers who are not from Japan, time-sum payments and Severance Pay, as well as housing allowances and pensions, are established to make adjustments to the previous compensation agreements on an individual basis. The Compensation Committee decides on the amount and terms that are set individually. The payment of Severance Pay at the time of retirement and the amount of the allowance are determined based on multiple conditions such as the term of office.

3. Focusing on achieving management strategies to improve medium- to long-term corporate value and shareholder value, the Company has set the ratio of short-term incentive compensation (STI) and long-term incentive compensation (LTI) to the base salary (BS) in the case of the CEO as follows.
   a. BS:STI:LTI=1 (25%) : 1 (25%) : 2 (50%)
4. With respect to executive officers other than the CEO, the following ratios were adopted based on the same concept.
   a. BS:STI:LTI=1 (28.5%) : 1 (28.5%) :1.5 (43%)

(4) Short-term incentive compensation, which is performance-linked compensation, etc. (FY2022 STI)
(i) Target composition
Since it is important to steadily implement long-term and strategic efforts within each fiscal year, the Compensation Committee has decided to increase the composition ratio of strategic goals among FY2022-STI targets to the following ratios.

Revenue	Operating profit	Strategic goals
30%	40%	30%

(ii) Upper and lower limit on the evaluation table
Upper limit is set as 200% and lower limit 0% at each evaluation index.

(iii) Evaluation table of revenue
1. The target is revenue in the "Forecast for the Fiscal Year Ending March 31, 2022" stated in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2021. 100% will be paid for achieving 100% of the target. When evaluating the results, the exchange rate will be the exchange rate of the "Forecast for the Fiscal Year Ending March 31, 2022" in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2021. Furthermore, if the target values change greatly in the future, we will hold new discussions and decide at the Compensation Committee, including the payment curve shown below.
2. 200% payment is paid when 107% of the amount of sales is achieved for 100% payment. The payment table between 100% and 200% payments is a straight line connecting the respective sales.
3. The 50% payment will be the same amount of sales as the actual sales for the fiscal year ended March 31, 2020. The payment table between 50% payment and 100% payment shall be a straight line connecting the respective sales.
4. If the sales amount for the fiscal year ending March 31, 2022 is less than the actual sales for the fiscal year ended March 31, 2020, the payment rate will be 0%.
5. The payment rate is rounded to the first decimal place.
(iv) Evaluation table of operating profit
1. The target is the amount of operating profit in the "Forecast for the Fiscal Year Ending March 31, 2022" of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2021. 100% will be paid for achieving 100% of the target amount. When evaluating the results, the amount of operating profit after deducting other income and other expenses will be used, and the actual exchange rate will be used. In the event that target amounts are changed significantly going forward, the target amounts, including the payment curve presented below, will again be discussed and determined by the Compensation Committee.
2. If the operating margin reaches 20% of the sales at the time of 200% payment in the preceding paragraph, 200% will be paid. The payment table between 100% payment and 200% payment is a straight line connecting the respective operating profit amounts.
3. The 50% payment shall be the same amount of operating profit as the operating profit of the fiscal year ended March 31, 2020 after deducting other expenses and other income. The payment table between 50% payment and 100% payment shall be a straight line connecting the respective operating profit amounts.
4. If the operating income for the fiscal year ending March 31, 2022 is less than the actual operating income for the fiscal year ended March 31, 2020, the payment rate will be 0%.
5. The payment rate is rounded to the first decimal place.

(v) Strategic goals
Target items are set on important company-wide issues in the fiscal year ending March 31, 2022 explained at the financial results meeting for the fiscal year ended March 31, 2021 held on May 7, 2021 and set them as common goals for all executive officers. The payment curve between 0% and 200% in the evaluation table is set for each item.
- Deepening profitable growth strategy in Medical business
- Further improvement of efficiency and effectiveness through Transform Olympus
- Continued steady investment in product development for future growth
- ESG initiatives that contribute to a sustainable society

(5) Long-term incentive compensation, which is non-monetary compensation, etc. (FY2022 LTI)
This section describes long-term incentive compensation, which is non-monetary compensation, etc. (FY2022-LTI) starting in the fiscal year ending March 31, 2022 and ending in the fiscal year ending March 31, 2024.
Long-term incentive compensation (LTI), which is non-monetary compensation, etc., in the new compensation system established in the fiscal year ended March 31, 2021 consisted of 25% stock compensation (RSU: Restricted Stock Unit) and 75% performance-linked stock compensation (PSU: Performance Share Unit). Every assessment period is three years. However, the spread of COVID-19 significantly affected the initiatives in the first year (the fiscal year ended March 31, 2021) of the management strategy announced in November 2019, and increased uncertainty in the business environment in the second year (the fiscal year ending March 31, 2022). As a result of discussions on the ratio of RSUs and PSUs of FY2022-LTI at the Compensation Committee, we set 40% of RSU and 60% of PSU.

RSU	PSU
40%	60%

(i) Subsequent grant-type restricted stock compensation: FY2022-RSU

1. Vesting
   a. Three years after the payment, the rights will be vested after confirmation by the Compensation Committee.
   b. When retiring as an executive officer, the rights shall be vested after confirmation by the Compensation Committee six months after the retirement.
2. Grant date and number of units provided
   a. The grant date shall be April 1, 2021.
   b. The calculated stock price shall be the closing price of the Company's common shares on the First Section of the Tokyo Stock Exchange on the business day prior to the grant date.
   c. For foreign exchange, apply TTM on the business day before the grant date.
   d. The total basic salary of executive officers, which is the basis for granting, is 324,983,375 yen, and the total number of units paid is 91,866 units.

(ii) Performance-linked stock compensation: FY2022-PSU

1. The PSU will be decided based on the philosophy of compensation, which is to make the incentive program consistent with the management strategy, and also in consideration of the business environment.
2. PSU metrics consist of operating profit, relative TSR, and ESG metrics.

Operating profit	Relative TSR	ESG
40%	40%	20%

- Increased corporate value is equally assessed from both a financial perspective (operating profit) and a shareholder perspective (relative TSR)
- We are focused on increasing corporate value from an ESG perspective, and the ESG metrics are 50% of the financial perspective / shareholder perspective

3. The target values and evaluation table for each metric are set as follows.
   a. Operating profit: 40%
   - Going forward, we will continuously promote reforms to increase corporate value, and the Compensation Committee has decided that the below method is suitable to assess operating profit.
   - At the start of each fiscal year during the assessment period of PSU, operating profit targets and a 0 to 200% payment curve are decided, and after the end of each fiscal year, the payment rate for each fiscal year is calculated from results. The average payment rate for the three fiscal years is then used as the payment rate for PSU's operating profit.
   - The target values and payment curve for operating profit in the current fiscal year are as shown in the section of "Short-term incentive compensation, which is performance-linked compensation, etc. (FY2022-STI)."

   b. Relative TSR: 40%
   - Twenty global medtech companies (companies with medical or life science related businesses) are set as a peer group, and 100% will be paid if the rank of our TSR is located at 50%. The evaluation table of 0 to 200% payment is calculated based on the logic reasonably set by relative comparison with the peer group.

   c. Strategic goals (ESG): 20%
   - Indicators for ESG, which is announced to be reinforced in the management strategy, are used as strategic goals.
   - The Dow Jones Sustainability Index (DJSI) is set as an evaluation index for the following reasons.
     - It is a highly reliable external evaluation organization and ensures transparency and fairness.
     - The breadth of coverage in the evaluation area contrasts with the expectations of a broad range of stakeholders.
     - It provides comprehensive coverage of overall corporate activities.
   - DJSI ratings are "World Index (W)," "Asia Pacific Index (AP)," and "Non-Index (N)" from the top ranks. Establish an assessment table that emphasizes Index to be acquired in the third year, considering the outcome in the first and second years, and decide payment rates of 200%, 150%, 100%, 50%, and 0%.

(6) Transformational FY22-RSU

The Compensation Committee believes that providing appropriate compensation to Executive Officers responsible for management to be highly motivated in their efforts to achieve the management strategies and for the results they produce will lead to the subsequent maximization of corporate value and enhancement of shareholder value.

A new management strategy announced in November 2019 replaces the 2016 Corporate Strategic Plan ("16CSP") and has progressed significantly in line with the long-term direction of the Company. Performance-linked stock compensation, for which the evaluation period was the three-year period from the fiscal year ended March 31, 2019, to the fiscal year ended March 31, 2021, was set based on the 2016 Corporate Strategic Plan ("16CSP") and was not provided because the actual value in the performance evaluation index fell below the minimum value.

Considering the various reform themes being promoted in the business transformation plan "Transform Olympus" based on the management strategy, the one-time costs due to the transfer of the Imaging Business implemented in the fiscal year ended 31, 2021, and the impact of the spread of COVID-19, etc. from the fiscal year ended March 31, 2020, and onward, although the actual value

of the performance evaluation index fell below the performance target minimum value linked to officers' compensation, the Compensation Committee has determined that the management efforts of executive officers have produced results that will lead into the fiscal year ending March 31, 2022, and onward.
In light of the above results and management efforts of the executive officers, and in the midst of an uncertain business environment, the Company considered it necessary to provide effective compensation to the executive officers to encourage them to continue to strive to maximize corporate value and increase shareholder value in the fiscal year ending March 31, 2022, and onward, as well as to encourage them to hold shares in order to further strengthen the sharing of interests with shareholders. Therefore, the Compensation Committee, after consulting with "Pay Governance," an independent compensation consultant, decided at the discretion of the Compensation Committee to grant the following "Transformational FY22-RSU" as subsequent grant-type restricted stock compensation.
(1) Grantees
CEO and CTO
(2) Form of payment
The unit grant date for "Transformational FY22-RSU" is April 1, 2021, and the rights will be vested three years later or upon retirement at the Company's request. In the event of retirement that is not due to the Company's request, the Compensation Committee will decide how to respond.
(3) Units granted
The standard amount for "Transformational FY22-RSU" is set at 18% of the basic compensation for the fiscal year ending March 31, 2022. The number of shares to be given will be calculated based on the share price on the business day prior to the grant date, and the number of shares will be given after vesting.

[Support systems for outside directors]

• The Company established the Board of Directors Office as a dedicated organization to support the execution of duties of outside directors as well as the effective and vigorous activities of the Board of Directors, Nominating Committee and Compensation Committee.
• To support the effective execution of the roles and duties of outside directors, the Company works proactively to provide outside directors with information and distributes documents prior to Board of Directors meetings while setting an opportunity for the explanation of agendas in advance as necessary and working to stimulate discussions in the Board of Directors meetings.
• Additionally, the Company provides training for newly inaugurated directors including outside officers, comprising visits to the Company's major business bases such as business offices and factories, etc., and business study sessions such as briefing sessions, directors presentations, and technical result presentations based on a policy of promoting knowledge acquisition about the Company. Additionally, the Company arranges for, and covers the cost of, external training sessions for directors to acquire basic knowledge necessary for the performance of directors' duties with a view to deepening directors' understanding of their roles and responsibilities.

2. Matters related to functions of business execution, audit and supervision, personnel nomination, determination of compensation, etc. (Outline of the current corporate governance structure) Updated

As its organizational design, the Company has adopted the form of a company with Nominating Committee, etc. By having the Board of Directors specialize in deciding important items related to the core of management and in management supervision, we are working to enhance our management speed and supervisory functions. For items related to the everyday execution of duties, authority has largely been delegated to executive officers as we work to increase the speed of management decision making and execution by management. Furthermore, related to points that should be discussed at the Board of Directors and matters to be reported, we are working to increase the effectiveness of the Board of Directors by promoting improvements based on the results of the effectiveness evaluation of the Board of Directors.

[Supervisory functions of the Board of Directors]
• The Board of Directors consists of 11 directors, including a majority of eight outside directors, thereof all independent outside directors. Tenures of directors continue for one year. The Board of Directors convenes once every three months and when needed. The Board of Directors determines matters related to basic policies of management and internal control systems and other important matters, and monitors the execution of the duties of directors and executive officers, etc. The Board of Directors is chaired by an independent outside director. In the exercise of supervisory functions at the Board of Directors, the eight outside directors are expected to bring their specialist knowledge to bear on management. The Company proactively provides directors with information to enable the effective execution of their roles and duties. Outside directors of the Company may at all times when needed or when considered appropriate require clarifications and reports or the submission of internal documents from internal directors, executive officers, and employees, so as to strengthen the functions of information transmission and supervision and to create systems to ensure the soundness of management.

•So that the Company's Board of Directors can contribute to enhancing Olympus's corporate value by cooperating with executive officers, its duties to be fulfilled are (i) improving recognition and insight into the management environment and management issues through constructive discussion with executive officers, (ii) effectively supervising management decision making and execution from a strategic, broad perspective, and (iii) supporting the promotion of strategies so Olympus can develop itself as a truly global medtech company, and it will exercise effective monitoring capabilities.

• Aiming for outside directors to mutually exchange information and share awareness, the Company is working to improve oversight functions with an "Opinion Exchange Meeting for Outside Directors," which is held four times a year (once per quarter)

as a regular meeting in which only outside directors can participate, and an “Executive Session,” which is held after the conclusion of every Board of Directors meeting.

[The member structure of the Board of Directors]
The member structure of the Board of Directors is shown below. The chairman of the Board of Directors is Sumitaka Fujita.

Directors
Yasuo Takeuchi, Stefan Kaufmann, Nobuyuki Koga

Outside directors
Sumitaka Fujita, Susumu Kaminaga, Tetsuo Iwamura, Yasumasa Masuda,
Atsushi Iwasaki, David Robert Hale, Jimmy C. Beasley, Sachiko Ichikawa

[Activities of the Board of Directors in FY2021]
(1) Number of meetings held: 18
(2) Attendance (average attendance rate): 100%
Attendance for individual directors at meetings of the Board of Directors is described in the reference documentation to proposals for the election of directors, which is part of the convocation notice of the ordinary general meeting of shareholders.
Notice Regarding the Convocation of the General Meeting of Shareholders For the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
https://www.olympus-global.com/ir/stock/pdf/meeting153p_02.pdf
(3) Main matters to be discussed
First quarter
Report on cross-shareholdings, Report on results of internal audit
Second quarter
Evaluation of the Board of Directors’ effectiveness, Audit & Supervisory Board audit plan report
Third quarter
Status report on individual businesses and regions, Report on cross-shareholdings
Fourth quarter
Business plan, Internal audit plan, Executive Officer structure for the next fiscal year

In addition to the above, the Chairman of the Board of Directors reports as necessary at the meeting of the Group Executive Committee on matters to be discussed and regularly receives status reports on the execution of duties from Executive Officers. Furthermore, separately from regular meetings of the Board of Directors, management strategy meetings were held on the state of progress and issues in the management strategy and on topics in the business plan, and active discussions took place.

[Nominating-, Compensation-, and Audit Committees]
• In addition, the three committees comprised of the Nominating-, Compensation-, and Audit Committees, each consisting in the majority of independent outside directors, determine director candidates (Nominating Committee) and the compensation of directors and executive officers (Compensation Committee), and audit the execution of the duties of directors and executive officers (Audit Committee). The members of each committee are as follows.

Nominating Committee	Chairman:	Sumitaka Fujita (Independent outside director)
	Members:	Tetsuo Iwamura, David Robert Hale (Independent outside directors)
		Yasuo Takeuchi (Director)
Compensation Committee	Chairman:	Susumu Kaminaga (Independent outside director)
	Members:	Tetsuo Iwamura, Jimmy C. Beasley
		(Independent outside directors)
Audit Committee	Chairman:	Yasumasa Masuda (Independent outside director)
	Members:	Atsushi Iwasaki, Sachiko Ichikawa (Independent outside directors)
		Nobuyuki Koga (Directors)

[Activities of the committees in FY2021]
(1) Nominating Committee (Number of meetings held: 12)
• The Nominating Committee deliberated matters related to human resources at the director and executive officer level, and determined the content of proposals submitted to the general meeting of shareholders in relation to the appointment and dismissal of directors.
• As a main item for consideration, in considering the plan for the composition of the Board of Directors, the Nominating Committee created a matrix of the experience and knowledge required from directors of the Company.
• In selecting candidates for director, the Nominating Committee held discussions and interviews in accordance with the selection criteria and made decisions.
• Regarding the selection plan for executive officers, the Nominating Committee discussed their suitability and made decisions after a year-long selection process.
• Regarding the succession plan for executive officers, the Nominating Committee discussed whether they possessed the desired experience and knowledge in accordance with expected roles in the execution of duties at the Company.

(2) Compensation Committee (Number of meetings held: 11)
• The Compensation Committee reviewed the determination policy for individual compensation for directors and executive officers and the contents of the compensation and made decisions.
• The details are listed in the [Incentives] and [Compensations of directors and executive officers] sections above.

(3) Audit Committee (Number of meetings held: 26)
• In addition to maintaining an independent position and fair and unbiased attitude and auditing and overseeing the Accounting Auditor and internal audit department, the Audit Committee conducted effective, efficient audits by directly verifying the suitability and validity of the execution of duties by the directors and executive officers.
• In addition to monitoring and evaluating whether the Accounting Auditor maintained an independent position and performed suitable audits, the Audit Committee received reports from the Accounting Auditor on the state of execution of its duties and requested explanations where necessary.
• In addition to maintaining an independent position and fair and unbiased attitude and auditing and overseeing the Accounting Auditor and internal audit department, the Audit Committee conducts effective, efficient audits by directly verifying the suitability and validity of the execution of duties by the directors and executive officers. Additionally, due to COVID-19, from April 2020, the Audit Committee was forced to perform audits through remote online meetings. Nevertheless, it succeeded in conducting activities in line with the initial audit plan.

[Contents of limitation of liabilities agreements and directors and officers insurance agreements]
In order to enable directors to fully discharge their expected functions, the Company has entered with directors (excluding executive directors, etc.) into agreements based on the provisions of Article 427, paragraph (1) of the Companies Act which limit the indemnification liability pursuant to Article 423, paragraph (1) of the Companies Act, such that the indemnification liability under the said agreements corresponds to the statutory minimum indemnification liability amount.

Furthermore, the Company has entered into directors and officers liability insurance agreements with an insurance company with directors and officers as the insured persons pursuant to Article 430-3, Paragraph 1 of the Companies Act. The insurance agreements cover damages that may arise when the insured person assumes liability for the execution of his or her duties or receives claims related to the pursuit of such liability. The Company will bear the full amount of the insurance premiums.

[Resolution requirements for elections of directors]
The Articles of Incorporation stipulate that directors of the Company are elected by majority vote of the general meeting of shareholders with at least one-third of shareholders eligible to exercise voting rights in attendance and that resolutions on elections are not adopted by cumulative voting.

[Matters for resolution by the general meeting of shareholders which can be resolved on by the Board of Directors]
In order to carry out capital policy in accordance with changes in the business environment and to carry out flexible return of profits to shareholders, the Company stipulates in its Articles of Incorporation that matters, including dividends from surplus, set forth in each item of Article 459, paragraph (1) of the Companies Act shall be decided by resolutions of the Board of Directors, not those of general meeting of shareholders, unless otherwise provided by laws and regulations.

Furthermore, the Articles of Incorporation stipulate that in order to enable directors and executive officers to fully discharge their expected functions, the Company can, by a resolution of the Board of Directors, pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, in cases where the statutory requirements are satisfied, exempt directors (including former directors) and executive officers (including former executive officers) from the indemnity liability pursuant to Article 423, paragraph (1) of the Companies Act, limited to the balance of the indemnity liability amount reduced by the statutory minimum liability amount.

[Requirements for special resolutions of the general meeting of shareholders]
The Articles of Incorporation stipulate that in order to facilitate the operations of the general meeting of shareholders by relaxing the quorum requirements for special resolutions of general meetings of shareholders pursuant to Article 309, paragraph (2) of the Companies Act, special resolutions of the general meetings of shareholders are adopted by a vote of two-thirds or higher of shareholders in attendance who hold one-third of voting rights.

[Executive Officers]
Executive officers are comprised of the following five persons: Chief Executive Officer, Chief Operating Officer, Chief Technology Officer, Chief Financial Officer, and Chief Administrative Officer, who accelerate and streamline the decision-making system in the Group and centrally manage risk management across the Group.

3. Reasons for choosing the current corporate governance structure Updated

The Company aims to develop itself as a truly global medtech company, and as described below, to accelerate decision making in the execution of duties and to strengthen and further increase the transparency of governance, in June 2019, it transitioned to a company with Nominating Committee, etc.

1. Acceleration of management decision making and business execution functions
Functions are separated based on the basic principle of “separation of corporate oversight and business execution” in a “a company with nominating committee, etc.” The Board of Directors focuses on deciding important matters on core managerial elements and management supervision, and works to enhance management speed and supervisory functions. The Company will seek to

accelerate management decision-making and execution by delegating more authority to executive officers concerning matters related to daily business execution.

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

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

III State of implementation of measures concerning shareholders and other stakeholders

1. Status of efforts at activating general meetings of shareholders and facilitating voting rights exercise Updated

	Supplementary explanation
Advance dispatch of convocation notices of general meetings of shareholders	In order to provide our shareholders with time to sufficiently review information on the convocation notice, the Company ships the convocation notice three weeks before the general meeting of shareholders. Additionally, a few days before shipment a PDF version of the convocation notice will be published electronically on the Company's website, TDnet, and the electronic voting rights exercise platform for voting rights.
Off-peak scheduling of general meetings of shareholders	The policy is to appropriately set the date on which the general meeting of shareholders is to be held with the intention of shareholders attending after adequately considering proposals.
Electronic voting rights exercise	Voting rights can be exercised electronically by using the Company's designated voting rights exercise website or the electronic voting rights exercise platform.
Provision of English convocation (outline) notices	The text English translation of the convocation notice is available on the Internet (on the electronic voting rights exercise platform and the Company's website).
Other matters	The full text of the convocation notice and resolution notice is published on the Internet (on the electronic voting rights exercise platform and the Company's website). In order to gain the understanding of shareholders, visuals are used to illustrate the matters reported in general meetings of shareholders. These materials are also published on the Internet (the Company's website). Furthermore, by adopting an attendance-type virtual general meeting of shareholders in which questions can be asked and voting rights can be exercised through an online attendance method, the Company is working to secure the opportunity for all shareholders to exercise their voting rights. The video that is livestreamed on the day of the general meeting of shareholders is posted in the above materials on items to be reported and on the Company's website after the meeting is held.

2. IR related activities Updated

	Supplementary explanations	Availability of explanations from the representative
Disclosure policy creation and publication	The Company publishes its "Information Disclosure Policy" on the Company's website. In addition, in accordance with its information disclosure policy, the Company has established information disclosure frameworks, disclosure standards, and pertinent information management regulations, as well as Information Disclosure Regulations for timely and appropriate information disclosure.	
Regular briefing sessions for individual investors	The Company's website provides an overview of the Company's businesses, its strengths, and the steps that it has taken to develop cutting-edge optical equipment products. Furthermore, as opportunities for direct dialogue, the Company participates in individual investor briefings and online seminars held by securities companies and IR events.	No
Regular briefing sessions for analysts and institutional investors	On the day that financial results are announced each quarter, the Company's management holds results briefings for direct dialogue with analysts and institutional investors on the business environment, financial results, financial forecasts, and progress in the management strategy. Furthermore, in addition to holding events such as management strategy briefings, small meetings with the Company's management, new product presentations, and factory tours as appropriate, the Company participates in conferences held by securities companies. Moreover, individual meetings are held by the Chief Executive Officer, Chief Financial Officer, and IR officers as needed, excluding the quiet period between the day quarterly results are calculated and the day financial results are announced.	Yes
Regular briefing sessions for international investors	On the day that financial results are announced each quarter, the Company's management holds the results briefing at the same time as	Yes

	the briefing for domestic analysts and institutional investors. Moreover, several times a year, the Chief Executive Officer, Chief Financial Officer, or an IR officer visits overseas institutional investors. Additionally, IR officers at U.S. locations hold individual meetings as needed, excluding the quiet period between the day quarterly results are calculated and the day financial results are announced. The IR officers also actively participate in conferences held by securities companies. In FY2021, we cancelled visits to overseas institutional investors due to the impact of COVID-19, but the Chief Executive Officer and Chief Financial Officer were proactively involved in teleconferences and online meetings, ensuring the same opportunities for dialogue with overseas investors as in the past.	
Publication of IR materials on the Company website	The Company publishes financial results information (financial results, presentation materials, numerical reference materials) and other corporate disclosures, integrated reports, convocation notices to general meetings of shareholders, shareholder communications, securities reports and quarterly reports, medical fact books, and reports on CSR and environmental activities. The Company also publishes videos of various events including management strategy briefings and financial results briefings, new product presentations, general meetings of shareholders.	
IR Department (Officer)	Officer in charge: Executive Officer, Chief Financial Officer Chikashi Takeda Department in charge: IR department.	

3. Status of efforts at the integration of stakeholder viewpoints Updated

	Supplementary explanations
Regulations on the integration of stakeholder viewpoints based on internal regulations, etc.	The Group has established the “Olympus Global Code of Conduct,” which expressly prescribes behavior in accordance with laws and regulations and high ethical standards as well as fair and honest corporate conduct in relationships with customers, business partners, shareholders, employees, and local communities, etc.

Implementation of environmental protection activities, CSR activities, etc.	The Group, based on its Corporate Philosophy of "Making people's lives healthier, safer, and more fulfilling," strives to respond to all stakeholder expectations at a high level, acts as a good corporate citizen, and aims to achieve sustainable growth together with society. The Group has included ESG as an important element in its Corporate Strategy. In particular, the Group has included six important ESG fields: 1) corporate governance, 2) economic sustainability, 3) product sustainability, 4) the environment, 5) human resources, and 6) society. Additionally, the Group has established five important issues (materiality): 1) providing a wide range of healthcare opportunities and improving outcomes, 2) focusing on compliance and product quality and safety, 3) promoting a responsible supply chain, 4) promoting diversity and inclusion, 5) contributing to the realization of a carbon-neutral and circular society in harmony with society. While strengthening and promoting our initiatives in each materiality and fulfilling our responsibilities to society and our stakeholders, we will improve the Company's economic value and realize sustainable growth. In May 2021, we newly added the materiality "contributing to the realization of a carbon-neutral and circular society in harmony with society" to the materiality established in our Corporate Strategy announced in November 2019 and established environmental goals to realize carbon neutral by 2030. We also agreed with recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and decided to work on information disclosures based on the TCFD recommendations. We will continue to improve our manufacturing improvement activities and energy saving measures to achieve our target of carbon neutrality. At the same time, we will accelerate efforts to reduce CO_2 by switching all power consumed at our business locations to renewable energy sources by 2030. We will also continue to concentrate on highly transparent information disclosure focused on analyses of the risks and opportunities posed by climate change. For specific CSR activities, the Company holds procurement policy briefings once a year for major domestic suppliers of the Company's businesses in order to share the Group's Corporate Strategy and procurement policy. In FY2021, to prevent the spread of COVID-19, we cancelled in-person briefings for suppliers but are considering holding online briefings going forward. Furthermore, in environmental activities, reducing the environmental burden throughout the entire product life cycle is regarded as an important issue by the "Olympus Group Environmental Policy." Consequently, the Company engages in a range of activities to contribute to international society, civil society and local society by actively engaging in environmental improvement activities for production, business sites, and logistics. Furthermore, the Company recognizes climate change as a major environmental issue that affects our business activities. We see the risks as carbon tax, carbon emissions trading, stronger regulations for CO_2 reduction by various countries, and supply chain disruptions caused by the growing scale of natural disasters such as typhoons, floods, etc. In response, we are implementing measures including activities aimed at improvements in energy efficiency, the expanded introduction of natural energy sources, and the diversification of suppliers. Based on the above initiatives, we have begun to evaluate the nature of the Company's contributions to the "Sustainable Development Goals (SDGs)" of the United Nations. To facilitate understanding of the Group, the Company strives to actively disclose information and enhance communication. Detailed information is available in integrated report and published on the Company's website. (https://www.olympus.co.jp/ir/data/integratedreport/)
Formulation of policies concerning the provision of information to stakeholders	In order to be correctly understood and trusted by all stakeholders, the Group has established the "Olympus Global Code of Conduct," which prescribes the fair, timely, and appropriate disclosure of corporate information such as management policies, the status of business activities, and CSR activities.

Other matters	[Initiatives for health and productivity management] The Company has prepared a health declaration in order to clarify that establishing a working environment where employees can work in an active and healthy manner is a major premise of the Company for proceeding with various activities, and that it is the management has resolved to properly support the maintenance and improvement of the health of employees and their families, in cooperation with the Health Insurance Association. The Company will promote health maintenance and enhancement among employees by further working to prevent second hand smoke, recommend lifestyle changes, encourage regular checkups and complete examinations for cancer screenings, and give advice when hospital visits are required. By actively developing health management initiatives, the Company was recognized as a "White 500" organization for five years in a row since 2017. [Promotion of Work-Life Integration] In order to prepare an environment where employees can demonstrate their abilities to the fullest and actively continue their career, even with different circumstances such as child-rearing or nursing care, the Group is promoting initiatives for "Work-Life Integration" to support both employees' work and lives to achieve synergy between them, and is working to introduce flexible systems related to working styles and expand users. As an enhancement of supporting measures for both work and childcare/nursing care, the Group has introduced the "work-from-home system," "re-entry system," "position flex system," and "reduced working hours system." The Group is aiming to realize a diverse workplace, increase productivity and increase employees' motivation by supporting both work and family life. [Ensuring diversity in the Company including active roles for women] At the Company and its domestic Group companies, centered on the Human Resources Division, we establish and operate systems and policies to support active roles for diverse human resources. Through new workstyles centered on telework, by eliminating distance and time constraints, diverse personnel feel a sense of ease in their work and happiness in their growth as we work to create an environment in which they can flourish. In our hiring, promotions, and pay raises, we proactively use human resources that have both strong expertise and abilities and morals. Furthermore, in promoting "Work-Life Integration," the Group has set the promotion of women's participation and advancement as an important issue, and formulated a plan of action for general employers in accordance with the Act on the Promotion of Female Participation and Career Advancement in the Workplace in 2016. Major initiatives include expanding employees allowed to utilize the work-from-home system, implementing the provision of information for employees taking childcare leave, creating a system that can balance work and treatments for infertility or cancer, opening childcare facilities at certain workplaces, and establishing the "Diversity Promotion Group," which is a dedicated organization to strengthen the diversity promotion system. The Group supports career advancement of female employees by assuming life events in advance and with the concept of feed forward, which quickly provides experience and opportunities. In 2020, we produced our first female corporate officer from within our company. As of the end of April 2020, 65 women were active in managerial positions (an increase of 122% from the previous year), and the number of female employee candidates for managerial positions rose to 247 (an increase of 116% from the previous year), as our ratio of female employees has increased each year. We also have an increasing number of foreign nationals in managerial positions. Aiming for LGBT persons to feel a sense of ease and happiness in their work, to create workplaces highly accepting of diversity, we offer education and events to promote understanding and are promoting the establishment of a dedicated helpdesk. In employing persons with disabilities, we approach disabilities as one element of individuality. We proactively hire persons with disabilities by focusing on what they can do, support them as they take their positions, and offer employee education. We see the hiring of disabled persons and their onboarding as an important issue, and in addition to engaging in regular hiring activities, we have established a specialized subsidiary and are improving our onboarding system. During the onboarding process, we provide training and education to promote understanding so that superiors and colleagues can understand the nature of their disabilities. As part of our onboarding, when disabled persons first joins the Company, they meet with the Human Resources Division, their superior, and an industrial physician. As of January 2021, we achieved a disabled person hiring ratio of 2.4%, higher than the statutory employment rate. The Company proactively hires older employees who are past retirement age and believes that it is important for personnel who have exercised strong expertise and produced results in the past to continue to have an active role in the Company. For employees who wish to continue working after the fixed retirement age of 60, we have created a system to allow

them to continue working until 65. After improving the treatment of employees in April 2016, we began reforming our position-style human resources system, which deals with personnel based on job grade, from April 2020 for rehired personnel who have a high level of expertise in order to evaluate work after rehiring. Going forward, while considering the trends and tendencies in society, including laws and regulations, we will continue to build a vibrant working environment in which employees can exercise their expertise after mandatory retirement.

[Reforming our human resources system to support the challenge of becoming a global medtech company]
To win in future competition with competing global medtech companies, we cannot only engage in regional hiring. We must also create a comprehensive operating model for governance, operations, and human resources on an integrated, global level, and improve the management efficiency of the entire Group. To realize this goal, it is essential that we assign personnel with diverse abilities that support our global business to the appropriate positions irrespective of their home country or region. We are working to create a human resources system that encourages the desire for growth among the Group employees and to build a corporate culture that allows them to use their individual abilities to the maximum for the development of the Company.
In April 2019, we changed our human resources evaluation system for managerial employees in Japan to a position-based wage system. The job description form clarifies the roles, responsibilities, and authorities of each employee. The treatment of employees is decided based on the scale of job responsibilities and results, and we promote a hiring system that does not consider age or nationality. Furthermore, in April 2020, we standardized goal setting and evaluation criteria for global senior management and clarified their responsibility for performance. Senior management has set forth strategic goals to achieve global shared KPI and is working toward organizational reform. As a result of promoting assignments based on capabilities and suitability rather than nationality, 40% personnel of our heads of business and capabilities are foreign nationals.
In response to the spread of COVID-19, we established a global taskforce, enacted various policies that place the safety of all employees first, and are reviewing global workstyles to respond to the new normal. In Japan, we are moving forward with new workstyle reforms including eliminating limits on work-from-home days and building an environment for telework.

[Hiring women, foreigners, and mid-career hires for managerial positions]
At the Company, as our approach aimed at balancing work and personal life, we promote Work-Life Integration (WLI) and support diverse personnel exercising their capabilities. In promoting WLI, we position the promotion of active roles for women as one materiality and have formulated and disclosed an action plan. We also actively promote the hiring of mid-career hires and foreigners to managerial positions.
• Basic policy
(i) Strengthen the planned development of female candidates for managerial positions.
(ii) Strengthen an environment that realizes a balance between work and personal life.
(iii) Strengthen the hiring of women.
• Target
(i) By the start of FY2025, double the number of female managerial employees compared to FY2020.
(ii) Strengthen an environment that realizes a balance between work and personal life.
(iii) Increase the percentage of female new graduate hires joining the Company in April 2024 by 25% or more.
• Previous conditions and future plans
(i) Policies to strengthen an environment that realizes a balance between work and personal life
  • Introducing flexible care and a balanced system, expanding the scope of work-from-home system, introducing an hour-based annual leave system, and opening a childcare facility at our Hachioji business office, etc.
(ii) Policies for personnel hiring irrespective of gender, age, or nationality
  • Introducing a “position-style human resources system”
  • Implementing talent reviews

[Risk management]
Based on its “Internal Rules on Risk Management and Crisis Response” and related rules, the Olympus Group has built a global management system. The Group conducts risk management from the viewpoints of both “offense” that leads to the creation of sustainable growth and value for the company through proactive, sound risk-taking and “defense” to prevent fraud and accidents. We are also working to create a crisis management process to

minimize the effects of unpredicted incidents on corporate value. The status of our risk management initiatives is listed in our integrated report and posted on the Company's website.

[Compliance]
The Olympus Group works to create an honest corporate culture that complies with laws and regulations. In September 2019, we established the "Olympus Group Code of Conduct," which is published in 18 languages on the Company's website. The status of our compliance initiatives is listed in our integrated report and posted on the Company's website.

[Information security]
The Olympus Group recognizes the proper handling and protection of information as a social responsibility and formulated the "Information Security Policy," working to ensure information security. The details of our information security are listed in our integrated report and posted on the Company's website.

IV Matters concerning internal control systems, etc.

1. Basic concepts and maintenance status on internal control systems Updated

All our activities are based on our Corporate Philosophy, “Making people’s lives healthier, safer and more fulfilling.”
The Company, based on this basic concept, shall prepare and operate a framework which ensures the effectiveness and efficiency of operations and appropriateness and reliability of financial reporting of the Company and its subsidiaries (hereinafter, “the Olympus Group”), and make continuous improvements.

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

(1) In order to ensure a system in which Executive Officers 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 “Management Basic Policy,” basic policy the Board of Directors relies on when the Board supervises the execution of duties of Directors and Executive Officers. Furthermore, it shall establish the Olympus Global Code of Conduct and internal corporate regulations, based on the Corporate Philosophy, and shall instill the policies and facilitate initiatives to raise awareness of compliance in the Olympus Group through continuing education and other measures.

(2) The Company shall also establish a compliance promotion system by appointing an officer in charge of compliance (“Chief Compliance Officer”) and establishing a function in charge of group-wide compliance. The function 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 global contact desk which can be available 24 hours a day in multiple languages so that any employee and external stakeholders, when suspecting there is or may be a violation of laws and regulations, etc., may make a report in addition to a local hotline contact desk in each region.

(3) The Chief Executive Officer shall be the person responsible for CSR at the Company, and shall determine the content, set objectives and conduct evaluations for CSR activities. Furthermore, beginning with instilling a strong sense of ethics, the Company shall drive initiatives to be in line with the Olympus Global Code of Conduct.

(4) The Company shall set up an internal audit function reporting directly to the Chief Executive Officer. Based on the Internal Audit Charter, the internal audit function shall conduct audits to verify the effectiveness of the various processes for risk management, control and governance. The internal audit function shall report the results of internal audits to the Chief Executive Officer of the Company, and the Audit Committee.

(5) In order to ensure the fairness of operations of subsidiaries, the Company shall dispatch Directors and Audit Committee to major subsidiaries and request them to obtain the Company’s approval for significant matters of subsidiaries based on the Job Authority Rules and any other related rules.

(6) In order to ensure the appropriateness and reliability of financial reporting of the Olympus Group, the internal audit function 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 Company 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 Executive Officers of the Company

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

(2) Directors 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. Regulations and other framework relating to managing risks of loss of the Olympus Group

(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 Group Executive Committee, among other meetings, and appropriate operation of the internal approval procedure.
The Board of Directors shall determine basic management policy, matters related to the internal control system, other important matters and important matters related to business execution, as well as deciding matters to delegate to Executive Officers. Also, for important matters not decided by the Board of Directors, Executive Officers shall make a decision, and make a report to the Board of Directors.

(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 designating functions in charge, establishing internal corporate regulations, working for preventive risk management as the Olympus Group, and implementing education and training.

(3) Based on the Internal Control Rules and other related rules, the Company shall prevent the emergence of serious risks resulting from the business activities of the Olympus Group, and shall create, operate appropriately, and manage a risk management system to minimize damage in the event of such risks emerging.
Moreover, pursuant to the Risk Management Operation Rules, each function in charge in the Olympus Group 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 violation of corporate ethics, or an earthquake, fire or accident, the function in charge shall make immediate reports to the Executive Officers and relevant people. The final determination in such circumstance shall be made by the Chief Executive Officer.

4. Framework to ensure the effective performance of duties by Executive Officers of the Company and Directors of 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. The Board of Directors shall decide on other important matters, and delegate except matters that should be resolved by the Board of Directors to Executive Officers in order to enhance efficient and agile decision-making on the execution of business. In addition, the Board of Directors shall receive reports, at least once a quarter, on business performance in order to evaluate the status of the Company's annual business plan, and supervise Executive Officers' performance of duties.

(2) The Board of Directors shall determine the assignment of duties among the Executive Officers. In addition, the Board of Directors shall receive, at least once a quarter, reports on their duties as performed.

(3) Based on the Job Authority Rules, Organization Rules, and other related rules, the Board of Directors shall approve the responsibilities and authorities of major job ranks. 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) With the establishment of Treasury Control Framework, which regulate financial policies as a base for financial operations of the Olympus Group, the Company strengthens the governance of the Olympus Group from a financial aspect, and oversees and manages funding, foreign exchange, and transactions with financial institutions for the Olympus Group including the subsidiaries.

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

(1) After the Company has clarified the management criteria of subsidiaries by means of the Affiliated Company Management Rules and other related rules, the presidents of the regional headquarters shall conduct reviews of the situation faced by management, and periodically report the results of the reviews to the President of the Company.

(2) 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. Framework for matters related to employees whose assignment is to assist in the duties of Audit Committee of the Company, and matters related to the independence of those employees from the Executive Officers of the Company, and matters related to ensuring the effectiveness of instructions from Audit Committee of the Company to those employees
The Company shall allocate a dedicated employee who will assist with the Audit Committee's duties. 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 Committee to such employees.

(1) While employees who have been assigned to assist in the duties of the Audit Committee assist in those duties, Directors (excluding Audit Committee members), Executive Officers and employees, etc. shall not give them commands or instructions.

(2) The appointment, dismissal, transfer, wage or personnel evaluation of employees who are assisting the Audit Committee with their duties shall be decided only after obtaining the approval of the Audit Committee.

7. Framework regarding reports by Directors (except those who are members of the Audit Committee), Executive Officers and employees of the Company to the Audit Committee of the Company, and reports by Directors and employees of the subsidiaries of the Company or personnel who have received reports from them to the Audit Committee of the Company

(1) Directors (except those who are members of the Audit Committee), Executive Officers and employees of the Company, as well as Directors, Audit and Supervisory Board members and employees of subsidiaries shall promptly, and either directly or via the relevant function, submit a report to the Audit Committee of the Company in cases where it becomes known that there has been

a significant violation of laws or regulations or of the Articles of Incorporation; or when it becomes known that there has been wrongdoing; or when it becomes known that there is risk of substantial harm to the Company. In other cases where the Audit Committee requests a report from an Executive Officer or employee, etc. of the Olympus Group, in accordance with laws and regulations, or Audit Committee Rules etc., the Executive Officer or employee in question shall promptly report to the Audit Committee.

(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 Compliance Management System Rule. Reports on details of issues reported and results of investigations shall also be made regularly to the Audit Committee.

(3) The internal audit function of the Company shall regularly report the status of internal audit in the Olympus Group to the Audit Committee of the Company. In addition, the Chief Compliance Officer shall report the status concerning compliance to the Audit Committee regularly.

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

9. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by the Audit Committee members of the Company and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties
The Company shall set forth internal corporate regulations. When an advance payment or reimbursement of expenses is requested for execution of duties of Audit Committee members, the Company shall promptly process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit Committee members.

10. Other systems to ensure the effectiveness of audit by the Audit Committee of the Company

(1) Directors, Executive Officers and employees of the Company and Directors and employees of the subsidiaries shall ensure effectiveness of the audit by cooperating with the Audit Committee for investigations by interviews and on-site inspections.

(2) The Company shall ensure that it provides the Audit Committee with opportunities to sufficiently exchange opinions with Directors, Executive Officers, Accounting Auditors and any other personnel necessary.

(3) The Company shall ensure that the Audit Committee is permitted to have its members attend important meetings, and that they have an opportunity to state their opinion.

(4) The Audit Committee and an internal audit function shall work closely, and the Audit Committee are allowed to exercise authority to give instructions and make commands to the internal audit function as necessary.

(5) The Company shall ensure that it provides the Audit Committee with, upon their request, opportunities of collaboration between the Audit Committee and Audit Committee of the subsidiaries and collecting information from employees of the subsidiaries.

2. Elimination of organized crime - Basic concepts and their maintenance

The Company has in the basic policies of its internal control system defined policies against anti-social forces and has established frameworks for systematic counteraction. Specifically, the Company has established an internal communication network, cooperates with lawyers and the police force, and takes preventive measures by joining specialized organizations, along with information gathering and training activities. Additionally, the Company works to constantly and completely shield itself by stipulating in agreements with business partners the exclusion of anti-social forces.

V Other matters

1. Adoption of takeover defense measures

Adoption of takeover defense measure	None

Supplementary explanation of relevant items

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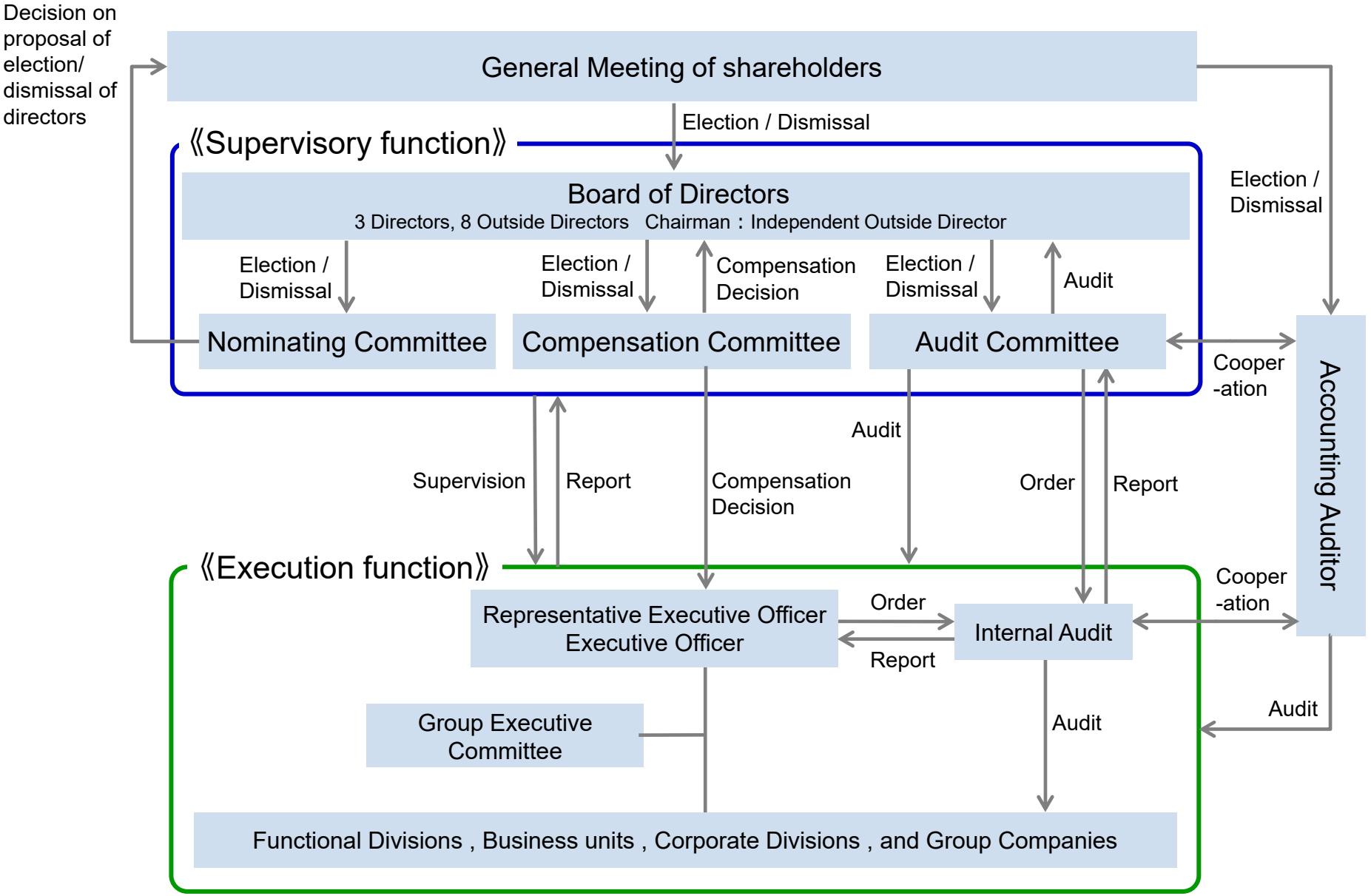
2. Other matters concerning the corporate governance structure, etc.

In disclosing information, Olympus shall comply with the laws and the Financial Instruments Exchange rules and shall disclose information in compliance therewith. Olympus shall also proactively disclose the information which may have a material impact on its corporate value evaluation in accordance with the Article 27-36 of the Financial Instruments and Exchange Act (so-called "Fair Disclosure Rules") and the Internal Information Disclosure Criteria regardless whether such disclosure is not required by the laws or the rules. To this end, we have established internal corporate regulations such as "Rules on Information Disclosure" and "Detailed Rules on Information Disclosure," and set out specific duties and procedures for information disclosure.

Based on the "Information Disclosure Flow," information for disclosure is aggregated from the IR liaison (a person in each function/operating division who is in charge of the information disclosure as appointed by the IR Division) and the secretariats of the management meetings (the Board of Directors meeting and Group Executive Committee) and other committees, etc. and whether or not to disclose is determined by the head of Information Disclosure after deliberations with the head of the IR division and the head of the division disclosing the information.

Corporate Governance Structure (June 2021)

Updated



Directors Skills Matrix

Updated

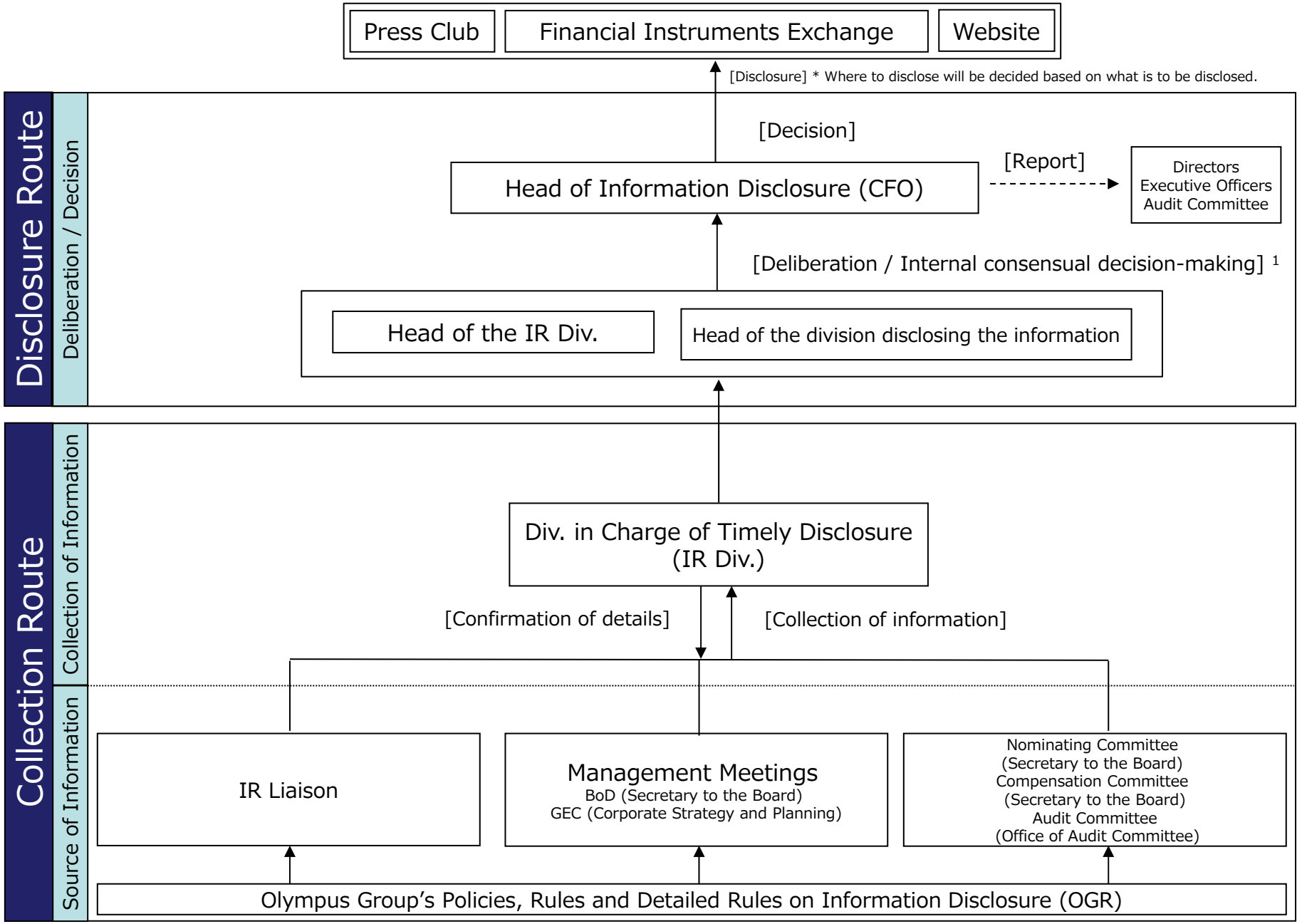
As of June 24,2021

Name	Position and responsibility in the Company	Area the Company expects the candidates for director to display their capabilities in ※						
		Corporate Management ※2	Overseas Business/Diversity	MedTech Industry	Manufacturing/Development/Research	Legal/Risk Management	Finance /Accounting	ESG
Yasuo Takeuchi	Director, Representative Executive Officer President and Chief Executive Officer (CEO) Nominating Committee	●	●	●			●	
Sumitaka Fujita	Outside Director Nominating Committee ★	●	●				●	●
Susumu Kaminaga	Outside Director Compensation Committee ★		●		●			
Tetsuo Iwamura	Outside Director Nominating Committee Compensation Committee	●	●		●			
Yasumasa Masuda	Outside Director Audit Committee ★		●	●			●	
Atsushi Iwasaki	Outside Director Audit Committee						●	
David Robert Hale	Outside Director Nominating Committee		●	●			●	
Jimmy C. Beasley	Outside Director Compensation Committee		●	●				
Sachiko Ichikawa	― Audit Committee		●			●	●	●
Stefan Kaufmann	Director, Executive Officer Chief Administrative Officer（CAO）		●	●				
Nobuyuki Koga	Director Audit Committee	●		●	●			

★Committee Chairman

※ The above table is not to indicate all the expertise/experiences Directors have.

Information Disclosure Flow



1. When the case meets any of the Consensual Decision-Making Criteria in the Internal Information Disclosure Criteria, or when the case is not set forth in the Internal Information Disclosure Criteria and the head of the IR div. finds it necessary.