

June 16, 2023

News Release

Company: Olympus Corporation
Stefan Kaufmann, Director, Representative Executive Officer, President and CEO
(Code: 7733, Prime, Tokyo Stock Exchange)
Contact: Takaaki Sakurai, Vice President, Investor Relations
TEL: +81-3-3340-2111

Overview of Evaluation Results on the Effectiveness of the Board of Directors of Olympus

Olympus Corporation (“Olympus”) has conducted analysis and evaluation regarding the effectiveness of the Board of Directors including a perspective from a third-party based on its “Basic Policy on Corporate Governance.” Olympus hereby notifies you of the overview of the result.

※ “Basic Policy on Corporate Governance (Enacted in June 2015 and last revised in November 2021)”

https://www.olympus-global.com/company/governance/pdf/basic_policy_for_corporate_governance_en.pdf

1. Background for implementation and publication of the evaluation of the Board of Directors

Olympus established its “Basic Policy on Corporate Governance” with the aim of realizing effective corporate governance. Under its Basic Policy “4. Responsibilities of the Board of Directors, etc. (13) the Board of Directors Evaluation,” the Board of Directors annually evaluates the effectiveness of the entire Board of Directors and publicly announces the results.

Based on the Corporate Transformation Plan “Transform Olympus,” announced in January 2019, which aims to transform our company into a truly global MedTech company, we further separated execution and supervision and sought to expedite decision-making on business execution, strengthen governance and further enhance transparency. In November 2019, Olympus established its Corporate strategy covering until the fiscal year ended March 2023 as a final period and aimed to be a company fostering more competitive, high-performance culture and to create customer value. In May 2023, Olympus announced a new corporate strategy (hereinafter “New Corporate Strategy”) to pursue its way to enhance a position as a global MedTech company. By following our company philosophy of “Making people’s lives healthier, safer and more fulfilling,” we will continue to strengthen corporate governance and enhance transparency, which are important management foundations

In the Board of Directors Evaluation in the current year (conducted from February to June 2023), the following points have been set as main objectives.

- To measure the effectiveness of the activities for the effectiveness improvement initiatives determined in the Board of Directors Evaluation in the previous year (the summary of the results was released in June 2022)
- To review the period (fiscal year 2021 – 2023) covered by the Corporate Strategy announced in November 2019 pursuant to the corporate transformation plan “Transform Olympus,” to confirm the activities and progresses to strengthen governance and improve transparency in the past, and aim to promote “activities

of the Board of Directors to further enhance the effectiveness” as a Board of global MedTech company in facilitating the “New Corporate Strategy.”

2. Evaluation method

The evaluation was conducted through a questionnaire for Directors (12 people), and discussion by Directors based on the result of the questionnaire. The questionnaire was used to measure the effectiveness of the Board of Directors’ progress in effectiveness improvement initiatives that were determined in the last year and to confirm the achievements and challenges of initiatives to improve governance to date. To ensure objectivity, the questionnaire was conducted based on the knowledge of external consultants. Based on the results of the questionnaire, discussion was held to obtain frank opinions of Directors on current evaluation, its strength and future issues related to the Board of Directors. External consultants facilitated the discussion to objectively organize the issues and support the discussions. Subsequently, in the Board of Directors meeting, necessary efforts to improve the effectiveness of the Board of Directors have been shared based on the findings of the analyses based on the discussion.

3. Outline of analysis and evaluation results

As a result of the analysis and evaluation, it was generally positively evaluated that steady progress had been made with respect to the following initiatives that received the evaluation of the Board of Directors in the last fiscal year: Proper narrowing down of agenda; optimization centered on the evolution of reporting on the status of execution into a global MedTech company, and the strengthening of liaison between the Nominating/Compensation/Audit Committees and the Board of Directors.

In addition, Olympus Board of Directors confirmed that the Board of Directors have defined “the responsibilities” and a “culture to be sustained” had been fostered, with affirming the achievement that concrete efforts had been made to strengthen corporate governance. The current members of the Board of Directors agreed with the definitions of “responsibilities” and “culture” established by the Board of Directors in the past and formed a consensus that they should be sustained among the members. In addition, a consensus was formed that the Board of Directors should continue to examine its structure and operations to further contribute to the enhancement of corporate value, while sustaining the practice of corporate governance reform to date.

4. Future initiatives based on the evaluation results

In order to fulfill its “responsibilities,” the Olympus Board of Directors will continue to sustain its culture while strengthening the following initiatives to further improve the effectiveness of the Board of Directors.

- (1) Enhanced monitoring by the Board of Directors on Quality Assurance and Regulatory Affairs (QA&RA)
- (2) Activities of the Board of Directors to effectively supervise management decision-making and execution from a strategic and broad perspective
- (3) Initiatives to continuously improve the operations of the Board of Directors (Further improve the quality of presentations from the executives, reconfirm the Board of Directors’ pre-briefing method, and the creation of opportunities for “bridging” among board members and between board members and executive members)

Reference: (i) Responsibilities of the Board of Directors of the company as defined in the 2020 Board of Directors Evaluation (conducted from February to June 2021) and (ii) Culture of the Board of Directors as identified in the 2021 Board of Directors Evaluation (conducted from February to June 2022) are as follows.

(i) 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 executives; (ii) effectively supervise management decision-making and execution from a strategic and broad perspective; and (iii) support the promotion of measures for the growth of Olympus as a truly global MedTech company.

(ii) Culture of the Board of Directors

The Board of Directors confirmed that the “Culture of the Board of Directors” is the one that promotes relationship as “under the mutually trusting relations between supervision and execution, the executives are promoting swift decision-making in the management to adapt execution to changes in the environment, and the Board of Directors is fostering a relationship through providing advisory functions and management oversight functions from strategic and broad perspectives to support the improvement of management quality through constructive discussions with executives.”

The “Culture” being fostered in the Board of Directors of Olympus consists of “mutually trusting relations between supervision and execution,” “leadership in management by executives” and “collaborative relationship to enhance corporate value thorough constructive discussions between supervision and execution.”

The Board of Directors has confirmed as consensus that sustaining such “Culture” through deepening of understanding and sharing of the value of “Culture” will be the foundation for Board of Directors to support its effectiveness.

Also in the future, based on the culture of the Board of Directors as a cornerstone, the commitments to further enhance the effectiveness of the Board of Directors should be continuously worked on, assuming that it will continue to adapt the responsibilities of the Board of Directors of the company, the optimal composition of the Board of Directors to realize it, and systems and operations of the Board of Directors to changes in the business environment and management issues each time, thereby contributing to the enhancement of the corporate value of Olympus.