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News Release

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

Olympus Corporation ("Olympus") has conducted a self-evaluation by the Board of Directors based on its "Basic Policy on Corporate Governance," and has analyzed and evaluated the effectiveness of the Board of Directors. Olympus hereby notifies you the overview of the result.

\* "Basic Policy on Corporate Governance"

[https://www.olympus-global.com/company/governance/pdf/basic\\_policy\\_for\\_corporate\\_governance\\_en.pdf](https://www.olympus-global.com/company/governance/pdf/basic_policy_for_corporate_governance_en.pdf)

### **1. Background of implementation and disclosure of the Board of Directors Evaluation**

Olympus established its "Basic Policy on Corporate Governance" in June 2015 with the aim of realizing effective corporate governance. Under its Basic Policy "4. Responsibility of the Board of Directors, etc. (13) the Board of Directors Evaluation", its Board of Directors annually evaluates the effectiveness of the entire Board of Directors and publicly announces the results.

Based on its Corporate Transformation Plan "Transform Olympus," which aims to transform our company into a truly global medtech company, we sought to improve the effectiveness of its governance by such means as transitioning into a company with Nominating Committee, etc. in June 2019. During the FY2019 Board of Directors Evaluation, Olympus confirmed the achievements of the establishment and operation of its governance system as a company with Nominating Committee, etc., and identified improvements that would further enhance the effectiveness of the Board of Directors and each committee (Nominating Committee, Compensation Committee and Audit Committee), and worked to make improvements.

In the evaluation of the effectiveness of the Board of Directors this time, toward confirming the direction of improving the issues of the previous effectiveness evaluation and making improvement activity established, and further reinforcement of supervision function of the Board of Directors, based on the management strategy to sustainably grow into a global Medtech company, the Board of Directors conducted the Board of Directors Evaluation with the two primary objectives of reaching an agreement within the Board of Directors on the responsibilities of the Board of Directors and on how to exercise the monitoring function more effectively.

## 2. Evaluation method

The evaluation was conducted through a questionnaire concerning the Board of Directors and each committee for Directors (12 people) and Executive Officers (5 people), and discussions were held by all Directors, based on the opinions of Directors during the discussions. The questionnaire was conducted based on the knowledge of external consultants in order to objectively measure the effects of improvements identified in FY2019 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 frank opinions of each Director on the effective monitoring function of the Board of Directors of Olympus. 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 in accordance with the analysis results based on the discussions.

## 3. Summary of analysis and evaluation results

As a result of the analysis and evaluation, we have confirmed that the systemic foundation to support effective corporate governance is secured for the Board of Directors of Olympus by such means as transitioning into a company with Nominating Committee, etc. In addition, in terms of operations, we confirmed that substantial efforts have been continuously made to improve the effectiveness of the Board of Directors, such as prior explanations to outside directors and information sharing and mutual exchange of opinions through meetings of outside directors, and that trust in the execution of the Board of Directors has been fostered and a common understanding has been formed that the Board of Directors should appropriately expand the delegation of authority to the execution of operations and further accelerate management decision-making.

We identified the following responsibilities of the Board of Directors of Olympus.

“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.”

## 4. Future initiatives

Based on the aforementioned responsibilities of the Board of Directors described in 3.Summary of analysis and evaluation results and the confirmation on the common recognition of Directors in discussions, the Board of Directors of Olympus will promote the following initiatives in this fiscal year in order to further improve the effectiveness.

- I. Olympus will continue to promote initiatives to further deepen discussions on proposals such as quality and research and development as main important agenda items at the Board of Directors meeting, which are important in implementing its management strategy to become a global Medtech company.
- II. In light of the fact that it is important for the Board of Directors to understand the reality of management, including the issues of execution and the background of its history 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 a comprehensive understanding including a sensible understanding among the members of the Board of Directors.

- III. We will ensure the more 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) for the Board of Directors to effectively fulfill its duties, and the Nominating Committee shall evaluate and appoint Directors in a systematic manner for its realization, taking into account the management strategy and management issues of the time.