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Whom it may concern

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## Outline of Evaluation Result on the Effectiveness of the Board of Directors of the Company

The Company conducted self-evaluation of the Board of Directors based on “Basic Policy for Corporate Governance of the Company”<sup>※</sup> and analyzed/evaluated the effectiveness of the Board of Directors. Outline of the result is as follows:

※ “Basic Policy for Corporate Governance of the Company”(established in June 2015, amended in June 2019)

[https://www.olympus.co.jp/company/governance/pdf/basic\\_policy\\_for\\_corporate\\_governance\\_jp.pdf](https://www.olympus.co.jp/company/governance/pdf/basic_policy_for_corporate_governance_jp.pdf)

### 1. Background of implementation and announcement of the evaluation of the Board of Directors

With the aim of realizing effective corporate governance, “Basic Policy for Corporate Governance of the Company”<sup>※</sup> was established in June 2015.

With respect to item 4. Obligations of the Board of Directors, etc., ⑬Evaluation of the Board of Directors under the Basic Policy, the Company evaluates the effectiveness of the whole Board of Directors and publishes the outline of the result every year.

The Company has announced evaluation of the effectiveness of the whole Board of Directors and published the outline of the result since 2015, and this is the fifth evaluation.

### 2. Evaluation method

- (1) Questionnaire on the effectiveness of the Board of Directors and each committee (Nominating Committee, Compensation Committee, Compliance Committee) and relationship with investors and shareholders, etc. were distributed to/collected from all eleven Directors and four Audit & Supervisory Board members. The Board of Directors of the Company analyzed and evaluated the effectiveness of the Board of Directors based on the answers.
- (2) Major items of the questionnaire to evaluate the Board of Directors are as follows:
  - ① Fulfilling Functions of the Board of Directors
  - ② Operation of the Board of Directors in the Past One Year
  - ③ Important Committees
  - ④ Size/Composition of the Board of Directors

- ⑤ Roles of Audit & Supervisory Board members
- ⑥ Relationship with investors and shareholders

### **3. Outline of analysis and evaluation results**

#### **① Fulfilling Functions of the Board of Directors**

Opinions are divided over the major direction, important matters of the Company, and appropriate decision-making between the two: (1) Discussion was thoroughly made and (2) There is room where discussions can be further deepened, depending on agenda items.

#### **② Operation of the Board of Directors in the Past One Year**

Regarding the operation of the Board of Directors, the frequency of the meetings is appropriate and sufficient time discussion is secured. Discussions are open and active and are made from a perspective based on the global management framework. Meanwhile, although there has been an improvement in careful selection of agenda items and contents of proposal materials, issues should be more organized and clarified in materials, which is mentioned as an issue to be addressed.

#### **③ Important Committees**

Although each committee, Nominating Committee, Compensation Committee and Compliance Committee appropriately fulfills expected roles, there were some cases where further provision of information was needed for discussion at the Committees.

#### **④ Size/Composition of the Board of Directors**

Support for Outside Directors is sufficiently provided.

#### **⑤ Roles of Audit & Supervisory Board members**

Support for Audit & Supervisory Board members is sufficiently provided, and the presence of Audit & Supervisory Board members contributes to enhancing the effectiveness of the Board of Directors.

#### **⑥ Relationship with investors and shareholders**

The Board of Directors is appropriately provided information on the capital market. Although the Company's long-term competitive advantages are communicated to the capital market, further enhancement is desired.

### **4. Future initiatives based on the evaluation result of the effectiveness of the Board of Directors**

Based on the evaluation of the Board of Directors for the period ended March, 2019, the Board of Directors discussed future initiatives. As a result, the Board concluded that issues to be addressed are to further advance separation of execution and supervision, to create a framework where the Board members can concentrate on important management issues and strategic discussion and to aim for a higher-level execution and supervisory system. The Board also confirmed that discussions of the Company's initiatives for sustainability and risk management including environmental and social issues should be further deepened considering

priority.

The Company will make a transition to a company with Nominating Committee on June 25, 2019. We are determined to further proceed with the separation of execution and supervision, accelerate decision-making on business execution, further reinforce governance and enhance transparency. Moreover, the Board of Directors of the Company will further heighten the effectiveness of the Board of Directors by planning and implementing response measures as to each of the aforementioned issues.

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