

Policies for Corporate Activities

Sound Corporate Activities/Act on Behalf of the Customer: Creating an Efficient and Sound Management System

Continuously providing value to all stakeholders, including shareholders, requires not only the capability of swiftly developing strategies and putting them into action but also a peer review system that checks the decisions and actions of management and employees.

Business Governing Structure

Increasing operational efficiency and clarifying who does what

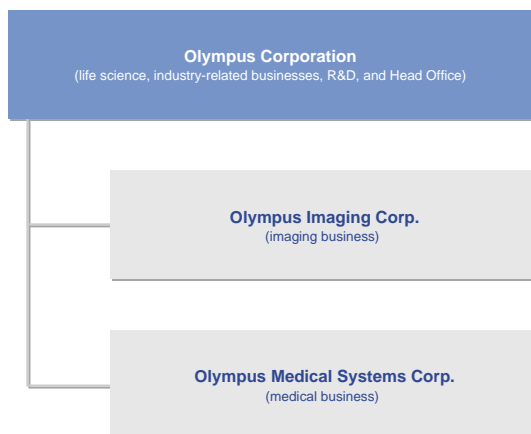
Effective October 1, 2004, the in-house groups engaged in the imaging business and medical business at Olympus were demerged to two separate companies: Olympus Imaging Corp. and Olympus Medical Systems Corp., respectively. Olympus Corporation assumes the role of strategic planner for the entire Group, Head Office, R&D, promotion of life science and industry-related businesses, and the promotion of new businesses.

This reorganization intends to further clarify who does what in business management to speed up decision making, establish a global and consistent business system that matches the characteristics of each business, and maximize corporate value.

Refer to our web site [▶WEB](#) for details.

▶WEB http://www.olympus.co.jp/en/corc/profile/o_top.cfm

■ Business Governing Structure

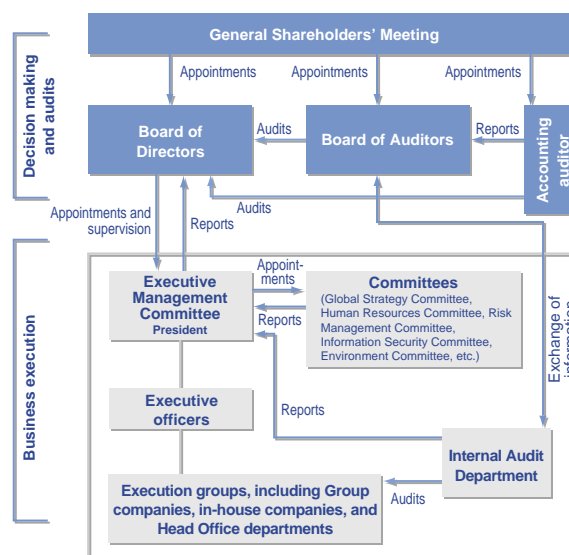


Business Management System

Quick judgment and appropriate checking

Besides the Board of Directors, Olympus has established the Executive Management Committee and Global Strategy Committee. The Executive Management Committee is in charge of promoting rapid decision-making in performing operations, whereas the Global Strategy Committee is in charge of executing global strategies and evaluating performance. The term of office for board members is one year, and their responsibilities are clarified at annual General Shareholders' Meetings through winning the confidence of attendees of the meetings. Furthermore, two outside directors have been selected and appointed to enhance supervisory functions. As of fiscal 2005, Olympus has 14 directors (including 2 outside directors) and 17 executive officers (including 8 who serve also as directors). Two outside auditors, who are among the four auditors, are assigned to ensure objective checking. Auditors are required to attend the monthly Board of Directors meetings, examine the financial state of the entire business as an independent organization that plays an important role in corporate governance, and regularly exchange information with the Internal Audit Department.

■ Corporate governance system



Promoting Compliance

Compliance with laws and regulations and corporate ethics

As a guideline for directors and employees to using high ethical standards when conducting business, the Olympus Group established the Olympus Group Corporate Conduct Charter [▶WEB](#) and Olympus Group Code of Conduct and worked out CSR-related basic policies [▶WEB](#). Various company rules and standards, a set of our own groupwide criteria, have also been established to guide the conduct of employees. In particular, as a corporation that offers products directly related to people's lives in the medical business, Olympus has the responsibility to always maintain the safety, quality, and services of those products at a high level and perform maintenance on rules and standards related to the Pharmaceutical Affairs Law. Olympus has established the Pharmaceutical Affairs Division to further enhance these systems. Messages from the president are sent to all employees every month through the network, and employees can send back e-mails to express their opinions directly to the president, thereby actively establishing a better communication system. In October 2005, Olympus established the Compliance Department and set up the Help Line to provide a consultation service to employees on issues of legal and ethical compliance. Compliance cards are distributed to all employees in Japan to further enhance their approach to compliance issues.

▶WEB Olympus Group Code of Conduct = <http://www.olympus.co.jp/en/corc/csr/compliance/conduct/>

▶WEB Basic policies = <http://www.olympus.co.jp/en/corc/csr/olycsr/philosophy/csrprinciples.cfm#houshin>



Employee notebook where the Conduct Charter and Code of Conduct are compiled.



Compliance cards distributed to employees

Protecting Information

Special importance on the protection of personal information

Olympus has established the Olympus Information Security Policy [▶WEB](#) to protect its information assets. Furthermore, Olympus has established the companywide Information Security Committee to properly manage information assets. Olympus has also established the Olympus Personal Information Protection Policy and company rules to protect personal information and implemented education through e-learning to all domestic employees as well as many overseas employees.

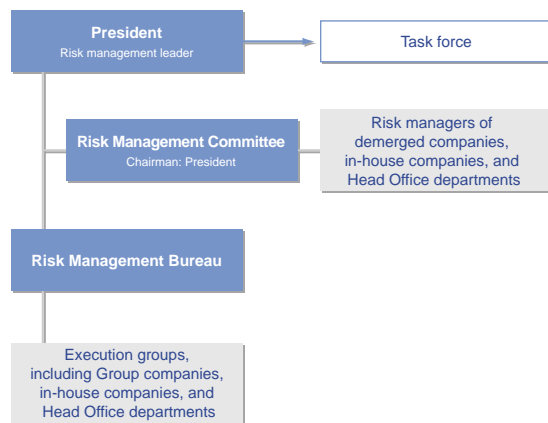
▶WEB Information security policy = <http://www.olympus.co.jp/en/corc/csr/compliance/security/>

Risk Management System

Special committee, headed by the president, supervises risk management

Corporations face a growing number of unexpected risks as a result of their expanding economic activities and changes in the social system and people's awareness. Therefore, Olympus has set up an emergency response system headed by the President to reduce daily risks and take proactive measures to prevent crises.

■ Risk Management System



Act on Behalf of the Customer: Developing Stronger Ties with Customers, and Providing Top-Quality Products and Services

Manufacturers should not neglect the provision of top-quality products and services that establish customer satisfaction, security, and confidence. All departments and employees of the Olympus Group are striving to focus on customer-oriented manufacturing and services by listening to its customers and having their comments reflected in products. Our goal is to hear our customers say “Olympus—the choice that couldn’t be more right.”

Olympus Group Quality Assurance System

Aiming for top quality

Every year, the Olympus Group defines major objectives and measures as part of improvement plans for its quality functions. These strategies are designed to effect Groupwide implementation of our quality philosophy.

Quality Philosophy

1. Realization of genuinely world-class “Total Quality” in all aspects of the organization.
2. Provision of the highest quality products and services to customers.

Core Principles

- (1) All actions to reflect a customer-oriented approach.
- (2) Develop “Win-Win” relationships with all partners.
- (3) Be disciplined in following the appropriate procedures and, in day-to-day operations, continuously strive for improvement, avoiding complacency.

The Olympus Group has set up a quality assurance department for each demerged company in the imaging and medical fields, as well as in-house business divisions, to offer high-quality products that its customers can use with confidence. At the same time, the Olympus Group has established the Quality Environment Administration Division, which oversees demerged companies and in-house business divisions from a customer’s view point to promote customer-oriented quality management activities.

To continuously improve these quality management activities, the President personally visits actual working sites worldwide to carry out periodic inspections, thus involving himself in quality inspection.

The Olympus Group has designated November as QS (Quality and Standardization) Month and holds Groupwide activities. All employees are given a copy of *Customer-Oriented Conduct*, a CSR handbook, to ensure that they are thoroughly aware of quality and customer-oriented conduct.

To ensure quality from upstream processes, or at the design and development stage, we are making efforts to make the most of our knowledge and enhance our approach toward QE (Quality Engineering) in addition to implementing many quality education courses for engineers in R&D departments.



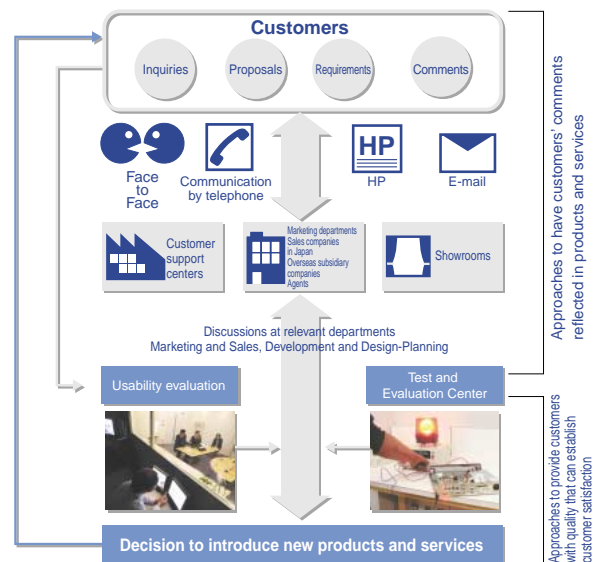
Customer-Oriented Conduct, a CSR handbook

Quality Control in Product Development

Reflecting customer feedback on products

Olympus improves customer satisfaction by promptly incorporating customers’ opinions in development, manufacturing, marketing, and after-sale service processes in an integrated manner.

■ Design and manufacturing that reflect customers’ comments on products



Approaches to have customers’ comments reflected in products and services

- Management of the rate of response to customers
To accept customers’ comments, each customer support center manages its rate of response to customers and works to improve it.
 - Response to customer’s inquiries
To surely respond to customers’ inquiries, we established the Database of Inquiries.
 - Examples of products and services created as a result of customers’ comments
 - Repair pick-up services (page 22)
 - Repair progress confirmation services (page 22)
 - Improved photo-taking guide for digital cameras
 - Making our products more compact, lighter and slimmer
- * Refer to ▶1 on page 22 for the rate of response to customers

Approaches to provide customers with quality that can establish customer satisfaction

- Usability Evaluation
Products are actually used by customers to detect possible operational errors and restrictions in use, thereby improving customer satisfaction.
 - Improvement in instruction manuals
 - Operability improvement in digital cameras
 - Test and Evaluation Center
Quality is checked at the development stage so that customers can use our products without trouble. The Test and Evaluation Center tests the safety of products in accordance with various international certifications, such as ISO/IEC 17025*. The Test and Evaluation Center was accredited the safety-testing laboratory for medical electrical equipment established within a company for the first time in Japan (as of August 17, 2005).
- * International accreditation standards for laboratories that show technical eligibility and capability with respect to tests and measurements, in addition to ISO 9001, which is an international standard of quality management

Customer Support System

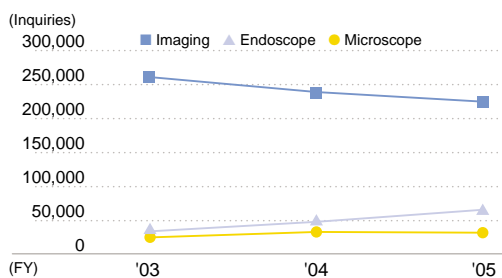
Responding quickly to inquiries

The Olympus Group has a system that can support customers according to product features. At the same time, we are making efforts to improve the rate of response to customers^{▶1} so as to enhance customer counseling functions in terms of customers and products in each field at the customer support centers and to enhance the customer-based response system.

Furthermore, we are cooperating with overseas subsidiaries and sales agents to globally maintain the inquiry and repair systems in each product field. Customers can refer to our web site to get appropriate information on where to contact us for their products in their regions.

▶1 Rate of response to customers: the probability that a customer's phone call to a customer support center successfully connects to an operator on the first try

Number of inquiries to customer support centers



Customer Response System in Japan

Product Fields	Customer Response System
Imaging field	<ul style="list-style-type: none"> •Assignment of personnel in charge of inquires according to a time schedule Based on the conventional tendency of the number of inquiries and counseling, we predict the days and time when the number increases and assign telephone operators accordingly. •Carrying out various investigations to improve customer satisfaction Based on the results of questionnaires answered on our web site, we update the question-and-answers page on the web site and retrieval performance as needed. We regularly investigate customer satisfaction by telephone and e-mail and implement measures to improve services in preference to the ones that are low in satisfaction. We implemented in-house monitoring investigations of all operators to evaluate their skills in responding to customers and provided them with training to improve such skills. •Thorough visible management The telephone response rate, customer-response skills, scores of questionnaires, and other customer satisfaction-related items are digitized to promote thorough visible management.
Endoscope	<ul style="list-style-type: none"> •For development of customer-oriented activities, we use the following as our motto: "Now, the problem is solved. Thank you." •Development of a service system that can provide highly credible and safe medical instruments that customers can use with confidence We put emphasis on such technical inquires as the ones related to the explanation of product handling and troubleshooting so that customers can use our products safely and with confidence. We have newly assigned experts who are knowledgeable in cleaning and sterilization as well as high-frequency equipment, in which customers have great concerns. •Promotion of business improvement based on customer feedback To reflect customer feedback in business improvement, <i>The Voice of the Customer</i>, an in-house report, is delivered to the managers of the Manufacturing, Development, and Marketing Departments and reported to the top management. As a result, instruction manuals, catalogs, and product labels are revised. Information disclosure methods by database are also improved.
Microscope	<ul style="list-style-type: none"> •Quality improvement in services at the customer information center Telephone operators endeavor to deepen their knowledge of products, thus improving customer satisfaction. Additionally, we established a call center system and plan to increase personnel. •Enhancement of our web site Revisions to and enhancement of our web site by providing richer content in a question-and-answer format allows customers to answer their own questions.

Repair System

In times of need

The Olympus Group has a repair system that optimizes the time and cost of the repair service, depending on the area and product.

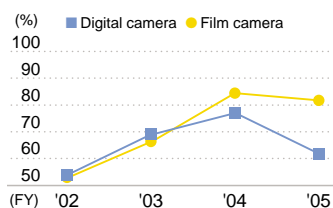
Imaging Field

The Repair Service Center at Okaya-shi serves as the repair plant for film and digital cameras in Japan. In Europe, repair centers are mainly located in Portugal, the Czech Republic, and Russia. In the U.S., a repair center is located in New York.

Okaya Repair Service Center (Nagano Prefecture)

Customers can request a service call through not only dealers and service centers but also our well-developed Repair Pick-up Service, which provides customers with a pick-up service. The staff, after receiving a call from a user, picks up the damaged product at the user's location and delivers it to the designated service center. Customers can also use the pick-up service on our web site to check the progress of the repair work, thus reducing the irritation that stems from waiting.

Percentage of repairs completed within the allotted time



* To increase the percentage of repairs completed within the allotted time and improve customer satisfaction through better face-to-face services, we are strengthening the functions of local service centers and trying to achieve a "one-day repair service" at the service center.

Medical Field

The Medical Service Operation Center Shirakawa (SORC Shirakawa) serves as the main repair plant for endoscopes in Japan. Repair centers are located in California in the U.S., and in Germany, France, and the Czech Republic in Europe under our centralized repair system.

SORC Shirakawa (Fukushima Prefecture)

At SORC Shirakawa, the management of repairs and rental equipment is unified to quickly troubleshoot what is wrong with the products and minimize downtime^{▶2}. Furthermore, we have set up the Replication Room for the Customer's Environment, which serves to reconstruct the trouble scene experienced by customers on a system similar to that used by customers, thus allowing us to efficiently identify the failure. We also welcome customers to our facilities, providing them with workshops on how to handle products, including precautions, using training facilities, thereby enhancing customer-based services.

▶2 Downtime: the length of time [a business is] interrupted or time in a resting phase; normal services cannot be provided to customers while in downtime.