

INTERNAL CONTROLS

Compliance Structure

In September 2004, the Olympus Group put in place the Olympus Group Corporate Conduct Charter and the Olympus Group Code of Conduct with the aim of complying with laws and regulations, to maintain a high level of ethics in carrying out fair and honest corporate activities, and to consolidate a system to share its sense of value and action principles on a global scale. Based on these guidelines, Olympus encouraged compliance in every aspect of its corporate activities, encompassing fair trading, trade controls, product safety and the environment. In addition to comprehensive in-house rules, we established a unique, Companywide set of operational standards—the Olympus International Standards (OIS)—to act as an employee code of behavior. As a company that specifically engages in the Medical Systems Business, which offers products involved with human life, Olympus is responsible for ensuring high-level product safety, quality and services. Based on this view, we established the Pharmaceutical Affairs Div. to develop rules and standards in Pharmaceutical Affairs Law-related fields to comply with a host of regulations around the world.

Since awareness of compliance is enhanced in an open corporate culture, the President makes use of the Company's intranet system to send a monthly message to all employees. To provide the President with feedback, Olympus set up a system for employees to send their opinions directly to the president. To that end, we promote active Groupwide communication.

In October 2005, Olympus established the Compliance Department to further strengthen its compliance structure and set up a helpline as a point of contact for any employee inquiries about compliance. Should compliance-related problems arise, Olympus has in place a system that enables the directors responsible to report problems to the Board of Directors and the Board of Auditors. In addition, further evidence of the Company's commitment to thorough compliance is provided by the distribution of a compliance card, explaining the Code of Conduct, among all directors and employees as well as the provision of e-learning and group training sessions.

Internal Controls regarding Financial Reporting

Olympus established its J-SOX Act Compliance Dept., a special division to ensure the evaluation and reporting of internal controls regarding financial reporting, when this was required under the Financial Instruments and Exchange Law enforced in April 2008. Olympus makes continuous efforts to ensure that its internal control activities are being implemented efficiently.

Risk Control Structure

As part of its risk management rules, the Company established a Risk Management Committee, chaired by the president, to decide risk management policies and the evaluation, verification and procedural standards to respond to such risks. In addition, Olympus set up a Risk Management Bureau to collect and assess information, formulate countermeasures and ensure the effectiveness of any countermeasures initiated by full-time staff. Simultaneously, each in-house company, business site and affiliate company has developed its own risk management structure. Should any risks arise that have a significant impact on the maintenance of Olympus' corporate value, such risks shall be immediately reported to the president and the Risk Management Committee to determine the countermeasures and seek a prompt settlement of the issue. In the event that the level of risk escalates, Olympus has a structure in place to minimize any impact on its corporate value.