

Basic Policy on the Internal Control System

The Company refers to the concept of assimilating, as members, with society, sharing values with other members of society, and making people's lives healthy and happy by proposing new values through business activities as "Social IN," and identifies the concept as the leading motive lying behind all its activities.

The Company, based on this basic concept, shall prepare and operate a framework which ensures the effectiveness and efficiency of operations and appropriateness and reliability of financial reporting of the Company and its subsidiaries (hereinafter, "the Olympus Group"), and make continuous improvements.

1. Framework to ensure the compliance by Directors and employees of the Company and its subsidiaries, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

- (1) In order to ensure a system in which Directors and employees of the Olympus Group perform their duties in compliance with applicable laws and regulations as well as the Articles of Incorporation, the Company shall establish the Olympus Group's Charter of Corporate Behavior and the Olympus Group Code of Ethics and internal corporate regulations, and shall instill the policies and facilitate initiatives to raise awareness of compliance in Olympus Group through continuing education and other measures.
- (2) The Company shall establish the Compliance Committee chaired by an Outside Director as a body to supervise and improve the compliance system of the Olympus Group. It shall also establish a compliance promotion system by appointing an officer in charge of compliance ("Chief Compliance Officer") and establishing a department in charge of group-wide compliance. The department in charge of group-wide compliance shall be responsible for activities toward the improvement of the group compliance system based on the Global Compliance Management System. Furthermore, it shall continuously conduct education of employees and measures relating to assessment. It shall establish a compliance helpline inside and outside the Company for consultation or provision of information on compliance related issues so that any employee, when suspecting there is or may be a violation of laws and regulations, etc., may make a report.
- (3) The Company shall establish the CSR Committee with the President responsible for CSR and chaired by the officer in charge of CSR, and regularly hold meetings to set the contents and objectives for CSR activities by the Olympus Group and evaluate such activities. The Committee shall develop high ethical standards and promote measures to realize the Olympus Group's Charter of Corporate Behavior and the Olympus Group Code of Ethics.
- (4) The Company shall establish the Internal Audit Office that directly reports to the President. The Internal Audit Office shall, pursuant to the provisions of the Internal Audit Regulations, conduct internal audits of the businesses of the Company and domestic subsidiaries in general with regard to the status of their compliance with laws and regulations, the Articles of Incorporation, and internal corporate regulations, and the appropriateness of the business execution procedures and details and other matters. For overseas subsidiaries, the internal audit department of each regional business center shall regularly conduct internal audits. Their audit results shall be reported to the President, the Board of Directors and the Audit & Supervisory Board of the Company.

- (5) In order to ensure the fairness of operations of subsidiaries, the Company shall dispatch Directors and Audit & Supervisory Board Members to major subsidiaries and request them to obtain the Company's approval for significant matters of subsidiaries based on Internal Control Framework on approval procedures.
- (6) In order to ensure the appropriateness and reliability of financial reporting of the Olympus Group, the Internal Audit Office shall continue to conduct improvement activities by regularly evaluating its efforts and operations to ensure that control activities relating to financial reporting function effectively under the internal control system.
- (7) The Administration Department shall be responsible for working with lawyers, the police and other parties to systematically stand firm against anti-social forces and organizations which threaten societal order and safety. The Olympus Group continuously shall conduct measures for excluding anti-social forces and prepare relevant rules and regulations in order to maintain its social responsibility to exclude anti-social forces.

2. Framework regarding the maintenance of records and management of information in relation to performance of duties by Directors of the Company

- (1) Pursuant to applicable laws and regulations and internal corporate regulations including the internal rules on document management, the Company shall maintain and manage documents or electronic data.
- (2) Directors and Audit & Supervisory Board Members may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time based on the internal rules on document management.

3. Rules relating to the risk management of the Company and its subsidiaries in the event of loss and other circumstances

- (1) The Company shall manage its business risks of the Olympus Group based on due deliberations held at meetings of the Board of Directors and the Executive Management Committee, among other meetings, and appropriate operation of the internal approval procedure. The President shall make a proposal to the Board of Directors for resolution of significant matters of the Olympus Group that are specified by the Rules of the Board of Directors following sufficient deliberations at meetings of the Executive Management Committee. The Board of Directors shall make a decision about the proposed matters after sufficient deliberations. In addition, the President shall make a decision about significant matters except for board meeting agendas after deliberations at meetings of the Executive Management Committee.
- (2) The Company shall manage risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters by establishing divisions in charge, establishing internal corporate regulations and standards, working for preventive risk management as the Olympus Group, and implementing education and training.
- (3) The CSR Committee shall report and deliberate on plans and measures in relation to risk management, and make efforts to establish and maintain a risk management system at the Olympus Group. Moreover, pursuant to the Rules on Risk Management and Crisis Response, each department in charge in the Company and the subsidiaries shall be aware of risks and take preventative measures, and the Company has a framework which enables prompt actions in the event of an emergency. In the event of a disaster

including earthquakes, fire and accidents, and occurrence of incidents of great risks, such as the violation of corporate ethics, the department in charge shall make immediate reports to the President, other members of the Executive Management Committee and relevant people. The final determination in such circumstance shall be made by the President.

4. Framework to ensure the effective performance of duties by Directors of the Company and its subsidiaries

- (1) The Board of Directors shall approve medium- and long-term Corporate Strategic Plans in which the business objectives of the Olympus Group are set forth, and action plans for these, which are called annual business plans. In addition, the Board of Directors shall receive a monthly report on business performance in order to evaluate the status of the Company's annual business plan.
- (2) The Board of Directors shall determine the separation of duties among the President and other Operating Directors and approve the separation of duties of Executive Officers. In addition, the Board of Directors shall receive reports on their duties as performed.
- (3) Based on internal corporate regulations including the internal rules on approval procedures and organizational matters, the Board of Directors shall approve the management organization and the separation of duties as well as the responsibility and authority of each of the Representative Director, other Operating Directors and Executive Officers, and receive reports from major management organizations on their duties as performed.
- (4) To ensure efficient execution of duties by Directors of the subsidiaries, the Company has established Group Finance Control Rules and introduced a cash management system for each of Japan, Americas, Europe and Asia.

5. Framework for reporting to the Company on matters concerning execution of duties by the Directors, etc., of the subsidiaries of the Company

- (1) Pursuant to the internal rules on management of subsidiaries and affiliates, the Company shall clearly provide for management standards applied to its subsidiaries, review management status of respective subsidiaries, and regularly make reports to the Executive Management Committee.
- (2) The Company shall receive reports from the subsidiaries through the Executive Management Committee Global Session held on a regular basis.
- (3) The Company shall ensure receiving reports as appropriate and in a timely manner from the subsidiaries in accordance with the Global Consolidated Accounting Control Framework to ensure that the Company will remain accurately informed of financial position and results of operation of the Olympus Group, and appropriately maintain and manage the consolidated accounting policies.

6. Matters relating to employees that assist the Audit & Supervisory Board Members of the Company upon the request of such Audit & Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors of the Company and matters relating to effectiveness of directions given to such employees of the Audit & Supervisory Board Members of the Company to be ensured

The Company shall establish the office of Audit & Supervisory Board Members and allocate a dedicated

employee who will assist with the Audit & Supervisory Board Members' duties. The Company may also allocate non-dedicated, shared employees as necessary. In addition, the Company shall set forth internal corporate regulations to ensure independence from execution as stated below, and ensure effectiveness of directions from the Audit & Supervisory Board Members to such employees.

- i) In order to assist with Audit & Supervisory Board Members' duties, such employees shall not receive directions or guidance from any Directors and employees.
- ii) Appointment, dismissal, transfers, wages, personnel evaluation, etc. of employees, who should assist with Audit & Supervisory Board Members' duties, shall be determined after obtaining the approval of the Audit & Supervisory Board.

7. Framework regarding reports by Directors and employees of the Company to Audit & Supervisory Board Members of the Company, and reports by Directors and employees of the subsidiaries of the Company or personnel who have received reports from them to the Audit & Supervisory Board Members of the Company

- (1) Directors and employees of the Company, and Directors, Audit & Supervisory Board Members and employees of subsidiaries shall make reports to the Audit & Supervisory Board of the Company any material violation of relevant laws and regulations, or the Articles of Incorporation, acts of wrongdoing, or acts that may cause material damages to the Company, directly or by way of an appropriate division in a timely manner. In addition, when Audit & Supervisory Board Members of the Company request reports from Directors and employees of the Olympus Group in accordance with relevant laws and regulations, as well as the Rules of the Audit & Supervisory Board and the Audit & Supervisory Board Members' Audit Standard, which are both established by the Audit & Supervisory Board of the Company, such Directors and employees shall immediately make a report to the Audit & Supervisory Board Members.
- (2) In case any material compliance issue arises in the Olympus Group, the Chief Compliance Officer shall make reports on details and other matters to the Board of Directors in accordance with the Rules for Compliance Helpline Operation. Reports on details of issues reported and results of investigations shall also be made regularly to Standing Audit & Supervisory Board Members.
- (3) The Internal Audit Office of the Company shall regularly report the status of internal audit in the Olympus Group to Audit & Supervisory Board Members of the Company. In addition, the Chief Compliance Officer shall report the status concerning compliance to the Audit & Supervisory Board Members as necessary.

8. Framework to ensure that any personnel who have made a report to the Audit & Supervisory Board Members of the Company will not be subjected to any unfair treatment due to the report made

The Company shall set forth internal corporate regulations and shall not impose any unfair treatment (including de-facto measures such as restricting the personnel to engage in duties, or assigning the personnel solely to work on chores, in addition to measures of personnel affairs such as dismissal, demotion, pay cut and other disciplinary actions and disadvantageous transfer) to any personnel who have made a report on the grounds of having made a report to the Audit & Supervisory Board Members.

9. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by Audit & Supervisory Board Members of the Company and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties

The Company shall set forth internal corporate regulations. When an advance payment or reimbursement of expenses is requested for execution of duties of Audit & Supervisory Board Members, the Company shall promptly process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit & Supervisory Board Members.

10. Other systems to ensure the effectiveness of audit by Audit & Supervisory Board Members of the Company

- (1) Directors and employees of the Company and the subsidiaries shall ensure effectiveness of the audit by cooperating with the Audit & Supervisory Board Members for investigations by interviews and on-site inspections.
- (2) The Company shall ensure that it provides Audit & Supervisory Board Members with opportunities to sufficiently exchange opinions with Directors, Accounting Auditor and any other personnel necessary for the Audit & Supervisory Board Members in appropriately performing their duties.
- (3) The Company shall ensure that it provides Audit & Supervisory Board Members with opportunities to attend meetings of the Board of Directors as well as meetings of the Executive Management Committee and any other important meetings to express their opinions.
- (4) The Company shall ensure that it provides Audit & Supervisory Board Members with, upon their request, opportunities of collaboration between Audit & Supervisory Board Members and Audit & Supervisory Board Members of the subsidiaries and collecting information from employees of the subsidiaries.