

Basic Policy on the Internal Control System, ver. 17

All our activities are based on our corporate philosophy, "Making people's lives healthier, safer and more fulfilling".

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 Executive Officers and employees of the Company and Directors and employees of the 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 Executive Officers 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 "Management Basic Policy", basic policy the Board of Directors relies on when the Board supervises the execution of duties of Directors and Executive Officers. Furthermore, it shall establish the Olympus Global Code of Conduct and internal corporate regulations, based on the corporate philosophy, 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 also establish a compliance promotion system by appointing an officer in charge of compliance ("Chief Compliance Officer") and establishing a function in charge of group-wide compliance. The function 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 global contact desk which can be available 24 hours a day in multiple languages so that any employee and external stakeholders, when suspecting there is or may be a violation of laws and regulations, etc., may make a report in addition to a local hotline contact desk in each region
- (3) The CEO shall be the person responsible for CSR at the Company, and shall determine the content, set objectives and conduct evaluations for CSR activities. Furthermore, beginning with instilling a strong sense of ethics, the Company shall drive initiatives to be in line with the Olympus Global Code of Conduct.
- (4) The Company shall set up an internal audit function reporting directly to the CEO. Based on the Internal Audit Charter, the internal audit function shall conduct audits to verify the effectiveness of the various processes for risk management, control and governance. The internal audit function shall report the results of internal audits to the CEO of the Company, and the Audit Committee.
- (5) In order to ensure the fairness of operations of subsidiaries, the Company shall dispatch Directors and Audit Committee to major subsidiaries and request them to obtain the Company's approval for significant matters of subsidiaries based on the Job Authority Rules and any other related rules.
- (6) In order to ensure the appropriateness and reliability of financial reporting of the Olympus Group, the Internal Audit function 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 Company 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 Executive Officers of the Company

- (1) Pursuant to laws and regulations and the internal rules on document management, the Company shall maintain and manage documents or electronic data.
- (2) Directors 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. Regulations and other framework relating to managing risks of loss of the Olympus Group

- (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 Group Executive Committee, among other meetings, and appropriate operation of the internal approval procedure.
The Board of Directors shall determine basic management policy, matters related to the internal control system, other important matters and important matters related to business execution, as well as deciding matters to delegate to executive officers. Also, for important matters not decided by the Board of Directors, executive officers shall make a decision, and make a report to the Board of Directors.
- (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 designating functions in charge, establishing internal corporate regulations, working for preventive risk management as the Olympus Group, and implementing education and training.
- (3) Based on the Internal Control Rules and other related rules, the Company shall prevent the emergence of serious risks resulting from the business activities of the Olympus Group, and shall create, operate appropriately, and manage a risk management system to minimize damage in the event of such risks emerging. Moreover, pursuant to the Risk Management Operation Rules, each function in charge in the Olympus Group 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 violation of corporate ethics, or an earthquake, fire or accident, the function in charge shall make immediate reports to the executive officers and relevant people. The final determination in such circumstance shall be made by the CEO.

4. Framework to ensure the effective performance of duties by Executive Officers of the Company and Directors of 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. The Board of Directors shall decide on other important matters, and delegate except matters that should be resolved by the Board of Directors to executive officers in order to enhance efficient and agile decision-making on the execution of business. In addition, the Board of Directors shall receive reports, at least once a quarter, on business performance in order to evaluate the status of the Company's annual business plan, and supervise executive officers' performance of duties.
- (2) The Board of Directors shall determine the assignment of duties among the Executive Officers. In addition, the Board of Directors shall receive, at least once a quarter, reports on their duties as performed.
- (3) Based on the Job Authority Rules, Organization Rules, and other related rules, the Board of Directors shall approve the responsibilities and authorities of major job ranks. 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) With the establishment of Treasury Control Framework, which regulate financial policies as a base for financial operations of the Olympus Group, the Company strengthens the governance of the Olympus Group from a financial aspect, and oversees and manages funding, foreign exchange, and transactions with financial institutions for the Olympus Group including the subsidiaries.

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

- (1) After the Company has clarified the management criteria of subsidiaries by means of the Affiliated Company Management Rules and other related rules, the presidents of the regional headquarters shall conduct reviews of the situation faced by management, and periodically report the results of the reviews to the president of the Company.
- (2) 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. Framework for matters related to employees whose assignment is to assist in the duties of Audit Committee of the Company, and matters related to the independence of those employees from the executive officers of the Company, and matters related to ensuring the effectiveness of instructions from Audit Committee of the Company to those employees

The Company shall allocate a dedicated employee who will assist with the Audit Committee' duties. 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 Committee to such employees.

- (1) While employees who have been assigned to assist in the duties of the Audit Committee assist in those duties, directors (excluding Audit Committee members), executive officers and employees, etc. shall not give them commands or instructions.
- (2) The appointment, dismissal, transfer, wage or personnel evaluation of employees who are assisting the Audit Committee with their duties shall be decided only after obtaining the approval of the Audit Committee.

7. Framework regarding reports by Directors (except those who are members of the Audit Committee), executive officers and employees of the Company to the Audit Committee 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 Committee of the Company

- (1) Directors (except those who are members of the Audit Committee), executive officers and employees of the Company, as well as directors, Audit and Supervisory Board members and employees of subsidiaries shall promptly, and either directly or via the relevant function, submit a report to the Audit Committee of the Company in cases where it becomes known that there has been a significant violation of laws or regulations or of the Articles of Incorporation; or when it becomes known that there has been wrongdoing; or when it becomes known that there is risk of substantial harm to the Company. In other cases where the Audit Committee requests a report from an executive officer or employee, etc. of the Olympus Group, in accordance with laws and regulations, or Audit Committee Rules etc., the executive officer or employee in question shall promptly report to the Audit Committee.
- (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 Compliance Management System Rule. Reports on details of issues reported and results of investigations shall also be made regularly to the Audit Committee.
- (3) The Internal Audit function of the Company shall regularly report the status of internal audit in the Olympus Group to the Audit Committee of the Company. In addition, the Chief Compliance Officer shall report the status concerning compliance to the Audit Committee regularly.

8. Framework to ensure that any personnel who have made a report to the Audit Committee 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 Committee.

9. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by the Audit Committee 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 Committee members, the Company shall promptly process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit Committee members.

10. Other systems to ensure the effectiveness of audit by the Audit Committee of the Company

- (1) Directors, executive officers and employees of the Company and Directors and employees of the subsidiaries shall ensure effectiveness of the audit by cooperating with the Audit Committee for investigations by interviews and on-site inspections.
- (2) The Company shall ensure that it provides the Audit Committee with opportunities to sufficiently exchange opinions with Directors, Executive Officers, Accounting Auditors and any other personnel necessary.
- (3) The Company shall ensure that the Audit Committee is permitted to have its members attend important meetings, and that they have an opportunity to state their opinion.
- (4) The Audit Committee and an internal audit function shall work closely, and the Audit Committee are allowed to exercise authority to give instructions and make commands to the internal audit function as necessary.
- (5) The Company shall ensure that it provides the Audit Committee with, upon their request, opportunities of collaboration between the Audit Committee and Audit Committee of the subsidiaries and collecting information from employees of the subsidiaries.