

Basic Policy on the Internal Control System, ver. 22

All activities of Olympus Corporation are based on our Corporate Philosophy, “Making people’s lives healthier, safer and more fulfilling.”

Olympus Corporation, 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 Olympus Corporation and its subsidiaries (hereinafter, “the Olympus Group”), and make continuous improvements.

I Framework to ensure the appropriateness of business operations in the Olympus Group

[Framework of Olympus Corporation]

- (1) Olympus Corporation, as a company with a nominating committee, etc., clearly separates the monitoring and execution of management in order to strengthen governance and further improve transparency, as well as enhance efficient and agile decision-making related to the execution of business.
- (2) The Board of Directors is composed of more than half Independent Outside Directors from the perspective of enhancing its monitoring function. It decides important matters related to the management of the Olympus Group and monitors the execution of duties by Executive Officers.
- (3) The CEO, as the person in charge of execution, supervises other Executive Officers and assumes full responsibility for the execution of duties.
- (4) Executive Officers make decisions on matters delegated to them by the Board of Directors and execute duties within their own areas of responsibility throughout the Olympus Group. They also regularly report on the execution of their duties to the Board of Directors.
- (5) The Group Executive Committee is composed of Executive Officers. It deliberates and monitors important matters regarding the execution of business throughout the Olympus Group.

1. Framework to ensure that the execution of duties by executives and employees of the Olympus Group complies with applicable laws and regulations and the Articles of Incorporation

- (1) The Board of Directors shall establish the “Basic Management Policy” such as the Corporate Philosophy and Olympus Global Code of Conduct, and monitor the execution of duties of Executive Officers.
- (2) Executive Officers shall establish internal corporate regulations that clearly define the policies and procedures that must be followed by Olympus Group executives and employees, and shall execute their duties within the Olympus Group. In addition, they shall instill the policies and raise awareness of compliance in the Olympus Group through implementing continuing education related to the regulations and other measures.
- (3) Olympus Corporation shall appoint an officer in charge of overseeing compliance activities throughout the Olympus Group and establish a function in charge of group-wide compliance. The function in charge of group-wide compliance shall promote compliance measures and conduct education for Olympus Group employees in accordance with the Compliance Management System Rule. In addition, the function in charge shall establish a global hotline system as well as a local hotline system in each region to receive reports of compliance violations.
- (4) Olympus Corporation shall establish an internal audit function reporting directly to the CEO. The internal audit function shall conduct various audits of the Olympus Group in accordance with the Internal Audit Charter and other related regulations, and report the results to the CEO and the Audit Committee. Olympus Corporation shall take appropriate measures based on these results.

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

Executive Officers shall establish internal regulations on document management in each region, maintain and manage important documents or electronic data, and maintain a system to access them as necessary.

3. Regulations and other framework relating to managing risks of loss of the Olympus Group

- (1) The Board of Directors, the Group Executive Committee, and other meeting bodies shall manage the business risks of the Olympus Group based on due deliberations and appropriate operation of the internal approval procedure.
- (2) Olympus Corporation shall establish a function in charge of risk management of the Olympus Group. The function in charge shall, based on the Internal Control Framework and other related regulations, create, operate appropriately, and manage a risk management system to prevent the emergence of serious risks resulting from the business activities of the Olympus Group and minimize damage in the event of such risks emerging. In addition, in the event of an emergency, the function in charge shall make immediate reports to the Executive Officers and relevant people and take prompt action.
- (3) Olympus Corporation shall designate functions with jurisdiction over each area of risks of loss (quality, product safety, import and export control, information security, health and safety, the environment, disasters, etc.) within the Olympus Group. Each of these functions shall establish internal corporate regulations and implement preventive risk management and education within the Olympus Group.

4. Framework to ensure the effective performance of duties of the Olympus Group

The Board of Directors shall delegate appropriate authority to Executive Officers in order to enhance efficient and agile decision-making. Executive Officers shall execute the duties within the scope of their responsibilities for the entire Olympus Group based on the division of duties determined by the Board of Directors. In addition, Executive Officers shall define the Job Authority Rules, Organization Rules, and other related regulations to clarify the responsibilities and authorities of major job ranks within their jurisdiction.

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

Olympus Corporation shall establish regional headquarters to manage and oversee multiple affiliated companies in each region of the Olympus Group. The officers responsible for the regional headquarters shall periodically report to the CEO on the management situation of the affiliated companies and other matters, in accordance with the Affiliated Company Management Rules and other related regulations.

In addition, regarding important management matters of affiliated companies, Olympus Corporation require them to obtain our approval or report to us in accordance with the Job Authority Rules and other related regulations.

II Matters necessary for the execution of duties of the Audit Committee

1. Matters related to employees whose assignment is to assist in the duties of the Audit Committee and ensuring the independence of those employees from Executive Officers as well as the effectiveness of their work

Olympus Corporation shall allocate a dedicated employee who assists with the Audit Committee's duties and have a concurrent employee as needed. In accordance with the provisions of the internal corporate regulations, those employees who assist with the Audit Committee's duties shall perform their duties under the commands and instructions of the Audit Committee. In addition, by deciding the appointment, dismissal, transfer, wage or personnel evaluation of the dedicated employee who assists the Audit Committee with their duties only after obtaining the approval of the Audit Committee, Olympus Corporation shall ensure effectiveness of directions from the Audit Committee and independence of those employees from executives.

2. Framework regarding reports by executives and employees of the Olympus Group to the Audit Committee

- (1) When Directors (except those who are members of the Audit Committee), Executive Officers, Audit and Supervisory Board members, or employees of the Olympus Group discover any material fact in violation of laws, regulations, or the Articles of Incorporation, any fact that may cause significant damage to the Olympus Group, or any fact that is significantly inappropriate for the corporate affairs of the Olympus Group, they shall immediately report such fact to the Audit Committee, either directly or through the responsible function. In other cases where the Audit Committee requests a report from a Director, Executive Officer, or employee, etc. of the Olympus Group, in accordance with laws and regulations or Audit Committee Rules etc., the Director, Executive Officer, or employee in question shall promptly report to the Audit Committee.
- (2) The officer in charge of overseeing compliance activities throughout the Olympus Group shall regularly make reports to the Audit Committee on the status of compliance within the Olympus Group. In addition, the Chief Compliance Officer shall regularly make reports on details of issues reported and results of investigations in accordance with the Whistleblowing System.
- (3) The internal audit function shall regularly report the status of internal audit in the Olympus Group to the Audit Committee.

3. Framework to ensure that any personnel who have made a report to the Audit Committee of Olympus Corporation will not be subjected to any unfair treatment due to the report made

Olympus Corporation 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.

4. Matters regarding procedures for the treatment of expenses or liabilities incurred in connection with execution of duties by the Audit Committee members

When an advance payment or reimbursement of expenses is requested for execution of duties of Audit Committee members, Olympus Corporation shall promptly, in accordance with internal corporate regulations, process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit Committee members.

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

- (1) Directors, Executive Officers and employees of the Olympus Group shall ensure the effectiveness of the audit by cooperating with the Audit Committee for investigations by interviews and on-site inspections.
- (2) Olympus Corporation 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) Olympus Corporation shall ensure that Audit Committee members have opportunities to attend important meetings.
- (4) The Audit Committee shall work closely with the internal audit function to receive reports on audit results, etc. from the internal audit function, and the Audit Committee may exercise its authority to give instructions and make commands to the internal audit function as necessary.
- (5) Olympus Corporation shall ensure that it provides the Audit Committee with, upon their request, opportunities for collaboration between the Audit Committee and Audit Committees of the subsidiaries and collecting information from employees of the subsidiaries.

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