

CSR Management

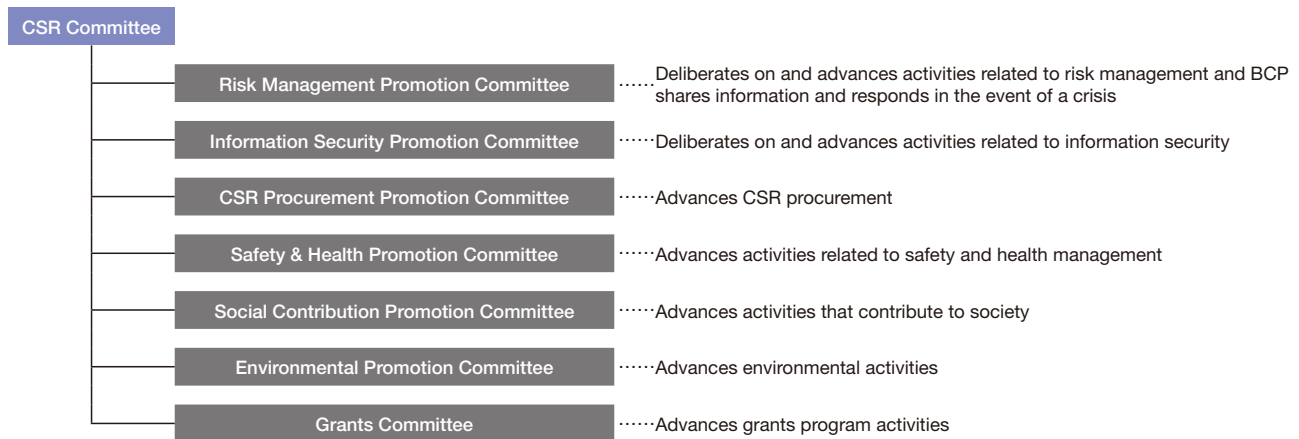
CSR Promotion Structure and Risk Management

CSR Promotion Structure

To enhance the CSR promotion structure, Olympus established the CSR Committee in fiscal 2010. Under the umbrella of this CSR Committee, Olympus has set up a number of promotion committees to plan and advance individual CSR-related initiatives.

The CSR Committee meets at least twice a year and is chaired by the CSR Division Manager and members include managers from functional organization. We aim to penetrate and establish CSR throughout the Olympus Group by having the CSR Committee support the decisions made by the President, who is ultimately responsible for CSR, and overseeing the promotion and progress of important matters.

◎ CSR Committee and Promotion Committees (Fiscal 2018)



Risk Management System

The Olympus Group manages risk from both the defensive aspect of preventing fraud or accidents and the proactive aspect of aggressively taking risks that are sound to achieve sustainable growth and create corporate value.

A crisis management process has also been established to minimize the impact of unforeseen incidents on corporate value.

<Risk Management>

The implementation status of risk management for each Olympus Group's region and organization is reported to global headquarter through international meetings. In addition, risk assessments conducted by members of the Board of Directors are used in making our business plans and policies. These plans are used to manage our businesses with risk transparency from the medium- to long-term perspective and in line with the changes in both the internal and external environments.

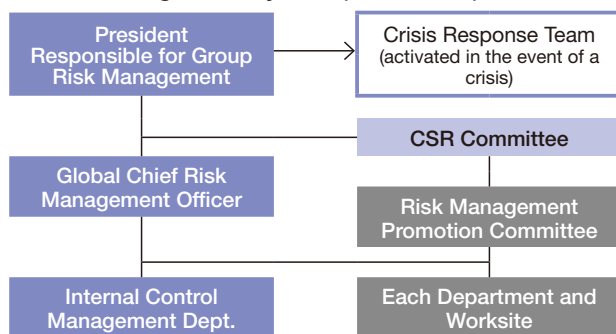
<Crisis management>

Any major incident that is highly likely to affect business management in the Olympus Group is reported promptly to the president and directors and handled appropriately by the managers in coordination with relevant divisions.

We prioritize business continuity plans (BCPs) for preparedness in the event of major earthquakes as a key part of our risk reduction activities. We continue to improve our disaster prevention and mitigation activities, and hold various activities to enhance BCP effectiveness through training and drills.

In response to the increase in devastating natural disasters in Japan, such as the heavy rains in western Japan and the succession of giant typhoons, we conducted surveys to assess the potential flooding and landslide disasters at our business sites around Japan. Overseas, on the other hand, we are implementing BCP activities mainly for fire disasters in Vietnam where our production site is located.

◎ Risk Management System (Fiscal 2018)



Policy of Risk Management and Crisis Response

Based on the Corporate Conduct Charter as well as on our corporate philosophy of “Making people’s lives healthier, safer and more fulfilling,” which provide the basis for all corporate activities, the Olympus Group will conduct global risk-management activities to obviate and to mitigate the risks that might prevent the achievement of its group management objectives. In the event that a risk arises, the Olympus Group will promptly and appropriately take actions to minimize any crisis and damage.

1. Basic Purpose

- To secure the safety of customers, regional residents, officers, employees and their families
- To keep the managerial resources intact and ensure the continuity of business
- To improve the quality of business management and increase the corporate value

2. Action Guidelines

- We respond to stakeholders' expectation by managing risks integrally on a company-wide basis, and through responses implemented with sufficient consideration for social demand and/or change.
- We incorporate risk management into our day-to-day global business activities.
- We integrate risk management consciousness throughout our organizations and members, and continuously increase our risk response ability, through global risk management activities.
- We take prompt, responsible actions prioritizing human life and safety in case of emergency.

3. Establishment of a Risk Management System

- We will establish a risk management system and a crisis response system, and clarify the related responsibilities in order to ensure conducting risk mitigation activities and making appropriate management and responses in case of emergencies.

4. Establishment of Rules

- We will establish the in-house rules to clarify the measures to be implemented, in order to ensure conducting appropriate risk mitigation activities and making appropriate responses in case of emergencies.

5. Education

- We will provide necessary education and training so that each organization and all personnel in the Group will be able to act appropriately in line with the Action Guidelines to meet the Basic Purpose as described in this policy.

CSR in Procurement Activities (Supply Chain)

Basic Policy on Procurement

The Olympus Group aims to strengthen supply chain management (SCM) within the context of business continuity and sustainable value creation in its three business segments: the Medical Business, the Scientific Solutions Business and the Imaging Business. In 2005, Olympus formulated the Olympus Group Procurement Policy. Since then, Olympus has disclosed its basic stance on procurement both internally and externally through its website and training sessions, while strengthening compliance with laws, regulations and social norms. We have also established the "Request to Suppliers" as a concrete guideline for complying with laws, regulations and social norms, including respect for human rights and the elimination of antisocial forces, prohibiting corruption and bribes, promoting fair and lawful transactions, and taking the environment into consideration. In selecting new suppliers, we review their current response to compliance with social norms and environmental issues as one of our screening criteria.

Based on these two principles for procurement activities, Olympus strives to create and strengthen good relationships with its suppliers through fair, just and transparent transactions.

Olympus Group Procurement Policy

In line with the following principles and based on our corporate philosophy of "Making people's lives healthier, safer and more fulfilling," which provide the basis for all corporate activities, the Olympus Group procures the materials and services necessary for the manufacture of our products.

1. Compliance with Laws, Regulations, and Social Norms

Olympus complies with applicable laws, regulations, and social norms including those concerning the respect for human rights, including the prohibition of child labor and forced labor, and anti-corruption and, carries out our corporate activities in a sound and fair manner. We ask the suppliers of the materials and services used in manufacturing our products to do the same.

2. Green Procurement and Consideration for the Environment

In establishing green procurement standards in line with our Environmental Policy, and in its procurement activities, we endeavors to build a society that has a sound environment and that is capable of supporting sustainable development.

3. Promotion of Fair and Impartial Trade

We open our doors wide to current suppliers and future suppliers all over the world. We conduct fair and impartial trade with its suppliers according to the policies and procedures disclosed to suppliers.

4. Selection of Suppliers

Olympus selects suppliers based on a comprehensive decision on key elements for the appropriate procurement, including the management of compliance with laws, regulations, and social norms, environmental considerations, quality and safety assurance and a stable supply, management stability, technical capabilities, security of information, respect for the intellectual property of other parties, compliance with the designated delivery date and appropriate pricing.

5. Reinforcement of Partnership with Suppliers

Olympus endeavors to establish and maintain a relationship of trust with our suppliers based on mutual understanding.

6. Prohibition on Accepting Personal Interests

Olympus prohibits its employees from accepting any improper personal gifts, benefits or entertainment from suppliers.

System and Framework

■ Initiatives with Suppliers

● Sharing business strategies and procurement policy

Once a year, Olympus holds the Procurement Policy Meeting with key domestic suppliers (about 1,000 companies extracted from our business condition) for each business for the purpose of sharing with them the business strategies and procurement policy of the Olympus Group.

In fiscal 2018, 677 representatives from 475 suppliers participated. We explained compliance matters that all suppliers should know, such as conflict minerals and human rights issues, and asked for their cooperation in tackling these problems.

● Supplier survey and improvement activities

Once a year, Olympus conducts a web-based survey of its main suppliers in Japan and overseas with which it has ongoing business transactions. The survey covers 121 questions, of which 24 are related to CSR, related to management information, CSR initiatives, and BCPs.

In fiscal 2018, survey was conducted on roughly 950 companies, including overseas suppliers. Responses were received from approximately 92%. If the survey results show that a supplier does not satisfactorily comply with legal and social norms and environmental protection and needs to improve, on-site audit is conducted and they must implement corrective actions in order to meet the points listed in our Request to Suppliers. At the same time, wherever possible, we recommend self-improvement actions to prevent the risk of incidents. We conduct studies for risk assessment in collaboration with with concerned divisions within the Group companies.

● Response to Conflict Minerals

The Olympus Group upholds international efforts to resolve the problem of conflict minerals*. On behalf of the Olympus Group, Olympus participates in a committee established by the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA).

Working together with suppliers, such as by discussing the conflict minerals at procurement policy meetings, we ensure transparency in our supply chains and continue the procurement of parts and materials that does not cause human rights violations.

◎ Key Evaluation Items in Supplier Survey for Initiatives with Suppliers

Evaluation	Criteria Details
Management information	Corporate information Financial condition
CSR	Compliance with laws, regulations and social norms Protection of human rights (child labor, forced labor, inappropriate low-wage labor) Protection of worker rights (labor standards, occupational safety and health) Protection of the environment (CO ₂ emissions, waste discharged, water usage, environment-related chemical substances)
BCP	Business continuity strategy Manufacturing site information Contact information during emergencies and disasters Confirmation of supply chain Confirmation of employee safety
Environment and quality	Acquisition of ISO 9000 and ISO 14000 Procurement and process management (5Ms (materials, methods, measurement, machinery, manpower), change information, noncompliant treatments)
Delivery	Production plans Progress and distribution management
Information protection	Personal and confidential information Intellectual property Computer security

* Conflict minerals

The Democratic Republic of the Congo (DRC) and surrounding countries produce minerals such as tantalum, tin, tungsten, and gold. Armed groups in the DRC, where the civil war continues, use these minerals to raise funds, causing human rights violations (child labor and sexual violence), as well as environmental damage. These four minerals are defined as conflict minerals in the United States and Europe, and actions are executed in earnest to cut off the supply of funds to armed groups. Other movements by international organizations, governments, NGOs and industry organizations to solve this problem include the publication of the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas by the Organization for Economic Cooperation and Development (OECD).

■ Education for Adhering to Subcontract Act

The Subcontract Act is regarded as one of the important applicable laws by Olympus, and Olympus engages in a wide range of activities to ensure compliance. The participation rate for the Subcontract Act e-learning programs for all employees of Group companies in Japan has reached 100%.

In addition, we hold workshops for the representatives responsible in our domestic Group companies, to which we invite attorneys who specialize in the Subcontract Act as guest speakers and sponsored by the Small and Medium Enterprise Agency of the Ministry of Economy, Trade and Industry. Also, we have conducted internal workshops for the procurement divisions in coordination with both the manufacturing and procurement divisions. These workshops drew 340 participants and resulted in a greater understanding of the Subcontractor Act.

We will continue to confirm group-wide compliance and organize training programs to enhance our observation of the Subcontract Act.

■ Expansion of Scope of Compliance Helpline

Since June 2012, suppliers that have direct business transaction with the Olympus Group in Japan have had access to the Compliance Helpline, the internal reporting system at Olympus. In conjunction with guidance provided on our website, we proactively engage with suppliers.

Starting in fiscal 2018, we introduced a Global Hotline, an internal reporting system that receives reports from around the world in multiple languages on a 24/7 basis. The system has been introduced at those regional headquarters who have completed the required preparations. We have introduced the system at all domestic Olympic Group companies since April 2019.

Commitment to External Initiatives

In October 2004, Olympus joined the U.N. Global Compact, agreeing to uphold its 10 principles.

The Global Compact (GC) is a voluntary initiative to create a global framework within which companies can contribute to good corporate citizenship and sustainable growth through responsible and creative leadership. The 10 principles of the Global Compact are incorporated into our Corporate Conduct Charter and related policies, and are reflected in our business activities.

Olympus has supported initiatives on climate change as a signatory to the Global Compact “Caring for Climate” since 2009, and announced its support for Global Compact Network Japan’s “Tokyo Principles for Strengthening Anti-Corruption Initiatives” in April 2018.



External Evaluation of CSR Management (Fiscal 2018)

FTSE4Good Global Index Series

Olympus has been selected as a stock for inclusion in the FTSE4Good Global Index Series, an investment index consisting of the best companies in the world in terms of social responsibility.



FTSE4Good

FTSE Blossom Japan Index Series

Olympus has been selected to FTSE Blossom Japan Index, designed to measure the performance of Japanese business enterprises showing excellence in the environmental, social and governance (ESG) criteria.



FTSE Blossom
Japan