

Compliance

Basic Stance & Policy

Olympus Group Corporate Conduct Charter

Applying our “Social IN” management philosophy to our day-to-day business activities, we adopted the Olympus Group Corporate Conduct Charter and Code of Ethics in September 2004 as the basis of all Group employee actions in order to fulfill our corporate social responsibilities. As the Olympus Group Corporate Conduct Charter and Code of Ethics are a comprehensive declaration of Olympus’ stance on CSR, we formulate various CSR-related policies based on these codes.

In response to a series of problems concerning false statements for the purpose of deferring record of losses in the Annual Securities Reports uncovered in 2011, we revised the Olympus Group Corporate Conduct Charter and Code of Ethics in June 2012 to promote thorough compliance by reflecting discussions among workplace leaders as well as the opinions of domestic and overseas Group employees. These revisions reflect our basic philosophy on social responsibility required by ISO 26000, UN Global Compact, OECD Guidelines for Multinational Enterprises 2011, and other international guidelines.

Olympus works to raise awareness of the Olympus Group Corporate Conduct Charter and Code of Ethics through various employee-oriented materials, training for new hires, during promotions, and at all levels, and e-learning programs.

◎ Olympus Group’s Corporate Philosophy



◎ Olympus Group Corporate Conduct Charter

Guided by the fundamental concept of “Social IN” and a keen awareness of our responsibilities as a corporate member of society, and as a company on which diverse people with different cultures and value systems depend, the Olympus Group continues to provide value to society by enhancing people’s lives through the products and solutions that we design and deliver.

At the Olympus Group, we are committed to conducting our affairs with a strong sense of ethics, and accordingly, will strictly comply with all relevant laws and regulations. We have revised the Olympus Group Corporate Conduct Charter to serve as the basis for making appropriate decisions and taking responsible actions. All members of the management team and all employees of the Olympus Group hereby pledge to act in accordance with the new Corporate Conduct Charter in their global corporate activities.

<INtegrity> Integrity in Society

1. Adherence to High Ethical Standards

We will prioritize the spirit of compliance under any circumstances and will never tolerate any action that violates laws and regulations, social norms or internal rules. We will create an environment within the organization where no concern pertaining to compliance will be ignored.

Moreover, we will implement training and provide guidance to all parties concerned. We will consistently oppose any antisocial force or organization posing a threat to the order and safety of civil society and completely dissociate ourselves from any relation with them.

2. Respect for Human Rights

In all corporate activities, the Olympus Group will respect all internationally recognized human rights and will prohibit forced labor, child labor or discrimination based on race, beliefs, gender, age, social position, family lineage, nationality, ethnicity, religion or disability.

<INnovation> Creating Innovative Value

3. Delivering Innovative Value

Olympus strives to play an integral role in helping people around the world lead healthier and more fulfilling lives. To enhance people’s lives, the Olympus Group will continue to offer innovative value. To that aim, we constantly seek to provide safe, high quality products and services that engender loyalty and affection for our brand and that are meaningful to society, while taking sufficiently stringent measures to protect customers’ information.

4. Working Environments with Vitality

The Olympus Group will provide a safe and healthy working environment where individuality and diversity are respected and personal development is fostered. This environment will allow employees to strive for the highest level of skill and knowledge, and enable the innovative creation of value sought by society. We will aim to create working environments with a high level of transparency in management, to share information without seeking to hide or obfuscate unfavorable truths, and an atmosphere in which free and vigorous discussion is encouraged

<INvolvement> Social Involvement

5. Harmony with the Environment

Respecting the importance of people’s safety and health and the essential role of nature in supporting their lives, the Olympus Group will contribute to a healthy environment and pursue sustainable development of society through business activities and technological developments that are in harmony with nature.

6. Contribution to Society

The Olympus Group is always mindful of the impact our decisions have on stakeholders and society, and we will actively seek out the voices of stakeholders, including customers, business partners, shareholders, employees and communities, and sincerely respond to their questions, concerns and needs. The Olympus Group regards itself as a citizen in each of the communities where employees live and work, and we recognize the importance of supporting community organizations, programs and activities.

Additionally, we will always respect the culture and practices of the countries and regions where the Group engages in business.

Adopted on June 20, 2012

Olympus Group Code of Ethics <https://www.olympus-global.com/csr/effort/principle.html>

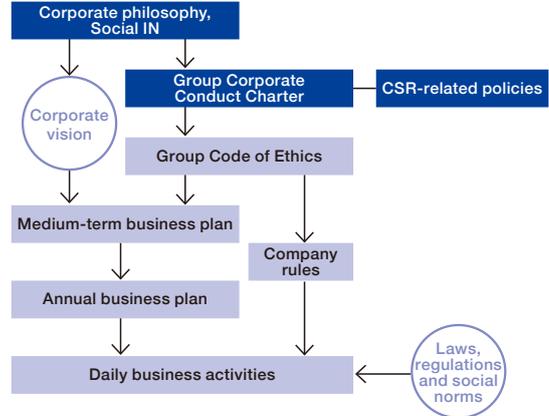
◎ Linkage between Corporate Conduct Charter and CSR Policies

The Olympus Group Corporate Conduct Charter	CSR-Related Basic Policies	
INtegrity Integrity in Society	(1) Adherence to High Ethical Standards	Information Disclosure Policy Information Security Policy Risk Management and Crisis Response Policy Procurement Policy Personal Information Protection Policy Human Rights and Labor Policy
	(2) Respect for Human Rights	
INnovation Creating Innovative Value	(3) Delivering Innovative Value	Quality Policy Personal Information Protection Policy Human Rights and Labor Policy
	(4) Working Environments with Vitality	
INvolvement Social Involvement	(5) Harmony with the Environment	Environmental Policy Charitable Donations and Grants Policy Corporate Citizenship Policy
	(6) Contribution to Society	

CSR-Related Basic Policies

<http://www.olympus-global.com/en/csr/olycsr/socialin/activity/>

◎ From Corporate Philosophy to Policies/Plans/Actions



Promotion System

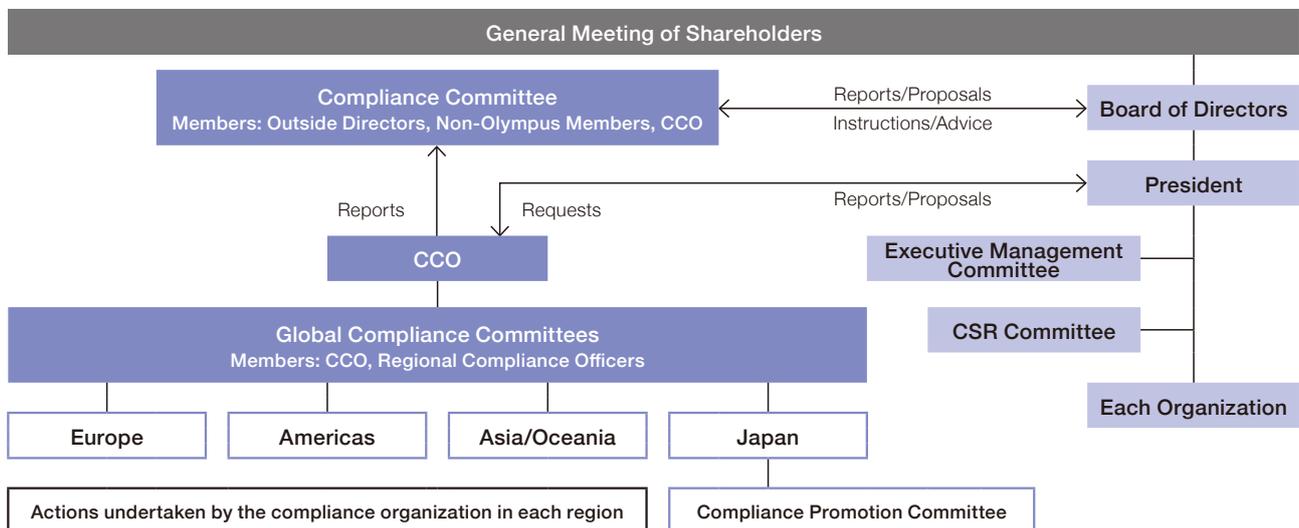
Compliance Promotion System

In order to clarify who is responsible for compliance-related issues, Olympus has appointed a Chief Compliance Officer (CCO) as a global compliance supervisor. (A deputy CCO was also appointed in fiscal 2016)

Moreover, we have also established a Compliance Committee, which is composed of outside directors, the CCO, and an external member (external lawyer in fiscal 2016), which serves as an advisory body to the Board of Directors. The chair is elected by mutual vote from outside directors. Meeting on a quarterly basis in principle, Compliance Committee members oversee and improve compliance systems, report compliance-related matters to the Board of Directors, and upgrade related systems to prevent compliance infractions.

We have also established the Global Compliance Committee (GCC), which is composed of the CCO and Regional Compliance Officers (RCOs), in order to implement compliance-related policies and measures globally, understand regional situations and challenges, and carry out necessary corrective measures. The GCC has meetings on a quarterly basis in principle. Policies and measures directed and confirmed by the GCC are applied to each region by RCOs. In addition, compliance circumstances and issues throughout the Olympus Group identified by the GCC and RCOs are reported by the CCO on a regular basis to the Compliance Committee and are discussed at Board of Directors' meetings as needed.

◎ Compliance Promotion Structure



Systems and Mechanisms

Compliance Hotline Systems

In an effort to maintain compliance, Olympus has established compliance hotline systems for each regional headquarter in accordance with the laws of individual countries. For its compliance hotline system in Japan, Olympus has established the Compliance Helpline based on the Whistleblower Protection Act and operates two contact points, an internal one as well as an external one managed by an independent attorney. Regarding the external contact point, the attorney providing the service will not, without the approval of the whistle-blower, reveal any information that could be used to identify the individual to staff within the company of the internal contact point, thereby providing greater assurance of anonymity. In keeping with the laws on subcontractors and on the prevention of unfair competition, this system receives reports not only from executives and employees, but also from suppliers that have direct business relationships with domestic Olympus Group companies.

Regional headquarters have established internal/external contact points (hotline) in Europe and the Americas as well as external reporting lines in Asia/Oceania. Internal contact points in the United States are overseen by employees who are certified lawyers.

In cases that reports are received by contact points across various regions in Japan and overseas, we address these issues in coordination with each RCO.

Facilitating an Atmosphere That Encourages the Use of Compliance Helpline

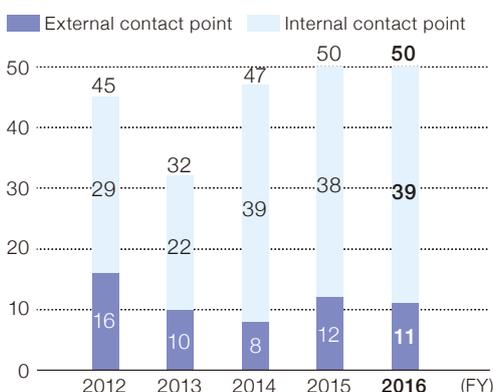
In Japan, we maintain an atmosphere that encourages employees to use the Compliance Helpline by enhancing internal reporting systems through appropriate revisions of various operating regulations, while raising awareness of this system through e-learning programs, compliance handbooks, and intranet bulletin boards. In addition, we explain how to use the Compliance Helpline to suppliers at supplier briefings held at the beginning of the fiscal year.

Overseas, Olympus promotes the use of internal reporting systems through enhancements and raising awareness, both of which are the responsibility of RCOs.

Training of Internal Reporting System Supervisors

With the aim of enhancing the internal reporting system and increasing its trustworthiness, we conduct systematic training of internal reporting system supervisors in Japan. Beyond supervisors providing guidance to their replacements, we are working to systematically and continuously improve supervisor responsiveness by requiring them to obtain a management ethics certification authorized by the Association of Certified Business Ethics Experts Japan and receive training conducted by an external specialist agency.

Number of Compliance Hotline Reports and Inquiries in Japan



Self-Assessment on Compliance

Olympus conducts a self-assessment survey of the maintenance/operational status of the compliance management systems of 77 consolidated subsidiaries and four regional headquarters in Japan and overseas as part of Compliance Month every October. The self-assessment surveys involve Group company Compliance Promotion Committee members answering questions in 15 categories. Assessment results are provided as feedback to Group companies via the GCC and Compliance Promotion Committee as well as play a useful role in improving and strengthening Olympus' compliance activities. In addition, we undertake compliance assessment monitoring at all Group companies in Japan.

The self-assessment response rate was 100% in fiscal 2016. An analysis of the assessment results reveals that all surveyed companies generally have compliance structures and mechanisms in place.

Compliance Education

In order to raise compliance awareness and promote an understanding of important laws and internal rules, as well as to ensure consistent compliance with them, Olympus is enhancing its compliance education. In Japan, the Compliance Promotion Department conducts education programs for various individuals using optimal tools. In addition, departments responsible for ensuring compliance to important laws conduct education programs by selecting course participants and training methods in accordance with the characteristics of applicable laws. Overseas, we undertake compliance education in a systematic manner at each regional headquarters according to the education curriculum used in Japan.

◎ Major Results in Compliance Education

Category	Target	Method	Description
General	Executive officers	Group training	Outside instructors conduct lectures on management compliance. After lectures are completed, all attendees sign a pledge.
	All employees	E-learning and group training	General compliance education
	All domestic employees		Distribute compliance handbooks containing explanations of the management philosophy and corporate code of ethics as well as a Q&A summary
Education in Important Laws and Regulations	All employees	E-learning and group training	Education on strengthening compliance with key laws and regulations. Provide more comprehensive education programs to departments and supervisors that are deeply involved with key laws and regulations related to management.
Rank-Specific Education	People at specific ranks	Group training	Educational programs required for management and executive personnel, employees who have been promoted, and new employees.
Messages from Senior Management	All employees	Intranet	Messages distributed from the President, executives, and the CCO. CCO messages are sent out during Compliance Month (October).
Management Dialog Opportunities	Managers and employees	Town meetings	At town meetings, Group company top management explains the importance of compliance. Town meetings held on an ongoing basis (include affiliates and local corporations).

Strengthening Compliance with Key Laws and Regulations

Jurisdiction	Name of Law/Regulation, etc.
Laws, regulations and guidelines in Japan	<p>Laws and regulations relating to anti-bribery such as Unfair Competition Prevention Act, etc.</p> <p>National Public Service Ethics Act/rules of ethics</p> <p>Agreements relating to fair competition</p> <p>Transparency guidelines for the medical device industry in relation to medical institutions, etc. (formulated by the Japan Federation of Medical Devices Associations)</p> <p>Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act)</p> <p>Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act)</p> <p>Laws and regulations relating to labor such as Labor Standards Act/Industrial Safety and Health Act, etc.</p> <p>Laws and regulations relating to insider trading</p> <p>Personal information protection laws/My Number ID Act</p> <p>Laws and guidelines relating to measures against antisocial forces</p>
Laws, regulations and guidelines in other countries	<p>Foreign Corrupt Practices Act (FCPA, United States)</p> <p>U.K. Bribery Act 2010 (United Kingdom)</p> <p>Anti-Kickback Statute (United States)</p> <p>OECD agreements concerning the prevention of the bribery of foreign public officials in international commercial transactions</p> <p>United Nations agreements concerning the prevention of corruption</p> <p>Other laws and regulations relating to the prevention of unfair competition</p> <p>Physician Payment Sunshine Provision (United States)</p> <p>Laws and regulations relating to anti-monopoly</p> <p>Laws and regulations relating to measures against antisocial forces</p>

Compliance Awareness Survey

We conduct a survey of Olympus Group employees during Compliance Month held every October to monitor the level of their compliance awareness and identify any related issues. Survey questions consist of 10 common global categories, while results are reflected in the activities of regional headquarters' compliance departments and reported to management.

In Japan, we conduct compliance awareness surveys using in-house e-learning systems. In fiscal 2016, we surveyed 12,878 employees, with 98.9% of those surveyed responding (fiscal 2015: 99.4%). Survey results revealed that compliance awareness at workplaces and among employees has increased, but this awareness has not filtered down to the level of individual employees' actual actions. As a result, we plan to enhance compliance education even further.

Status of Legal Compliance

Settlement on Lawsuits for Damages against Former Auditors of the Company (May 2016 and November 2016)

Olympus filed a lawsuit for damages against its five former auditors. Olympus reached a settlement with the four former auditors on May 12, 2016. A settlement with the remaining one former auditor was reached on November 28, 2016, concluding the lawsuit for damages against the former auditors.

Settlement of Lawsuit for Damages by Foreign Institutional Investors and Others (December 2016)

On December 26, 2016, Olympus reached a court settlement in the Tokyo District Court with regard to the civil actions for damages filed by foreign institutional investors and others (72 entities in total) alleging that the Company made false statements in its Annual Securities Reports, etc. for the purpose of deferring record of losses.

For latest updates, please see Olympus Investor News:

<https://www.olympus-global.com/ir/data/announcement/2017.html>