

# CSR Management

## CSR Promotion Structure and Risk Management

### CSR Promotion Structure

To realize “Social IN,” our CSR-enhanced corporate philosophy, 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. Olympus aims to spread and entrench CSR throughout the 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 2016)



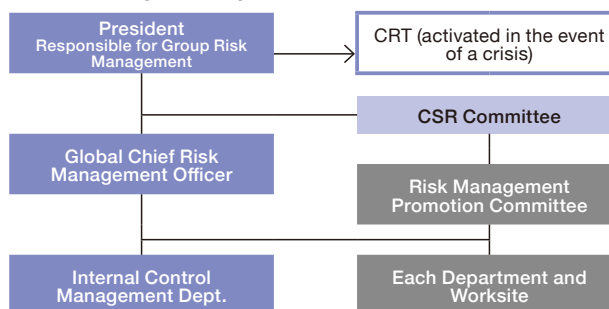
### Risk Management System

Olympus has established a global risk management system to prevent risks from occurring and to mitigate risks, based on its Risk Management and Crisis Response Policy and its Rules on Risk Management and Crisis Response.

Specifically, Olympus has established the Risk Management Promotion Committee as a promotion function of the CSR Committee. The Risk Management Promotion Committee promotes risk-reduction activities at departments and worksites based on risk assessments, and management periodically monitors the situation. In the event a crisis arises and severely impacts the Olympus Group, the Crisis Response Team (CRT) is activated to properly respond to the crisis and rapidly report information to the president and management. During the Kumamoto Earthquake, the CRT was set up to minimize damages in the Group.

In risk reduction activities conducted throughout the year, working groups were organized under the Risk Management Promotion Committee, responsible for addressing large-scale earthquake risks and risks related to the Social Security and Tax Number system. In activities conducted to address risks from major earthquakes, drills were carried out to prepare for the occurrence of the Nankai Trough Mega-Earthquake, implementing initial response activities ranging from the setting up of CRT to action to prevent secondary damages and status reporting, through coordination among local CRTs, worksite CRTs and the central CRT. The drill included verification of measures implemented to correct issues that surfaced in the Kumamoto Earthquake in April. In addition, Olympus has developed the global security structure and has carried out drills to strengthen coordinated action in case of a large-scale terrorist act.

#### ◎ Risk Management System (As of April 2017)



## 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 based on its “Social IN” corporate philosophy. 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 drawn up the “Request to Suppliers” as a 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 just transactions, and taking the environment into consideration.

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

#### 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 endeavor 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

#### ● Share business strategies and procurement policy

Once a year, the Procurement Policy Meeting is held with key domestic suppliers for each business for the purpose of sharing with them the business strategies and procurement policy of the Olympus Group.

In fiscal 2016, 819 representatives from 505 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 delivery deadlines.

In fiscal 2016, survey was conducted on roughly 1,000 companies, including overseas suppliers. Responses were received from approximately 95%. We have put in place a system that encourages suppliers to make improvements to prevent incidents on their own initiative, and we consult privately with suppliers on remedies if we believe they have room for improvement. We conduct studies for risk assessment in collaboration with specialized divisions within the Group companies.

### ◎ 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 hygiene) Protection of the environment (CO <sub>2</sub> 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, non-compliant treatments)
Delivery	Production plans Progress and distribution management
Information protection	Personal and confidential information Intellectual property Computer security

### ● Response to Conflict Minerals

The Olympus Group upholds international efforts to resolve the problem of conflict minerals\*. On behalf of the Olympus Group, the Olympus Corporation 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.

\* 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 moves 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

Olympus promotes compliance with laws and regulations with the awareness that the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (the Subcontract Act) is a key piece of legislation. In fiscal 2016, e-learning programs were organized for all employees, including those at the Group companies in Japan.

We will continue to review our training content and methods to further enhance the process of adhering to the Subcontract Act.

### ■ Expansion of Scope of Compliance Helpline

Since June 2012, suppliers 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, such as through procurement policy meetings.

## 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 also supports initiatives concerning climate change under the Global Compact “Caring for Climate” initiative, of which it has been a signatory since 2009.



## External Evaluation of CSR Management (Fiscal 2016)

### 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

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

### MS-SRI

Olympus has been selected as a stock for inclusion in the Morningstar Socially Responsible Investment (MS-SRI) Index.