

Information Disclosure Based on TCFD

The Olympus Group recognizes that climate change is a serious issue that threatens the global environment, as well as having grave implications for the group's business activities. Based on this awareness, we announced our endorsement of the Recommendations of the TCFD in May 2021, as a part of our contribution to building a carbon neutral society and circular economy in our Corporate Strategy. According to the TCFD's recommendations, the Olympus Group will disclose its climate-related financial information in a timely manner.

Governance

The Olympus Group endeavors to reduce the environmental impact from the entire value chain, including product development, procurement, manufacture, logistics, sales, and repair. Under the CEO, the CHRO (Chief Human Resources Officer), who manages the environment, health, and safety (EHS) functions, oversees matters related to the environment for the entire Olympus Group. In addition, an officer responsible for ESG (Environment, Social and Governance) is appointed and set targets for the ESG field including greenhouse gas emissions in the medium- to long-term business plan to promote ESG initiatives by the Olympus Group.

Under the Environmental Health and Safety Policy formulated by the CHRO, the EHS division created an environmental action plan for the entire Olympus Group in line with the ESG targets set in the medium- to long-term business plan, monitors the status of progress of that plan, and makes continuous improvements. In response to progress reports, the executive offices responsible for the environment (the CEO) give instructions for any improvements required. The Board of Directors monitors the status of the implemented climate change measures while receiving related reports as necessary. Also, to reinforce the commitment of management to the ESGs and climate change initiatives, 10% of the executive officers' performance-based stock remuneration, a part of our long-term incentive remuneration, is linked to the evaluation results of an external ESG evaluation organization.

[Environmental Health and Safety Policy](#)

Strategy

The Olympus Group identifies risks and opportunities related to climate change for the short-term, medium-term, and long-term periods by using scenario analysis. The influence of climate change on our business activities is analyzed

based on 1.5-degree scenario: RCP 1.9 (NZE) (keeping the increase in the global average temperature to below 1.5° C above pre-industrial levels), and the 4-degree scenario: RCP8.5 (where the increase is assumed to be up to 4° C above pre-industrial levels), both of which were presented by the International Energy Agency (IEA). We identified that the major risks in short-term (one to five years) would be the suspension of factory operations, breakdown of supply chains due to natural disasters, or impairment of stakeholders' assessments or Group's reputation with stakeholders due to inadequate responses to climate change or insufficient disclosures; and the risks within the medium- to long-term period (5 to 20 years) would be an increase in business costs due to the introduction of carbon taxes and further tightening of greenhouse gas emissions regulations.

Although such climate change risks could affect our corporate strategy and financial plan, we assume that the scope of impact would be relatively small. For example, the geographical location of our factories in terms of natural disasters, such as typhoons, can be classed as a physical risk. We confirmed that our factories are at low-risk locations and a business continuation plan for each site has been created in case of emergency. In terms of supply chains, storms and flooding have occurred on a global scale recently and are expected to have impact on material procurement and product supplies, and accordingly, we are working to establish systems that can ensure production through alternative suppliers. We also expect an increase in operational costs due to carbon taxes etc. as a transition risk. However, the percentage of energy costs in the factories among overall business costs is small, and, therefore, the impact on our business will be limited.

As a climate change opportunity, we will continue development of environmentally conscious products with energy-saving and other functions, taking the rising requirement for such products, which contribute to greenhouse gas emissions reduction, as a business opportunity. However, we estimate the impact from this opportunity on our business will not be so large because the majority of our products are already small with low energy consumption, and the nature of our products and services are relatively independent from any impact from climate change.

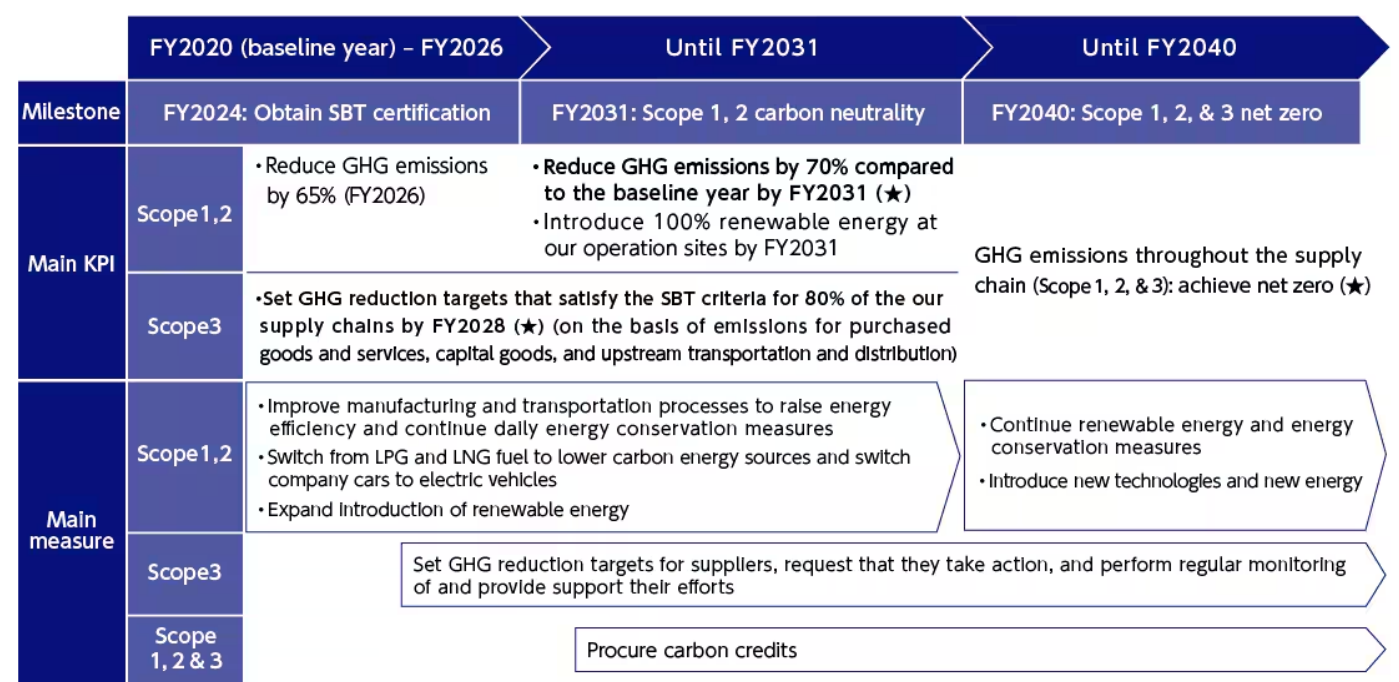
Scenario		Risk or opportunity item	Social change, impact on business	Degree of impact	Time axis	Main initiatives
1.5°C	Transition risks	Policy and laws	Expanded regulation or increased obligations concerning existing products, business activities, and information disclosures	Medium	Short term	<ul style="list-style-type: none"> Promote environmentally-conscious designs for products, packaging materials, etc.
			Expanded carbon taxes and emissions trading*	Small	Medium term	<ul style="list-style-type: none"> Implement energy conservation measures and introduce low-carbon energy including renewable energy to reduce CO₂ Reinforce measures to address environmental issues and expand and enhance information disclosures
		Changes in technology	Reduction of sales opportunities if the transition to low-carbon manufacturing methods and materials is delayed	Small	Long term	<ul style="list-style-type: none"> Promote environmentally-conscious designs for products, packaging materials, etc.
		Changes in markets	Increased costs for energy including fuel needed for business activities as well as raw materials and logistics	Small	Medium term	<ul style="list-style-type: none"> Improve manufacturing processes and logistics efficiency
		Reputation	Impairment of stakeholders' assessments or the Group's reputation with stakeholders due to inadequate responses to environmental issues	Medium	Short term	<ul style="list-style-type: none"> Implement energy conservation measures and introduce low-carbon energy including renewable energy to reduce CO₂ Reinforce measures to address environmental issues and expand and enhance information disclosures
	Opportunity	Resource efficiency	Lower costs for raw materials and waste as a result of reviewing products and packaging	Small	Medium term	<ul style="list-style-type: none"> Promote environmentally-conscious designs for products, packaging materials, etc.
		Energy sources	Improvement of stakeholders' assessments or the Group's reputation with stakeholders due to cost reductions from higher energy efficiency or broader use of low-carbon energy	Small	Short term	<ul style="list-style-type: none"> Implement appropriate management of water and waste Implement energy conservation measures and introduce low-carbon energy including renewable energy to reduce CO₂
		Products & services	Improved market competitiveness due to development of environmentally-conscious products	Small	Long term	<ul style="list-style-type: none"> Promote environmentally-conscious designs for products, packaging materials, etc.
		Markets	Improvement of stakeholders' assessments or the Group's reputation with stakeholders due to promotion of environmentally-conscious products	Medium	Short term	<ul style="list-style-type: none"> Investigate measures to improve resource circulation through the product lifecycle (product recovery and recycling)
		Resilience	Expansion of business that ensures adaptability to climate change	Small	Medium term	<ul style="list-style-type: none"> Expand and enhance measures to address environmental issues and proactively disclose information Implement energy conservation measures and introduce low-carbon energy including renewable energy to reduce CO₂
4°C	Physical risks	Acute	Disruption of supply chains due to more severe natural disasters	Medium	Short term	<ul style="list-style-type: none"> Secure structures for cooperation with suppliers (continuously conduct education and training to enhance the effectiveness of BCP)
		Chronic	Higher air conditioning costs due to rising average temperatures and lower labor productivity due to changes in the physical condition of employees	Small	Medium term	<ul style="list-style-type: none"> Implement optimization measures to ensure supplies of products and services As flooding countermeasures, identify sites susceptible to flooding and conduct emergency response training Increase sites subject to environment, safety, and health assessments
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*The calculated financial influence was approx. 900 million yen/year based on the carbon tax figures in the World Energy Outlook 2020 by the IEA (2020).

Time axis. Short term: 1–5 years; medium term: 5–10 years; long term: 10–20 years

Degree of impact: Amount of financial impact and three-stage assessment from the perspectives of operations, stakeholders, and compliance

Roadmap for Achieving Net Zero Emissions



- ◆ We plan to periodically update the roadmap for achieving net zero emissions, taking into consideration scientific advances, regulations, and other factors.
- ◆ ★: Subject to SBT certification

Risk Management

During the management strategy and business plan formulation stages, the Olympus Group identifies risks that have the potential to impact the Group's business and identifies and evaluates those risks that could have significant impacts on business operations. These risks include regulations relating to the environment including climate change, technology and other transition risks, and physical risks resulting from natural disasters.

Identified risks are evaluated and prioritized by each organization based on the degree of impact in the case where a risk materializes and the possibility of occurrence, and based on the results, we formulate single-year and multi-year business plans to manage the risks. Regarding risks relating to environmental laws and regulations, the quality control function monitors developments concerning those environmental laws and regulations related to our products, and the environmental division of each company monitors regulatory developments relating to their business sites, and each periodically evaluates the status of compliance, and takes measures as necessary.

To address those risks that could have a particularly substantial impact on business operations, we periodically monitor the status of organizational risk management and report the results to the Group Executive Committee and Board of Directors. The CEO receives reports on the results of monitoring of the status of risk management, and if measures are ineffective, directs a review of the action plans.

[Risk Management System](#)

[Business Risks](#)

Indexes and Targets

The Olympus Group set a target of achieving net zero greenhouse gas emissions (Scope 1, 2, and 3) throughout the entire supply chain by FY2040 and in October 2023 received certification from the Science Based Targets initiative (SBTi) that our net zero target and short-term targets are consistent with the 1.5° C target.

Targets Certified by SBTi

Net zero target	Achieve net zero GHG emissions (Scope 1, 2, and 3) throughout the entire supply chain by FY2040
Short-term targets	Reduce GHG emissions (Scope 1 and 2) by 70% compared to FY 2020 (baseline year) by FY 2031
	Set GHG reduction targets based on scientific criteria for 80% of our supply chains by FY2028 (on the basis of emissions for purchased goods and services, capital goods, and upstream transportation and distribution)

In FY2024, we reduced Scope 1 and 2 greenhouse gas emissions by approximately 51% compared to the baseline year (FY 2020) and regarding Scope 3, approximately 30% of suppliers (based on transaction amounts) completed setting science-based greenhouse gas reduction targets.

To achieve our greenhouse gas reduction targets, we will improve manufacturing and further switch to and introduce renewable energy at sites in countries around the world and continuously implement measures to develop environmentally-conscious products, improve logistics efficiency, set voluntary greenhouse gas reduction targets in cooperation with suppliers, and support decarbonization initiatives.

[Long-term Targets and Measures](#)
[Results](#)

Please check our latest situation in the Sustainability Report.

<https://www.olympus-global.com/csr/?page=csr>