

Risk Management

Promotion of Risk Management

Based on its internal Rules on Risk Management and Crisis Response, the Olympus Group manages risk from both the proactive perspective of aggressively taking risks, and the defensive perspective of preventing fraud or accidents 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

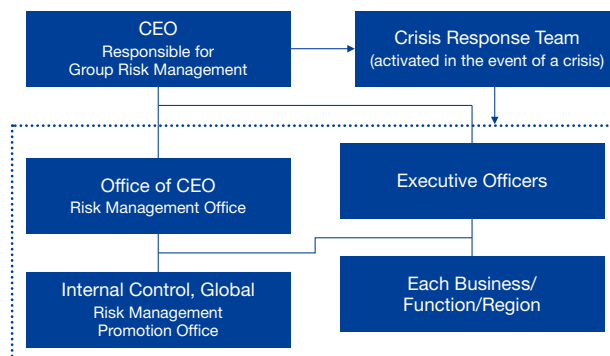
The Olympus Group identifies and evaluates, based on uniform processes and standards, the risks that may prevent it from achieving the corporate strategy and fiscal year targets. The aim is to facilitate the efficient and effective formulation of priority measures in line with the degree of importance of each risk factor in order to realize continuous growth.

Based on the roles and relationships of the Board of Directors and executive officers in a company with Nominating Committee etc., starting from the current fiscal year under review we are also strengthening risk management that targets the following points:

- 1 Establishment of risk assurance originating from the Representative Executive Officer and CEO
- 2 Achievement of transparent company management by centralizing risk management

- 3 Improving the accuracy of efforts to achieve basic management policies through efficient and effective risk management

Risk Management Structure (FY2021)



Crisis Management

The Olympus Group is continually monitoring the global developments around the COVID-19 pandemic and had set up a global task force to ensure business continuity. The Group has also been taking steps to enable management to ascertain the impact and make swift decisions.

The health and safety of our employees, healthcare professionals and the patients they treat, as well as that of our global communities is our top priority. We will continue to take all the protective measures we can to maintain the supply of our products and services.

Major Business Risks

Risks associated with changes in policy of medical administration and strengthening of reprocessing regulations	When it is not possible to provide new products or services in a timely manner due to changes in healthcare laws and regulations or related administrative policies in each country and the requirements concerning reprocessing (i.e., cleaning, disinfection, and sterilization) became more complex. When the Group otherwise need to take certain actions corresponding such amendments or changes.
Risks Associated with Market Competition	When the unit price of our products declines or our market shares erodes due to the severe competitions with our competitors, or the emergence of alternative technologies or products occurs.
Risks Associated with Selling Activities	When there is a misinterpretation of wide-range of laws and regulations that cover fraud and misconduct in the healthcare industry, changes in guidelines, or significant changes in the business environment.
Risks Associated with Production/Development Activities	When procurement is restricted, when products deficiency, malfunction, etc., occurs, or when it is not possible to develop products that meet customer needs in a timely manner.
Risks Associated with Foreign Currency Exchange Rate Fluctuations	When sudden fluctuations in foreign currency exchange rates occur, or when the amounts of accounts receivable or payable covered by such contracts significantly differ than expected.
Risks Associated with Business Collaborations and Corporate Acquisitions	When strategic alliances related to technologies, product development, sales and marketing cannot be maintained. When the Group fails to integrate the acquired business in line with its corporate strategy. When existing business or the acquired business's management resources cannot be efficiently used, and when the stock price and valuation of investment securities fluctuate significantly.
Risks Associated with Overall Investment	When an unexpected changes in the external environment occur, from the time of making an investment decision
Risks Associated with Leakage of Information	When important confidential information such as technical and personal information of customers and other related parties are leaked
Risks Associated with Internal Control System	When our internal control system fails due to various factors and we cannot take appropriate measures
Risks Associated with Laws and Regulations	Violation of legal regulations related to various laws targeting fraud and misconduct in the healthcare industry
Risks Associated with Litigation	When an important proceeding such as an indemnity claim or injunction is filed by a third party
Risks Associated with Financing	When our financing costs rise due to changes in the financial market environment or deterioration of the Group's business performance
Risks Associated with Business Structure Reform	When the company-wide efficiency improvement programs do not progress as scheduled in line with the Group's corporate strategy
Other Comprehensive Risks	When the appropriate measures cannot be taken with regard to the status of discussions/reports with domestic and overseas authorities. When additional tax burden is incurred due to changes in tax laws and regulations around the world or their interpretation or application guidelines, or when it is necessary to increase the valuation allowance for deferred tax assets. When a natural disaster, disease, war, terrorist attack, etc., occurs.
Risks Associated with COVID-19	When the effects of COVID-19 cause some restrictions or delays in the Group's business activities. When the number of medical treatments related to our business decrease. When the spread of the infection continues for a long period and the procurement of specific products and parts are restricted.