

Carbon Neutral Society and Circular Economy

Contribution to Carbon Neutral Society and Circular Economy

The Olympus Group is fully aware that the recent environmental pollution, climate change resulting from the human activities, and other impacts on ecosystems are issues we need to address promptly. Therefore, we are committed to Carbon Neutral Society and Circular Economy as one of the materiality items. We also set targets of achieving carbon neutrality*1 with respect to greenhouse gas (GHG) emissions from our site operations (Scope 1 and 2**2) by fiscal year 2031 and using electricity generated 100% from renewable energy for our site operations by fiscal year 2031. In addition, in May 2023, we formulated and announced a target of achieving net zero*3 GHG emissions throughout the entire supply chain (Scope 1, 2, and 3**3) by fiscal year 2040. In October 2023, the Science Based Targets initiative (SBTi) certified that the Olympus Group's net zero target is consistent with the 1.5°C target level specified in the Paris Agreement.

To achieve carbon neutrality by fiscal year 2031, the entire Olympus Group is working together to improve

production processes and implement further energy-saving measures and accelerating initiatives to reduce GHG emissions including gradually replacing the energy used in our site operations**4 with renewable energy sources and other measures. We also recognize the importance of environmental impact reduction across the supply chain and continuously implement measures to develop environmentally conscious products, improve logistics efficiency, set voluntary GHG emission reduction targets in cooperation with suppliers, and support decarbonization initiatives in an effort to achieve sustainable business.

*1 Carbon neutrality refers to reducing GHG emissions from site operations (Scope 1 and 2) and offsetting an amount equivalent to the remaining GHG emissions using carbon offsets, thereby achieving zero emissions overall.
 **2 Scope 1: Direct GHG emissions by combustion of fuels at our sites.
 Scope 2: Indirect GHG emissions from our sites' use of electricity, heat, or steam supplied by other companies.
 Scope 3: Other, indirect GHG emissions (excluding Scope 1 and 2).
 *3 Net zero means reducing GHG emissions (Scope 1, 2, and 3) as much as possible (at least 90%) in line with the latest climate science (1.5°C scenario) and using credits derived from carbon sequestration and removal (such as afforestation and CO₂ capture and storage) for an amount equivalent to the residual GHG emissions (less than 10%) to achieve a balance.
 **4 Excluding rental properties, such as sales sites

Major Environmental Activity Results in FY2024

Primary Policy	Target	Measures	Achievements and Results	FY2025 Target	
Promotion of environmental management	Enhancement of environmental governance system	<ul style="list-style-type: none"> Improve effectiveness and efficiency of the Environmental Management System 	<ul style="list-style-type: none"> Maintenance of ISO 14001 certification 	<ul style="list-style-type: none"> Maintenance of ISO 14001 certification for global major manufacturing sites (Europe, Americas, Australia) Maintained ISO 14001 multi-site certification of 7 subsidiaries in Japan and 43 subsidiaries in Asia Conducted internal audits for administrative functions of 6 sites in Japan and 1 site in Asia. 	<ul style="list-style-type: none"> Expand sites that have obtained ISO 14001 certification Ensure appropriate response to indicated points in internal environmental audit and ISO 14001 certification external audit
	Environmental risk reduction activities	<ul style="list-style-type: none"> Continue to improve the process to comply with environmental laws and regulations 	<ul style="list-style-type: none"> Enhance inspection for compliance status with environmental laws and regulations in conjunction with site reorganization and construction of new buildings Education on environmental laws and regulations 	<ul style="list-style-type: none"> In Japan, reorganized the Tokyo Office and confirmed compliance with environmental laws and regulations at new building in Nagano site Conducted specialized training on pollution prevention, waste management, and chemical management at manufacturing sites in the Americas, Europe, and Asia Continue to improve the related internal rules for products and facilities 	<ul style="list-style-type: none"> Inspect compliance process systems and assessment criteria at global manufacturing sites Continue to improve the environmental regulatory compliance process for products and facilities
Reduction of environmental impact	Carbon neutrality	<ul style="list-style-type: none"> Greenhouse gas emissions: Achieve carbon neutrality (FY2031) Renewable energy rate (electricity): 100% (FY2031) 	<ul style="list-style-type: none"> Continue to implement improvements such as improving manufacturing processes, saving of energy and material resources, fuel conversion, and introduction of natural energy, etc., in accordance with local characteristics 	<ul style="list-style-type: none"> Greenhouse gas emissions: Reduced by 51% (compared to FY2020) Renewable energy rate: 78% 	<ul style="list-style-type: none"> Greenhouse gas emissions: Reduce by 60% (compared to FY2020) Renewable energy rate: 85%
		<ul style="list-style-type: none"> Setting science-based GHG reduction targets by 80% of suppliers (on the basis of emissions for purchased goods and services, capital goods, and upstream transportation and distribution) (FY2028) 	<ul style="list-style-type: none"> Requests to suppliers to set CO₂ targets and reduce emissions 	<ul style="list-style-type: none"> Analyzed and evaluated the CO₂ impact of each supplier Made requests to 25 major suppliers in Japan to cooperate with setting CO₂ reduction targets 	<ul style="list-style-type: none"> Make requests to suppliers to cooperate with setting CO₂ reduction targets and support CO₂ reduction measures
	Resource recycling	<ul style="list-style-type: none"> Develop environmentally conscious design mechanisms to improve resource recycling in product lifecycles Waste recycle rate: 85% Improve water use efficiency (compared to FY2023) 	<ul style="list-style-type: none"> Rebuilding of measures for environmentally-conscious products 	<ul style="list-style-type: none"> Set major items for environmentally conscious products and formulated a response plan Adopted eco-designs for packaging materials and implemented measures to digitize instruction manuals Waste recycle rate: 84% Water use efficiency: Improved by 2.8% 	<ul style="list-style-type: none"> Implement measures in line with the environmentally conscious product response plan Waste recycle rate: 86% Improve water use efficiency (compared to FY2023)

Details : Environment: <https://www.olympus-global.com/csr/environment/>
 Environmental Health and Safety Policy: <https://www.olympus-global.com/csr/effort/activity/principle.html>

Targets and Achievements for GHG Emissions and Renewable Energy Rates

Internal (Scope 1, 2) Results

The Olympus Group is working to reduce GHG emissions by promoting the introduction of renewable energy at our operation sites while continuing to promote manufacturing improvement activities and energy-saving measures. In addition, at sites where energy use is high, we are promoting initiatives by appointing our own experts and establishing a system to promote energy conservation.

In fiscal year 2024, continual improvements in manufacturing, energy-saving measures, the updating of company cars to environmentally conscious cars, and the use of renewable energy were implemented at our sites around the world. As a result of these initiatives, GHG emissions in fiscal year 2024 were 51% lower than in fiscal year 2020 (compared to 46% in the previous fiscal year), and the renewable energy use rate vis-à-vis the total electric power consumption increased substantially to 78% (compared to 72% in the previous fiscal year).

As part of major initiatives, we promoted energy conservation, which included reducing energy loss by using air leakage measuring instruments to identify air leaks and implementing countermeasures at each manufacturing site in Japan. Aizu Olympus underwent an energy conservation audit conducted by external specialists to help it uncover energy-saving measures that would be difficult to detect in-house.

External (Scope 3) Results

The Olympus Group ascertains and calculates GHG emissions throughout the entire supply chain for each category and is taking action to reduce GHG emissions in the entire supply chain through green procurement, improvement of logistical efficiency, development of environmentally conscious products, and other measures. Scope 3 GHG emissions account for 90% or more of all Olympus Group supply chain GHG emissions (Scope 1, 2, and 3). Among Scope 3 emissions, the percentages of upstream GHG emissions from purchased goods and services (category 1), capital goods (category 2) and upstream transportation and distribution (category 4) are extremely high.

For this reason, the Olympus Group has set a short-term target, for Scope 3 alone, of having 80% of our suppliers set science-based greenhouse gas reduction targets by the fiscal year 2028 (based on emissions from purchased products and services, capital goods, and transportation and distribution) and is promoting initiatives in this area, toward achievement of our long-term target of net zero GHG emissions by 2040.

In fiscal year 2024, we address purchased goods and services (category 1), capital goods (category 2), and upstream transportation and distribution (category 4) by analyzing and evaluating the impact of CO₂ for each supplier with which we do business, and are furthering the following initiatives, with around 30% of our suppliers having completed or committed to setting science-based targets for GHG reductions.

	Results					Targets	
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2031
Greenhouse gas emissions (Scope 1, 2)	—	Reduced by 11% compared to FY2020	Reduced by 12% compared to FY2020	Reduced by 46% compared to FY2020	Reduced by 51% compared to FY2020	Reduce by 60% compared to FY2020	Achieve carbon neutrality
Renewable energy rate	19%	21%	23%	72%	78%	85%	100%

Roadmap for Achieving Net Zero Emissions*5

Milestone	FY2020 (baseline year)–FY2026		–FY2031		–FY2040
	FY2024: Obtain SBT certification		FY2031: Scope 1, 2 carbon neutrality		FY2040: Scope 1, 2, & 3 net zero
Main KPI	Scope 1, 2	<ul style="list-style-type: none"> Reduce GHG emissions by 65% (FY2026) 	<ul style="list-style-type: none"> Reduce GHG emissions by 70% compared to the baseline year by FY2031*6 Introduce 100% renewable energy at our operation sites by FY2031 		GHG emissions throughout the supply chain (Scope 1, 2, & 3): achieve net zero*6
	Scope 3	<ul style="list-style-type: none"> Set GHG reduction targets that satisfy the SBT criteria for 80% of our supply chains by FY2028*6 (on the basis of emissions for purchased goods and services, capital goods, and upstream transportation and distribution) 			
Main measure	Scope 1, 2	<ul style="list-style-type: none"> Improve manufacturing and transportation processes to raise energy efficiency and continue daily energy conservation measures Switch from LPG and LNG fuel to lower carbon energy sources and switch company cars to electric vehicles Expand introduction of renewable energy 			<ul style="list-style-type: none"> Continue renewable energy and energy conservation measures Introduce new technologies and new energy
	Scope 3	Set GHG reduction targets for suppliers, request that they take action, and perform regular monitoring of and provide support for their efforts			
	Scope 1, 2 & 3	Procure carbon credits			

*5 We plan to periodically update the roadmap for achieving net zero emissions, taking into consideration scientific advances, regulations, and other factors.
 *6 Subject to SBT certification

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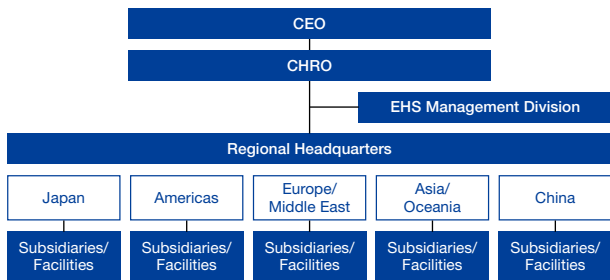
Response to Climate Change (Information Disclosure in Line with TCFD Recommendations)

Olympus 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 Task Force on Climate-Related Financial Disclosures (TCFD) in May 2021. According to the TCFD's Recommendations, we will disclose 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 Chief Human Resources Officer (CHRO), 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) was appointed and set targets for the ESG field including GHG emissions in the medium- to long-term business plan to promote ESG initiatives by the Olympus Group.

Environmental Management Structure



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 the 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: RCP 8.5 (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 GHG emissions regulations. Although such climate change risks could affect our company 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 that 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.

Risk Management During the company 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.

Indexes and Targets The Olympus Group received certification from the SBTi that our net zero target and short-term targets are consistent with the 1.5°C target in October 2023.

Targets Certified by SBTi

Net zero target	<ul style="list-style-type: none"> • Achieve net zero GHG emissions (Scope 1, 2, and 3) throughout the entire supply chain by FY2040
Short-term targets	<ul style="list-style-type: none"> • Reduce GHG emissions (Scope 1 and 2) by 70% compared to FY2020 (baseline year) by FY2031 • 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)

	Social change, impact on business	Main initiatives
1.5°C scenario	<p>Transition risks: Expanded regulation or increased obligations concerning existing products, business activities, and information disclosures, Expanded carbon taxes and emissions trading, Reduction of sales opportunities if the transition to low-carbon manufacturing methods and materials is delayed, Increased costs for energy including fuel needed for business activities as well as raw materials and logistics, Impairment of stakeholders' assessments or the Group's reputation with stakeholders due to inadequate responses to environmental issues</p> <p>Opportunity: Lower costs for raw materials and waste as a result of reviewing products and packaging, 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, Improved market competitiveness due to development of environmentally conscious products, Improvement of stakeholders' assessments or the Group's reputation with stakeholders due to promotion of environmentally conscious products, Expansion of business that ensures adaptability to climate change</p>	<p>Promote environmentally conscious designs for products, packaging materials, etc., 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, Improve manufacturing processes and logistics efficiency, Investigate measures to improve resource circulation through the product lifecycle (product recovery and recycling), Expand and enhance measures to address environmental issues and proactively disclose information</p>
4°C scenario	<p>Physical risks: Disruption of supply chains due to more severe natural disasters, Higher air conditioning costs due to rising average temperatures and lower labor productivity due to changes in the physical condition of employees</p>	<p>Secure structures for cooperation with suppliers (continuously conduct education and training to enhance the effectiveness of BCP), 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</p>