

Overview of the CSR Report

Editorial Policy

The Olympus Group started issuing its "Environmental Report" annually from 2000. In 2005, the Group redesigned the report and began issuing it as our "Corporate Social Responsibility Report," with enhanced reporting on the governance and social aspects of its activities.

This year's report describes the CSR activities performed throughout our business activities, written in line with the Olympus Group Corporate Conduct Charter (p. 5). The main points of each chapter are summarized below:

Report Digest:

Special feature articles are reported as "Report Digest" to clearly familiarize readers with the CSR philosophy and activities of the Olympus Group.

- The Report Digest comprises "Social Responsibility of the Olympus Group," "Summary of Business," (economics report) "Major Performance of Social and Environmental Activities," and "Special Features." Special feature articles introduce 4 particular cases that exemplify the CSR philosophy of the Olympus Group.

Policies for Corporate Activities (Social Report):

- Sound Corporate Activities: reports on our relationships with stakeholders (interested parties), and corporate governance.
- Act on Behalf of the Customer: reports on the approaches involved with our customers.

Involvement with People (Social Report):

- Respect for Human Rights: reports on working with our customers, business partners, and employees without discrimination.
- Working Environments with Vitality: reports on consideration for the personalities, safety, and health of individual employees.

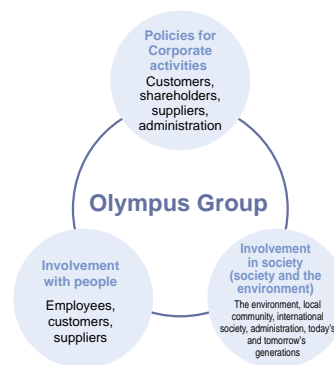
Harmony with the Environment (Environmental Report):

Reports on approaches to environmental issues in our business activities, and the "Environmental Basic Plan 2006," which is a medium-term plan for environmental management.

Good Relations with Community (Social Report):

Reports on cooperation with local communities and approaches that contributed to social progress.

■ Corporate Social Responsibility Report and major stakeholders



To prepare an accurate, easy-to-understand, and highly transparent report, and thus improve the reliability of the report, this report was verified by an independent third-party (p. 57).

Reference guidelines

- GRI (Global Reporting Initiative) "Sustainability Reporting Guidelines 2002"
- Ministry of the Environment, Government of Japan, "Environmental Report Guidelines (FY2003)"
- * A comparative table for the GRI Guidelines and a comparative table for the Ministry's Guidelines can be found on our web site. [▶WEB](#)
- Ministry of the Environment Government of Japan, "Environmental Accounting Guidelines (FY2005)"

Main Scope of the CSR Report

Period: April 1, 2005–March 31, 2006

Data:

- Economic report: Olympus Corporation, consolidated subsidiaries, and affiliated companies
- Social report: Olympus Corporation, Olympus Imaging Corp., Olympus Medical Systems Corp.
- Environmental report:
 - <Japan>
Olympus Corporation, Olympus Imaging Corp., Olympus Medical Systems Corp., Aomori Olympus Co., Ltd., Aizu Olympus Co., Ltd., Olympus Opto-Technologies Co., Ltd., Mishima Olympus Co., Ltd., Shirakawa Olympus Co., Ltd., Okaya Olympus Co., Ltd., Olympus Logitex Co., Ltd.
 - <Overseas>
Olympus (Shenzhen) Industrial Ltd. (China), Olympus (Guangzhou) Industrial Ltd. (China), Olympus Winter & Ibe GmbH (Germany), Olympus Life and Material Science Europe [Irish Branch] (Ireland), KeyMed (Medical & Industrial Equipment) Ltd. (U.K.), Olympus America Inc. (USA), Olympus Medical Equipment Service America Inc. National Service Center (USA)

* The philosophy and policies of the Olympus Group apply to our consolidated subsidiaries, excluding ITX Group, but the schemes, measures, and data used herein only concern the organizations mentioned above in the main scope of the CSR Report, unless otherwise stated. ITX Group is not included in the CSR report except special cases, because the ITX Group and Olympus Group are currently in the process of coordinating their CSR policies.

* The scope of the data is the same as that in the "Olympus Corporate Social Responsibility Report 2005," but this report is different in description. When data of companies other than the above is described with the object of actively disclosing information to stakeholders, the data is separately explained.

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CSR report and detailed Web site information

The **WEB** symbol

To clarify the entire picture of Olympus Group activities, the "WEB" symbol shown in this report indicates the internet sites where associated information and case examples are provided as supplementary materials. (Supplementary materials are listed on the reverse of the questionnaire attached to this report.)

For information indicated with **WEB**, refer to the supplementary materials on our web site.

Link to supplementary WEB information.

Refer to the following URL for a list of supplementary WEB information, which will be released at the end of October 2006.

<http://www.olympus.co.jp/en/corc/csr/wdata/>






* Please contact us (CSR Department or Environmental Development Department) when you are unable to access the Web site even after the disclosure of the information.

Symbols used in the report

Footnote:

Explanatory comments given at the bottom of the page.

Symbols to explain the business activity of each site:

-  Sites for manufacturing products, such as plants
-  Sites for basic research and technology development for products
-  Sites for storage and distribution of products
-  Sites for product sales and marketing
-  Sites for repairing and servicing products

Information on group companies:

Describes information on group companies outside the main scope of the CSR report

Symbols indicating the scope of the CSR report:

-  Japan's production sites
-  International production sites

Message from the President



Olympus Group creates and proposes new values to society through its businesses. With its “Social IN” management philosophy, Olympus strives to be a responsible and integral member of society while sharing common values.

Our founder had manufactured microscope in Japan with strong passion that would contribute to medical development. The world’s first gastroscope was also created thanks to the enthusiasm of developers who listened to doctors hoping to save the lives of patients with stomach cancer. We need to hand down this “customer-oriented DNA” inherited from our predecessors to offer further value and fulfill our corporate social responsibilities for the next generation.

Our basic idea has always been that a win-win relationship with the various stakeholders involved—customers, shareholders, vendors, employees, and local communities, as well as the global environment—will allow us to achieve sustainable growth and create new value through our business. Our corporate slogan, “Your Vision, Our Future,” symbolizes our corporate desire to achieve our goals and build a better future with all stakeholders.

Through the United Nations’ Global Compact initiative, participating organizations, including Olympus, aim at achieving sustainable development of society by implementing ten principles in the areas of human rights, labor standards, the environment, and anticorruption. The Olympus Group, having incorporated these ten principles into its corporate activities, is actively working for resolution of social and environmental issues. One example is the participation in the national initiative “Team Minus 6%”*: this campaign aims to achieve Japan’s 2012 greenhouse gas reduction target of 6% below 1990 levels under the Kyoto Protocol. In December 2005, we released details of our procurement policy, which places importance on legal and ethical compliance, human rights, labor standards, and the environment, asking our suppliers for cooperation. This aims at expanding Corporate Social Responsibility (CSR) to our suppliers in order to contribute to the sustainable development of society through mutual cooperation.

To fulfill CSR in our daily activities, Olympus incorporated CSR in our midterm business plan, starting from fiscal 2006. Considering CSR as one of our crucial responsibilities, we will continue to make our best efforts in all aspects of the economy, society, and the environment by steadily implementing the necessary measures.

This CSR Report serves not only to report our CSR activities, but also to encourage all members of the Olympus Group to further strive to realize corporate social responsibility themselves. We will be very pleased to receive any comments that you may have about the report or the Olympus Group.

June 2006

A handwritten signature in black ink, appearing to read 'T. Kikukawa'.

Tsuyoshi Kikukawa
President
Olympus Corporation

* “Team Minus 6%” is a national initiative, launched in Japan, to help resolve the global warming issue, in which Japan has committed to the world that it would reduce its greenhouse gas emissions by 6% from a 1990 baseline. Olympus facilities in Japan have been participating in “Team Minus 6%” since July 2005 to achieve this target.

Social Responsibility of the Olympus Group

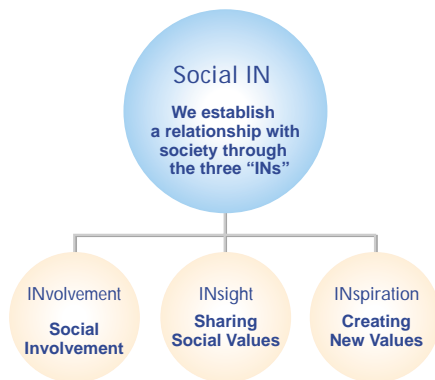
Olympus was founded on the desire to produce Japanese-made microscopes that can contribute to the development of medicine. ▶ **WEB** In our “Social IN” management philosophy, formulated in 1994, we declared our determination to strive to realize better health and happiness for people by being integral members of society, sharing common values, and proposing new values through our business. Our corporate social responsibility (CSR) is based on this “Social IN” philosophy.

▶ **WEB** <http://www.olympus.co.jp/en/corc/history/>

The “Social IN” Management Philosophy and “Your Vision, Our Future” Corporate Slogan

The Olympus Group regards the “Social IN” management philosophy as the starting point of management thought. This means that we strive to realize better health and happiness for people by being integral members of society, sharing common values, and proposing new values through our business. The “Social IN” philosophy will become a tangible power in realizing people’s dreams when the philosophy is reflected in individual products in a discernible manner. Moreover, what Olympus promises is “Your Vision, Our Future,” which has been developed as an international corporate slogan. In other words, the essence of Olympus is the power to create a vision and realize the future. Our international corporate slogan “Your Vision, Our Future” reflects the essence of Olympus—a determination to continue living as an active member of society and the power to create a vision and realize the future for the benefit of all.

■ Management Philosophy of the Olympus Group



■ Corporate slogan

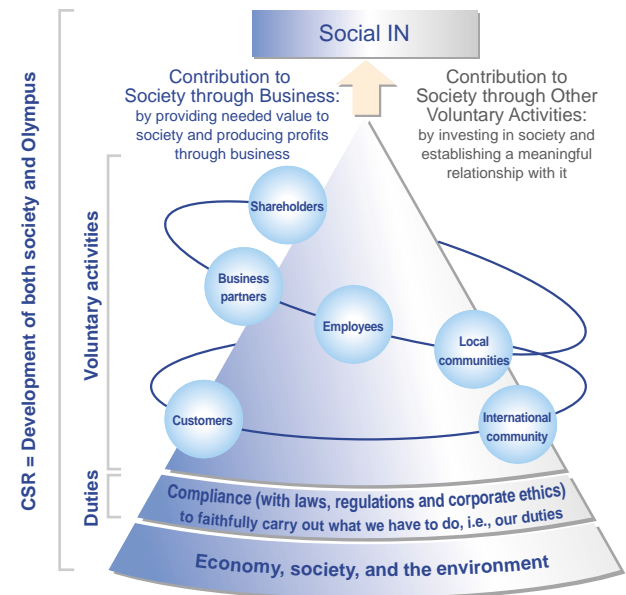
Social IN comes from Social Value IN the Company, a concept of incorporating social value into the Company’s activities. The philosophy is also based on the three INs of INvolvement, INsight, and INspiration defining the relationship of the Company and society.



Approach to CSR

Olympus has contributed to society in various ways even before it coined the phrase, “Social IN.” The business environment is constantly changing. Thus, the social values that Olympus needs to share with society gradually vary. Furthermore, the management and employees are changing, too. Under these circumstances of constant change, we are allowed to exist and be able to contribute to realizing people’s healthy and happy living by fulfilling our responsibilities to various stakeholders, namely our customers, shareholders, employees, local communities, and global environment. This is what we must never forget when we conduct business. Olympus’ approach to CSR lies in our effort to constantly evolve in our corporate activities always being aware of the philosophy. And it also lies in creating a system that allows us to continue evolving in that manner.

■ CSR concept of the Olympus Group



Olympus Group Corporate Conduct Charter and Code of Conduct

The Olympus Group Corporate Conduct Charter and Code of Conduct were established in September 2004 to apply the “Social IN” philosophy to daily business activities in order to fulfill CSR. The charter and code refer to the approaches to CSR the Olympus Group takes, including an approach to the environment.

List of Concepts and Policies Related to CSR

To implement measures for items in the Corporate Conduct Charter, the Olympus Group established the following basic principles, concepts, and policies.

Olympus Group Corporate Conduct Charter

Based on the fundamental concept of Social-IN and being fully aware of its responsibilities as a corporate member of society and as a company prized by people with various value systems around the world, the Olympus Group continues to provide value for our society in support of the livelihood and happiness of people all over the world. The Olympus Group, with a strong sense of ethics, engages in global corporate activities while strictly complying with relevant laws and regulations.

Policies for Corporate Activities

1. Sound Corporate Activities

With highly transparent management, the Olympus Group engages in sound and fair corporate activities based on laws and ethics through its relationship with all stakeholders, including customers, suppliers, shareholders, employees, and local communities.

2. Act on Behalf of the Customer

The Olympus Group provides safe, high-quality products and services that are meaningful to society and in tune with the demands of customers while taking sufficient measures to protect customer information.

Involvement with People

3. Respect for Human Rights

In all corporate activities, the Olympus Group prohibits discrimination based on race, faith, gender, age, social position, family lineage, nationality, ethnicity, religion, or disability as well as forced labor and child labor.

4. Working Environments with Vitality

The Olympus Group provides safe and healthy working environments to respect individuality and foster personal growth and offers value sought by society as its employees strive for skills and improve technologies.

Involvement in Society

5. Harmony with the Environment

Respecting people's safety and health and the effects of the environment on their lives, the Olympus Group contributes to a healthy environment and sustainable development through business activities and technological developments that are in harmony with the natural environment and society.

6. Good Relationship with the Community

The Olympus Group contributes to the development and improvement of local communities through respect for the cultures and customs of countries and regions in which it engages in business activities.

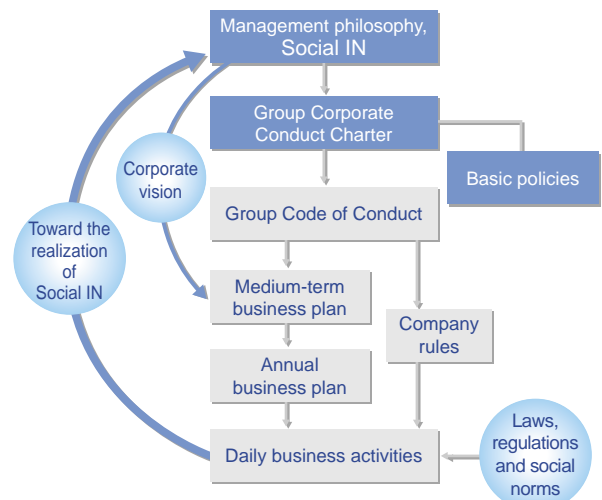
▶ **WEB** The Olympus Group's Code of Conduct can be found on the Olympus web site.

■ List of CSR-related basic policies

Items related to the conduct charter	Basic policies
Sound corporate activities	Information security policy Procurement policy
Act on behalf of the Customer	Quality philosophy
Respect for human rights	Human rights and labour policy
Working environment with vitality	
Harmony with the environment	Environmental principles

▶ **WEB** These policies (including extracts) can be found on the Olympus web site.

■ Relationship between management philosophy and daily activities



UN Global Compact

Olympus participated in the UN Global Compact in October, 2004. Olympus is the 22nd company in Japan to participate in the Global Compact.

The UN Global Compact was advocated by UN Secretary-General Kofi Annan, and officially launched at UN headquarters in July 2000. Participating corporations from around the world are required to support and comply with 10 principles in the areas of human rights, labor, the environment, and anticorruption. The principles of the Global Compact are incorporated into our Corporate Conduct Charter and Code of Conduct, we can carry them out while conducting business. Interaction and mutual stimulation with other Global Compact participants will also help us improve our actions toward social responsibility.

▶ Refer to the UN Global Compact web site for details of the Global Compact: <http://www.unglobalcompact.org/>

■ UN Global Compact



The Ten Principles

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

Establishment of the CSR Promotion Organization

In April 2004, Olympus launched the CSR & Brand Strategy Department as a companywide, lateral organization to promote its approach to CSR. The organization served to help Group members thoroughly understand the importance of fulfilling their social responsibilities, defined issues that Olympus needed to make its top priority, and promoted the approach in each department. In April 2005, we established the CSR Division, which supervises the CSR Department, Environment Development Department, and Corporate Quality Assurance Department. Also, we redoubled our efforts under the leadership of the CSR Division manager. In April 2006, the CSR Division was divided into the CSR Division and Quality Environment Administration Division. The Quality Environment Administration Division is to oversee management in terms of quality and the environment.

Corporate Brand and CSR

Olympus has been advocating “Brand-focused management” since 2002. It has been striving to enhance its brand value and has been eager to establish win-win relationships with all the stakeholders. Our corporate slogan “Your Vision, Our Future” also symbolizes our corporate philosophy that we build a better future with all the stakeholders. We believe that the Olympus Group’s efforts in CSR will nurture trust in and sympathy to the Olympus Group, reinforce the corporate culture, and eventually help the Olympus brand enhance its value. We also believe it will help the employees of the Olympus Group realize the importance of working with the world’s leading brand and act according to the value of the brand, ultimately reinforcing CSR efforts. ▶WEB

▶WEB <http://www.olympus.co.jp/en/corc/profile/>

■ Relationship between brand value improvement and CSR



Business Summary of the Olympus Group

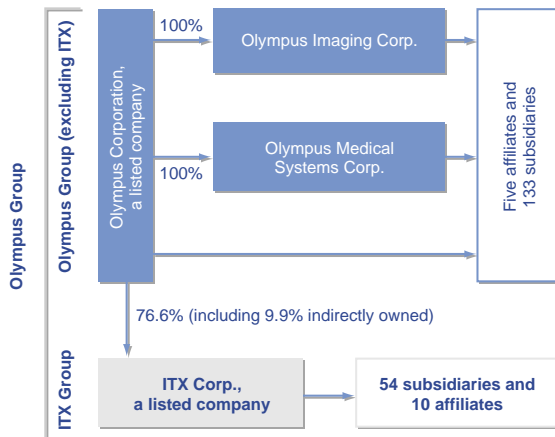
Under the stewardship of Olympus Corporation, the operating holding company, the Olympus Group carries out its international business independently to provide added value to all over the world.

Outline of the Olympus Group

Three Core Corporations and the ITX Group

The three mainstays of the Olympus Group are Olympus Corporation (operating holding company), Olympus Imaging Corp. (imaging business), and Olympus Medical Systems Corp. (medical business) together with their approximately 140 affiliates and subsidiaries. Olympus Corporation acquired a major stake in ITX Corporation, a listed corporation with about 60 affiliated companies, and included it as a consolidated company in October 2004. The Olympus Group is therefore a combination of Olympus Group companies and ITX Group companies.

■ Group Organization Map



* The percentages shown here are those of the ownership of voting rights.

This CSR Report mainly covers Olympus Corporation, Olympus Imaging Corp., and Olympus Medical Systems Corp. and describes other affiliated companies whenever necessary. ITX and its group companies are not covered in this report unless especially needed. Refer to page 1 for details.

Overview of the Three Mainstays of the Group

(as of March 31, 2006)

Olympus Corporation

Established	October 12, 1919
Head office	Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan
Business lines	Manufacture and sale of precision machinery and instruments
Capital	¥48,331 million
Total number of employees (consolidated)	33,022
Number of employees (Olympus Corporation only)	2,886
Consolidated net sales	¥978,127 million
Consolidated total assets	¥976,132 million (including ¥290,656 million in equity capital)

Olympus Imaging Corp.

Established	October 1, 2004
Head office	Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan
Business lines	Manufacture and sale of digital cameras, film cameras, and voice recorders
Capital	¥11,000 million
Number of employees (Olympus Imaging Corp. only)	813

Olympus Medical Systems Corp.

Established	April 27, 2004
Head office	Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan
Business lines	Manufacture and sale of medical endoscopes and other medical devices
Capital	¥1,000 million
Number of employees (Olympus Medical Systems Corp. only)	1,755

(Reference) ITX Corporation

Established	May 16, 1986
Head office	3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo 100-6014, Japan
Business lines	Investment and business incubation; sales of equipment and provision of services in the IT field
Capital	¥20,456 million
Total number of employees (consolidated)	2,841
Consolidated net sales	¥346,855 million

Main Business Bases

Production and Sales Bases around the World

The data shown here are as of March 31, 2006. The updated data and details are shown on our web site.

Japan

Locations of main offices and plants

Shinjuku-ku, Tokyo (Head Office)
 Hachioji-shi, Tokyo (Research and Development Center)
 Ina-shi, Nagano Prefecture (development and manufacture)
 Tatsuno-machi, Kamiina-gun, Nagano Prefecture (development and manufacture)
 Hinode-cho, Nishitama-gun, Tokyo (development and manufacture)
 Okaya-shi, Nagano Prefecture (development and manufacture)

Sales bases

Sapporo, Sendai, Omiya, Tokyo, Yokohama, Niigata, Matsumoto, Shizuoka, Tsukuba, Nagoya, Osaka, Kanazawa, Kyoto, Matsuyama, Hiroshima, Fukuoka, and Minamikyushu

Main manufacturing subsidiaries

Olympus Opto-Technologies Co., Ltd.
 Aizu Olympus Co., Ltd.
 Shirakawa Olympus Co., Ltd.
 Aomori Olympus Co., Ltd.
 Mishima Olympus Co., Ltd.
 Okaya Olympus Co., Ltd.

Europe

Supervising subsidiaries

Olympus Europa GmbH (Germany)
 KeyMed (Medical & Industrial Equipment) Ltd. (U.K.)

Local companies and subsidiaries in

Austria, Belgium, Bosnia and Herzegovina, Croatia, The Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Macedonia, The Netherlands, Norway, Poland, Portugal, Russia, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland and United Kingdom

Major manufacturing plants (subsidiaries)

Olympus Winter & Ibe GmbH (Germany)
 KeyMed (Medical & Industrial Equipment) Ltd. (U.K.)
 Algram Group Ltd. (U.K.)
 Olympus Life and Material Science Europa GmbH (Ireland)

Americas

Supervising subsidiaries:

Olympus America Inc. (USA)

Local companies and subsidiaries in

United States, Canada, Mexico, and Brazil

Major manufacturing plants (subsidiaries)

Olympus NDT Canada Inc.(Canada), R/D Tech Instruments Inc. (USA)

Asia and other regions

Supervising companies

Olympus (China) Co., Ltd. (supervising company in China)

Local companies and subsidiaries in

Australia, China, Hong Kong, Malaysia, New Zealand, The Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam

Major manufacturing plants (subsidiaries)

Olympus (Beijing) Industry & Technology Ltd. (Beijing)
 Olympus (Shenzhen) Industrial Ltd. (Shenzhen)
 Olympus Optical Technology Philippines, Inc. (Cebu)

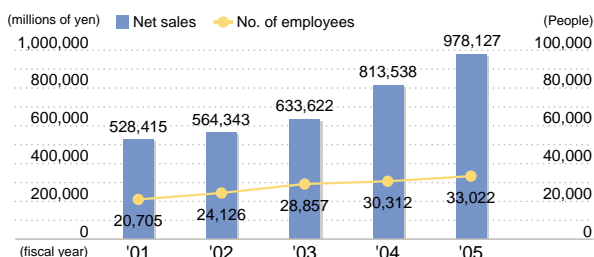
Major Data on the Olympus Group

Changes in Performance and Number of Employees

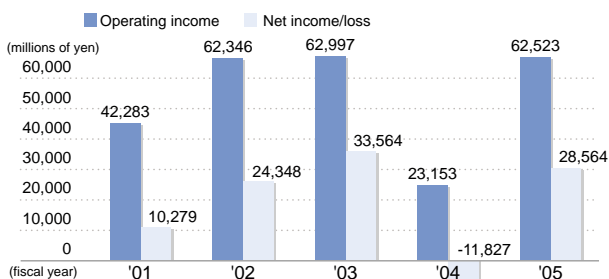
Consolidated net sales in fiscal 2005 recorded an increase in the 12th consecutive term. Business profit exceeded those in the previous term thanks to a solid increase in the medical business and a turn-around in the image business.

►WEB <http://www.olympus.co.jp/en/corc/ir/>

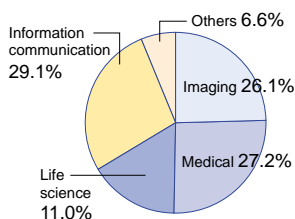
Consolidated net sales and number of employees



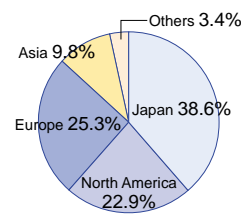
Consolidated operating income and net income/loss



Consolidated net sales ratio in fiscal 2005 by field



Consolidated net sales ratio in fiscal 2005 by area



* The above consolidated figures include those of ITX Corp. from the second half of FY2004.



Medical field



Imaging field



Industrial field



Life science field

The Olympus Group FY2005 Major Performance of Social and Environmental Activities

In fiscal 2005, the Olympus Group engaged in various social and environmental activities to cap the final year of its FY2002 Corporate Strategic Plan, achieving the results listed below.

We are currently making further efforts to achieve the newly established FY 2006 Corporate Strategic Plan.

	Priority measures in FY2005	Target	Performance
Sound Corporate Activities	Enhancing corporate governance	Improving managerial transparency	Selected two outside directors
	Establishing a framework to comply with laws and regulations	Developing the framework and familiarizing employees with measures	<ul style="list-style-type: none"> Established Compliance Department Opened a helpline Described the Corporate Conduct Charter and Code of Conduct in the employee's notebook Distributed compliance cards to all directors and employees in Japan
	Responding to the Act on the Protection of Personal Information	Developing the framework and familiarizing employees with measures	<ul style="list-style-type: none"> Developed and implemented an in-house management system based on personal information protection policies and rules Implemented e-learning directed to all of about 10,000 employees in Japan Established contact points
	Promoting CSR together with suppliers	Establishing a CSR-based procurement policy and requesting cooperation from Asian-based suppliers	<ul style="list-style-type: none"> Established our CSR-based procurement policy and requested cooperation from suppliers worldwide
Act on Behalf of the Customer	Innovating total quality on the basis of the implementation of customer-oriented management	Enhancing functions of group quality assurance	<ul style="list-style-type: none"> Continued quality inspections by top management Conducted usability evaluations as proactive measures against handling errors Test and Evaluation Center accredited as a medical electrical equipment safety laboratory
		Minimizing customer downtime	<ul style="list-style-type: none"> Implemented response-rate-improvement activities at call centers Introduced a pick-up service system to reduce distribution downtime
Respect for Human Rights/ Working Environment with Vitality	Revising the reemployment system for retirees	Revising our reemployment system for retirees so that it corresponds to the Law Concerning Stabilization of Employment of Older Persons	<ul style="list-style-type: none"> Revised and improved our reemployment system to provide job opportunities to all applicants who meet certain standards after retirement for effective use of senior employees Familiarized all employees with the reemployment system
	Promoting employees' health	Developing a health promotion environment through cooperation between the Company and the health insurance union	<ul style="list-style-type: none"> Launched the Olympus Good Health 21 operation
Harmony with the Environment	Accelerating the introduction of environmentally-conscious products onto the market	Fundamentally revising the process of manufacturing such environmentally-conscious products as Olympus eco-products	In all fields in which the Olympus Group operates, a total of 25 products were certified as eco-products and brought onto market, whereas in fiscal 2003–fiscal 2004, only 7 products were certified as eco-products in all fields.
	Implementing eco-facilities and environmentally efficient management	Implementing CO ₂ -reduction measures centering on energy savings	<ul style="list-style-type: none"> Participated in "Team Minus 6%", a national movement to prevent global warming Made efforts to reduce non-energy-related greenhouse gas emissions and succeeded in reducing emissions by approximately 1,000 t-CO₂ Improved the loading ratio in the distribution of goods and promoted environment- friendliness through a modal shift
	Promoting global environmental management	Obtaining additional ISO14001 certifications for the Group	<ul style="list-style-type: none"> Olympus Optical Technology Philippines, Inc. (Cebu, the Philippines), and Olympus Medical Equipment Services America, Inc., National Service Center (NSC) (California, United States), were certified.
Good Relations with Community	Releasing a CSR report, including sociality in the environmental report	Issuing the social environmental report	Issued the CSR Report 2005 and distributed it to all employees in Japan
	Reinforcing our Web site	Reinforcing the CSR and environmental activity web pages	Reinforced the web pages for CSR and environmental activities, history of Olympus, and activities
	Building a good relations with community	Implementing social contribution activities in accordance with the management philosophy	Implemented social contribution activities in accordance with social contribution policies

Relevant page	Evaluation*	Future efforts (challenges in FY2006)
P19	★★★★	Implementing continuous management reforms
P20	★★★	Enhancing the future education system and providing compliance awareness training to all directors and employees to familiarization
P20	★★★	Strengthening the personal information protection framework and continuing to provide education for all directors and employees
P38	★★★★	Establishing a cooperative framework through the survey of the CSR progress
P21	★★★	<ul style="list-style-type: none"> Innovating individual process qualities regarding development, manufacturing, and services and enhancing the cultivation of human resources Implementing management based on the voice of customers (VOC), which is directly connected to product improvement, product planning, and customer service improvement
P22	★★★	
P24	★★★	Initiating a study of how to introduce long-term careers and skill development support measures to actively make use of senior employees
P24	★★★	Establishing a framework to support more effective health promotion activities for employees
P33-34, P42	★★★	Making efforts toward continuous environment-conscious product design and manufacturing on the basis of extended producer responsibility
P39-41	★★★	Promoting environmentally efficient management, aiming to realize a sustainable society through our future business activities
P29	★★★	Actively operating the comprehensive environmental management system not only at production bases but also in operating activities, such as sales and services
P55	★★★	<ul style="list-style-type: none"> Reinforcing the content of the report by using our web sites Addressing comments received on this 2006 CSR Report Reinforcing the content of the CSR report by using our web sites to provide supplementary information
P48, P55-56	★★★	
P49-50	★★★	Implementing social contribution programs continuously

* ★★★★★: Target greatly exceeded, ★★★★: Target achieved, ★★★: Target partly achieved, ★: Target not achieved

* Refer to "Actual Activity Results in FY2005" on page 28 for details on activities regarding harmony with the environment.

IPLEX Series—Mission 1,000 Visits Reflecting the Voice of 1,000 Customers on Manufacturing Products

Industrial endoscopy systems are remote visual inspection systems using endoscopes. Two endoscopy systems launched in 2005, the IPLEX SAIL and IPLEX MX were developed through customer-oriented marketing activities and close dialogues with customers. Our sales people and engineers visited more than 1,000 customers to observe job sites where our endoscopy systems were used and ask customers' opinions about them, thus refining our products and systems into those with higher usability.



The IPLEX SAIL system, which boasts better usability and an IT-friendly environment, enables the user to operate the system easily from remote locations.

Visiting Job Sites to Verify a Hypothesis

Industrial endoscopy systems are instruments used to check the internal state of things or to view places that cannot be seen directly with the naked eye. Such places and things include water and sewerage pipes, aircraft engines, power plants, ancient tombs, and buildings that have collapsed due to earthquakes and other disasters. A conventional industrial endoscopy system consists of a separate power supply, light-source unit, scope, and display, all of which must be connected to each other by cables before using them according to the customers' business needs.

The IPLEX system, which was released in autumn of 2002, is an all-in-one endoscopy system, and its system—a concept was quite different from that of conventional systems.

“It is too much trouble for users to bring all the components to job sites and build a complete system by connecting them with cables. Therefore, we tried to develop an all-in-one system. This idea, however, had still been a hypothesis on the development side and not been verified in the field. Accordingly, we decided to visit our users along with the release of products.” (Saichi Sato, Development Group 2, IMS Engineering Department, IMS Business Division)

Immediately after the release of the IPLEX system, each member of the Engineering Department visited 20–30 job sites together with sales and marketing personnel. We asked users how their endoscopy systems were actually being used, what their needs were, and how they evaluated the IPLEX system. We tried to visit up to 1,000 users in Japan because it was a good target number. We also tried to visit 100 overseas users, making the total number of users visited 1,100. For example, we

paid door-to-door visits to users in some districts. We also paid walk-in visits whenever we had the time.

“The sales people wanted the engineers in the Engineering Department to listen to what customers had said because some of the customers thought highly of the IPLEX system but did not always buy it. Our visits with people in the Engineering Department helped us confirm actual customers' requirements” (Tsutomu Uemura, Marketing Group, IMS Marketing and Planning Department, IMS Business Division)

Results of 1,000 Visits Reflected in the IPLEX SAIL and IPLEX MX

We thoroughly listened to such local input and endeavored to reflect the results of our visits in the development of new products, which resulted in the development and release the IPLEX MX and IPLEX SAIL systems.

“They are not only products in which the customer's opinion is reflected but also products into which our suggestions for improvement



The IPLEX MX system was designed to meet the customer's need to carry the system on their backs. The system enables the user to move his/her hands freely, thus improving work efficiency.



Engineers find pleasure in designing and completing products. However, it is not until the products are delivered to customers and are greatly appreciated by those customers that engineers feel the actual pleasure of producing products. I wanted to share this pleasure with other people in charge of development.

Saichi Sato

Group Leader,
Development Group 2, IMS Engineering Department,
IMS Business Division, Olympus Corporation

were incorporated. These suggestions arose through the development process.” (Sato)

The products have three major features: network capability, improved image quality, and improved measurement accuracy. The wireless LAN capability allows one to confirm and operate the image even from a remote desk. Thus, there is no need for an expert to be sent to a job site. In other words, the system serves as an industrial version of distance medicine. Furthermore, the improved image quality and measurement accuracy enable the accurate observation of a damage in terms of size and degree within a measurement deviation of 3%.

In contrast, the IPLEX MX system was developed to meet the user’s need for the system to be used at higher locations or in narrow places. The compact, portable design of this innovative product allows the user to carry the system on the roofs of buildings, underground, and other areas.



Easy-to-operate, light-weight IPLEX MX system (4.4 kg, B5 size)

Implementation of Measures in Response to RoHS Directives and a Shift in Production

People in charge of production and customer services participated in the product planning of the IPLEX series from the development stage. Our aim was to create a product that was not only to delight the eye but also to have a well-designed internal structure so that it would be easy to assemble and service.

To concentrate the manufacturing of industrial products, production was shifted from Shirakawa Olympus and Aizu Olympus to Okaya Olympus in 2003. Yasushi Hara, in Manufacturing Group 2, was transferred to Shirakawa Olympus one year before the shift in production to oversee preparations. The timing coincided exactly with enactment of EU directive on the restriction of the use of six hazardous substances in electrical and electronic equipment (the RoHS Directive). Therefore, in addition to our efforts toward building a new production system, we continued to implement measures in response to the RoHS Directive.

“The number of parts suppliers reached 185 to complete the IPLEX system. In addition to asking all the suppliers to analyze the use of hazardous substances, we analyzed the use of our own hazardous substances to collect the necessary data. The substances and parts at pro-

duction sites are now under strict control in response to the RoHS,” says Tsuneo Yanagida from Technology Group 2, Okaya Olympus, who is actually in charge of the RoHS Directive.

Yasushi Hara, who is in charge of production, says, “The use of new soldering or plating methods leads to an increase in man-hours. Therefore, we needed to promote changes in the consciousness of individual workers in order for them to avoid handling errors concerning parts or making other mistakes.”

Sato also looks back on Mission 1,000 Visits as follows:

“The industrial endoscopy system evokes the image of something discreet, but it surely serves to support the social infrastructure in terms of quality and safety. It was really significant for our engineers to actually see this fact with their own eyes and, at the same time, realize that much of their work is directly connected to social contribution.”

After Mission 1,000 Visits, sales persons would often go out to work in combination with engineers. We hear growing calls for another Mission 1,000 Visits. Accordingly, the Sales, Engineering, and Production Departments will continue to make such effort together.



Thanks to network technology, you do not have to go to job sites. Furthermore, improved measurement accuracy enables everyone to carry out inspections and judge the situation. I think the IPLEX will help customers change their way of working.

Tsutomu Uemura
Deputy Manager,
Marketing Group, IMS Marketing and Planning Department,
IMS Business Division, Olympus Corporation



The IPLEX system requires some parts that can be manufactured only by trained technicians. Therefore, the entire production process for the system is done on a single floor. There is a trend in Japan of having sophisticated products designed and manufactured consistently in one place, and the IPLEX system is one such high-value-added product

Tsuneo Yanagida
Group Leader,
Technology Group 2, Okaya Olympus Co., Ltd.



The IPLEX system has many variations that depend on the customer’s purposes of use. We are not a build-to-order manufacturer, but we make efforts through dialogues to collect as much information as possible to meet customers’ requirements. We believe that we need to manufacture products carefully because for their price, one could buy an expensive car.

Yasushi Hara
Group Leader,
Production Group 2, Okaya Olympus Co., Ltd.

Olympus Guangzhou Communication and Educational Programs for 4,000 Employees

With its vast extent of land and the largest population in the world, China is rapidly growing. Therefore, Olympus (Guangzhou) Industrial Ltd. in China, has adopted "Human Resources as a Foundation" as its management philosophy and is actively striving toward the self-development and skill development of local employees.

Cultivation of Human Resources on the Basis of Compliance

Human resources can be listed as one of the major elements that support the development of the Chinese economy. China's population has now exceeded 1.3 billion, accounting for approximately 20% of the world's population. An increasing number of people migrate to coastal areas including Guangzhou looking for better jobs and income because many foreign companies are based on such areas. We can safely say that it is the Chinese labor power that supports the manufacturing of industrial products throughout the world.

Olympus Guangzhou has established a human resources development committee under the direct control of its president and is working to promote respect for human rights, improve health and welfare benefits, and provide intensive compliance awareness training (concerning laws and corporate ethics). Furthermore, we actively provide employees with opportunities to understand the company and its business, improve various skills and knowledge necessary for work, and promote friendship between employees. These things are regarded as a matter of course in Japan but not in China.

As might be expected, company rules were compiled in a handbook and distributed to all employees. To new employees, Olympus Guangzhou



More than 3,600 employees in total participated in training on the six S's and Corporate Philosophy. The Personnel and Administration Department videotaped these training sessions and showed it to new employees to further increase the effect of the training.



Olympus Guangzhou is a production base for digital cameras and voice recorders. The plant also manufactures the E-500 digital single-lens reflex camera (left) and the V-50 voice recorder (right).



Olympus (Guangzhou) Industrial Ltd. in Guangzhou, China (Pan Yu Facility)

offers training programs centering on company regulations and an outline of the company in terms of history and future. For example, company regulations include what is called the six S's: *Seiri* (Sifting), *Seiton* (Sorting), *Seiketsu* (Spick and Span), *Seisou* (Sweeping and Washing), *Soyou* (Sophistication), and Safety. The program helps to arrange things, keep the workplace orderly and tidy, accomplish tasks and objectives, and maintain safety. Our education and training programs include skill and management training for our employees so that they can acquire skills and knowledge necessary for work according to their length of service and job details. Furthermore, we provided suggestion boxes so that all employees can give their suggestions/opinions directly to our president.

Workplace Filled with the Energy of Young People with an Average Age of 23

At Olympus Guangzhou, we mainly manufacture digital cameras, film cameras, and voice recorders. Among its approximate 4,000 employees, there are only seven Japanese employees working for the company. Thus, Olympus Guangzhou is essentially run by local employees. Furthermore, most employees are very young (the average age of all employees is 23), and most of them are females. The above mentioned six S's are regarded as a matter of course in Japan. In



Every year, we conduct company-wide fire evacuation drills in November. Through the drills, employees learn not only how to escape in case of fire but also how to use fire extinguishers and fire hydrants.



Company rules and regulations, the welfare program, and the proper way to work are compiled in an employee manual (left) and delivered to each employee. In addition, we have prepared a guidebook for business travelers (right) so that they can quickly familiarize themselves to the environment.

China, however, we found it very important to provide training on the six S's to our employees as a basic rule in learning about manufacturing products.

In 2005, more than 3,600 employees participated in not only training on the six S's but also other training sessions dealing with the history and future of Olympus. These training sessions were recorded on video and distributed to new employees on CDs.

In addition, the company issues *GUANGZHISHEN*, its in-house magazine, and provides employees with the latest information about Olympus Group and Olympus Guangzhou over the intranet so that they can hold more meaningful exchanges with each other, express their concerns about company life to each other, and use the information for self-development. We think that smooth internal communication is quite important because we have a large family of about 4,000 employees.

Role of the Activating Committee

The Activating Committee, which consists of representatives of various departments, promotes various activities that concerns to enhance communication and self-development.

Such examples include end-of-the-year parties and New Year's garden parties, which are big events where almost all employees gather. At last year's end-of-the-year party, employees made ingenious plans and put in a lot of practice before entertaining us with various performances as well as games and a beauty contest. We really appreciated the efforts of the people who worked on planning these events because we knew it was a tough job to deal with a party of this size.

Another activity that we promote is our own photography contest to help employees' pleasures of photography using our products as well as to provide employees with an opportunity to actually experience the cor-

porate slogan, "Your Vision, Our Future." We held two photography contests in 2005 (spring and autumn). The first-prize photos were pieces of art with lyrical complexity and depth as well as a sense of humor, as shown in the pictures on the right. We interviewed the winners, who expressed their thoughts and responded with such quotes as, "I broadened my taste and enhanced my leisure activities," "I participated in this contest because I like photography; I shared this pleasure with other participants," and "By actually using the products, I learned a lot about the performance of Olympus cameras; I think I improved my camera techniques."

In June 2005, we held an essay contest under the theme "Olympus and I." We received many essays that gave a vivid picture of employees working at the plant.

Furthermore, at the end of 2005, five employees who made a positive impression on Olympus were selected and commended. Candidates were first recommended by the department to which they belong. Then, we shortened the list of candidates through the processes of performance lectures and selection by the Activating Committee. Finally, individual department heads chose five award winners from among the remaining candidates. They were commended and presented with a Certificate of Honor by our president for their achievements (e.g. good working attitude, a long length of service, quality management, and IE▶).

These activities are expected to provide individual employees with an opportunity to enhance their capabilities, deepen communication, foster teamwork, and provide incentives, thus leading to the creation of a corporate culture.

▶ IE = Industrial engineering (IE) means technology to efficiently conduct production activities combining human resources, materials, and equipment.



Our photography contests provide employees with an opportunity to use our products. First-prize winner of the first contest, *Blue Cadence* (top), and first-prize winner of the second contest, *Carrying a Mountain* (bottom).



New Year's garden party in fiscal 2006, held on January 15, 2006. Employees enjoyed games and contended for a prize, enjoying themselves tremendously in the process.



The quarterly issued company magazine, *GUANGZHISHEN*, introduces the corporate culture and in-house movement.

Five employees who made a positive impression on Olympus in fiscal 2005 and received a commendation from our President. From left to right, Tèchéng Lí (IE Improvement, Production Technology Section, Manufacturing Department), Liūjuān Cài (Assistant Manager, Material Section, Manufacturing Department), Yāngqīng Cài (Team Leader, Tape Recorder Manufacturing Section, Manufacturing Department), Wǎnmín Cài (Assistant Manager, Camera Manufacturing Section, Manufacturing Department), Yǒngjiàn Cài (Manager, Mounting Technology Section, Manufacturing Department)

Dispersion Staining Objective Lenses Used in Investigating Asbestos-Containing Materials Contributing to the Elimination of Harmful Substances through Business Activities

Asbestos has been used as insulating material in various applications, such as construction, electrical appliances, and automobile parts. Asbestos is a serious environmental issue and the focus of public concern because it can cause lung cancer and mesothelioma even if inhaled in small quantities. With exceptional speed, the pride of our engineers achieved the successful development and manufacturing of dispersion objective lenses that are essential in analyzing asbestos.



A microscope used in inspecting asbestos-containing materials; the microscope is capable of distinguishing asbestos in construction materials by its color, thus enabling shape recognition.

A Telephone Call That Triggered Development

Asbestos is a convenient but problem-causing material. Because it does not change its nature and excels in heat resistance and electrical insulation, asbestos was once called an ideal material and used in every possible application. However, asbestos stays in the lungs for a long time even if the amount inhaled was very small, ultimately causing such malignant tumors as cancer or mesothelioma. In December 2004, one of our telephone counseling centers received a call asking whether or not Olympus deals with a 40x dispersion objective lens.

“The Japan Association for Working Environment Measurement (hereafter abbreviated as JAWE▶), a corporate aggregate within the jurisdiction of the Ministry of Health, Labour and Welfare, was providing the industry with administrative guidance on the use of 40x dispersion objective lenses in investigating asbestos. Hence, the telephone call we received was from one of our customers. Because we already understood the necessity of 40x dispersion objective lenses, we conveyed the information to the Marketing Department and the Development Department.” (Takaaki Tanaka, Techno-Labo, Customer Support Department, IMS Division)

▶ JAWE: The only nonprofit public service corporation of Japan established in 1979 on the basis of Article 36 of the Working Environment Measurement Law as instructed by the then Ministry of Labour (the current Ministry of Health, Labour and Welfare) for the purpose of contributing to the improvement of measurements taken by three parties through an assemblage of experts in work environment measuring, working environment measurement agencies, and employers who perform working environment measurement using their own experts and maintaining the dignity of working environment measurement experts.

At the time, 10x dispersion objective lenses were available as separate orders but not 40x objective lenses. But, no practical move for 40x objective lens was initiated. On June 22, 2005, a notification on the methods of analyzing the percentage of asbestos in construction materials was given by the Ministry of Health, Labour and Welfare. The notification referred to methods of analysis using 10x and 40x dispersion objective lenses. Many asbestos problems were revealed with the asbestos health hazard in Amagasaki as a start. This issue became a major topic of public concern as it was reported daily in newspapers and on TV.

We were flooded with inquiries at our telephone support centers and customer service centers throughout the country. Many customers said, “We are using Olympus microscopes. We would very much like to use them in investigating asbestos.”

All Drawings Completed in Two Days

Tanaka immediately introduced the customer’s need to the Development Department. After confirming the high possibility of developing the lens, he contacted the person in charge at JAWE.

Then, the person JAWE replied, “We have been waiting for your call.” Thus, we had the chance to know exactly what was expected us in order to launch the product.



Demolition of old buildings will begin in earnest; thus, people will feel the need for on-site sample analyses instead of off-site analyses.

Takaaki Tanaka

Group Leader, Techno-Labo Group, Customer Support Department, MIS Division, Olympus Corporation



I think that people on the development side are expected to have such capabilities as being able to find out customers’ needs, go one step beyond, and incorporate their needs into production.

Katsuyuki Abe

Group Leader, Optical Development Group, MIS Development 1, MIS Division, Olympus Corporation



Many customers who conduct asbestos inspections are Olympus users. We found our work worthwhile because we can directly live up to customers’ expectations.

Ken-ichi Kusaka

Team Leader, Optical Development Group, MIS Development 1, MIS Division, Olympus Corporation

Engineers in the Development Department recognized the urgent necessity and immediately devised some design proposals and dashed off a set of drawings.

Katsuyuki Abe (Optical Development Group, MIS Development Department, MIS Division) noted that “an entire day is needed to think out an idea and another entire day to make up drawings. We made every effort to have it done as a top priority.”

It also normally takes about two months to prototype an objective lens. However, we managed to finish the work in a relatively short period of time. This is because we had time due to the efforts of Ken-ichi Kusaka, who was involved in the development of 10x dispersion objective lenses ten years ago, Kusaka was asked also at the request of JAWE. This 10x dispersion objective lens was the original model of our present 10x lenses available as separate orders.

“At the beginning, we got orders for a single product or two, although we had heard that orders would pour in. However, this story made me think that this was it.” (Kusaka)

There was a long prologue along the way to prototype an objective lens.

“We succeeded in developing a new 40x dispersion objective lens on the basis of the conventional 10x lens without major changes. So, I think it was not us but the people in the manufacturing department who had a really difficult time for manufacturing the products.” (Abe)

The Manufacturing Department Made Concerted Efforts to Strictly Keep to the Delivery Date

Ina Plant was in charge of prototyping, and engineers at Ina Plant managed to make three trial models in half a month. In late July, Tanaka visited JAWE with these models, which successfully cleared the quality test. However, one of the model lenses was found to be non-conformance because a glimmer of light leaked from a burr on a press-processed light shielding plate. Because the light shielding plate that prevents unnecessary light from entering the lens was a key component, engineers at Ina Plant made decided to abandon the press-processing method and switch to an etching method, which successfully solved the light-leakage problem. Even slight scratches,

minute dust particles, and a protrusion of adhesives could have been fatal because of the requirement for high precision.

We normally increase production in August and September because our fiscal half-year period ends in September. At Ina Plant, we established a special integrated production system, from procurement to manufacturing. Masayuki Akeo, of Technology Group 1, Ina Plant, MIS Division, scrambled for parts. Thus, we successfully delivered 150 lenses by the end of September and were able to finally produce 280 lenses by January 2006.

“Everybody in the workplace knew about the asbestos problem, and because they were aware of the fact that these lenses were to be used to analyze asbestos, they naturally felt compelled to meet the deadline.” (Yutaka Imai, Product Assembly Group, Ina Plant, MIS Division, Olympus Corporation)

“In fact, an excessive burden was placed on the general assembly line. However, we think it is a corporate responsibility to manufacture and provide the market with our microscopes as long as they are of assistance to not only customers in difficulty but also patients. (Hiroaki Hosoi, Technical Group 1, Ina Plant, MIS Division, Olympus Corporation)

The inspection procurement boom is now over, but the demolition of asbestos-containing buildings will start in full swing in the near future. We think that the newly developed dispersion objective lens will be used not only in asbestos analyses but also in hazardous substance inspections and environmental measurements.



Seminars are held in all corners of the country to familiarize people with how to make proper use of the asbestos microscope and how to analyze asbestos-containing materials.



I appreciate people in the Marketing Department because they provided us with accurate market information. We completed development within a fairly short period of time. We think our success was the result of good cooperation between the Marketing, Development and Manufacturing Departments.

Hiroaki Hosoi
Group Leader, Technology Group 1,
Ina Plant, MIS Division,
Olympus Corporation



We press-processed prototype light shielding plates, but one plate was found to be defective. To cope with this problem, we successfully changed this method to an etching and ebonol processing method.

Masayuki Akeo
Technology Group 1,
Ina Plant, MIS Division,
Olympus Corporation



The toughest part was the adhesive joining process of the light shielding plates. Experienced and skilled experts took care of the process. Once they study the ins and outs, they were sure to steadily manufacture products.

Yutaka Imai
Product Assembly Group,
Ina Plant, MIS Division,
Olympus Corporation

Olympus Latin America Steps Forward to Assist the Activities of Charitable Organizations

El Salvador is a small country in Central America with a population of about 6.7 million people who are living in an area about one-half the size of the Japanese island of Kyushu. El Salvador is a young country in the process of reconstruction, although it is now in an exhausted condition due to a long and protracted civil war. In October 2005, a brand-new Olympus videoendoscopy system for medical applications was introduced in a pediatric hospital in this country. This was achieved through collaboration between a local charitable organization and an overseas subsidiary of Olympus.



Ceremony of recognition. "OLA's contribution is not limited to the donation of the endoscopy system. It played the role of a magnifying glass that has brought the needs of the hospital to other people's attention," said Mrs. Sonia de Hosono, Representative of ABCD (rightmost in the picture).

Fourteen-year-old endoscopy system in a state of disrepair

Olympus videoendoscopy systems have been used at various medical facilities across the world on a daily basis for the early detection and medical treatment of disease. However, in countries or regions where medical care systems are insufficient, some people cannot enjoy the benefit of these cutting-edge medical instruments.

The "Benjamin Bloom" hospital, which boasts an 82-year history, is not only the national pediatric hospital of El Salvador, it is also one of the most important hospitals in Central America and it admits patients from neighboring countries including Guatemala and Honduras. The hospital is providing medical services to children from the poorest areas of the country. The total number of patients treated per year amounts to around 120,000.

The hospital has the mission to protect the health of those children who represent the future of the region. However, income from medical services covers only about 70% of the total administrative costs. Thus the hospital has been in chronic financial difficulties, which has prevented the hospital from purchasing or updating its medical instruments. The state of the endoscopy system at the hospital, introduced 14 year ago, seriously deteriorated and it was not in serviceable condition.

ABCD (La Agrupación Benéfica de Cónyuges de Diplomáticos), a charitable organization of the spouses of diplomats in El Salvador happened to know the actual situation at the Benjamin Bloom hospital,

and decided to donate a new medical instrument. However, the funds raised through donations were not enough to buy a new endoscopy system.

People opened the doors of their hearts

Unfortunately, negotiations with a medical instrument agency to buy a new endoscopy system with the existing amount of funds was unsuccessful. Therefore, Mrs. Sonia de Hosono, Representative of ABCD, directly approached Felix Salazar, OLA's Medical Systems Manager responsible for El Salvador at the time, to ask for a new endoscopy system within the amount of funds they had raised. After this approach by Mrs. Hosono, OLA decided to donate a new endoscopy system instead of selling it to them at a discounted price. Thus ABCD used the funds raised to buy aids and appliances for a bronchoscope, which was donated to the hospital. Accordingly, all the necessary endoscopy systems for gastroenteric and respiratory systems have been introduced into the Benjamin Bloom hospital.

"Fortunately, offers of donations from other companies followed the donation from OLA. This led to a 'chain reaction' of donations, as if the doors of people's hearts were opened," says Mrs. Sonia de



Donated EVIS EXERA 145 endoscopy system



Víctor Corzo
President of OLA

We will continue to look for the opportunities and to under-funded hospitals and help activities to provide patients who cannot receive sufficient healthcare with the highest levels of medical treatment.



Felix Salazar
OLA Endoscopy Group
OLA's Medical Systems Manager responsible for El Salvador

OLA is conducting business activities in areas where insufficient healthcare is provided. We considered that this was a good opportunity to make a specific contribution to the healthcare of children in Central America.

Hosono, looking back on the past. This was because other companies became aware of the needs of the hospital. In other words, OLA's conduct played the role of a magnifying glass that has brought the actual situation and the needs of the hospital to other people's attention. The Benjamin Bloom hospital is now making the most of the donated endoscopy system for diagnosis and medical treatment purposes.

Cutting-edge medical instruments as a next-generation standard

Endoscopic healthcare can contribute to early detection of disease and less onerous medical treatment, leading to alleviation of pain in patients and improvements in their quality of life.

At Olympus, we have spent a long time in developing and producing our endoscopy systems while cooperating with physicians who work at various medical facilities, and taking into account their needs. Furthermore, we try to make every effort to collect medical information including newly-discovered diseases and the latest diagnostic and medical treatment methods. We also try to collect information on related technologies so that we can apply them in our development. Thus, we continue to pursue cutting-edge technologies to bring new products to fruition. These newly-developed technologies will be implemented as the next-generation standard.

High-quality products with the latest technologies essentially tend to be expensive. However not all hospitals can afford them. Thus, the addition to our line-up of reasonably-priced standard models that guarantee quality and basic functions will make it possible for hospitals and physicians to make use of the products.

The EXERA 145 Series endoscopy system that was donated to the Benjamin Bloom hospital is a standard product that was produced as part of this development trend. Hidenobu Kimura, Scope 4 Group, Endoscope Development Department, Medical Research Development Division, who was engaged in the development of EXERA 145, expresses his thoughts as follows:

“It is almost impossible for us to go overseas to see with our own eyes where our endoscopes are being used. However, this story



Diagnosis with the donated endoscopy system (left) and outpatients department at the Benjamin Bloom Hospital (right)

helped to inform us of our ‘contribution to society,’ and encouraged us toward the next development of new products, because we have become aware of the fact that our technology is serving the healthcare of children as shown by this story.”

Aiming to raise the level of local healthcare as a social responsibility

With respect to the donation, OLA received a commendation from ABCD. OLA also received the gracious thanks of President of El Salvador.

There are many poor regions in the world where people can neither receive sufficient medical services, nor enjoy the benefits of recent medical care. “The donation has made us aware of the fact that we can have a significant effect on local communities. We think that these activities are one of the missions of Olympus and OLA and part of our social responsibility. We will also strive to support regions and medical institutions in which new technologies have not yet been introduced, and activities that help patients get the medical treatment they need ,” says Victor. Corzo, President of OLA.



Development of medical equipment requires cooperation with physicians. Thus we make our efforts to establish a trusting relationship with physicians. We also try to take into account their thoughts and feelings toward healthcare to the maximum extent so that we can develop better medical instruments.

Hidenobu Kimura

Team Leader, Scope 4 Group, Endoscope Development Department
Medical Research Development Division



We want to discover how we can use techniques such as image processing to support the discovery of lesions. When we meet new cutting edge technologies, we also want to apply them to the development of endoscopy systems.

Chikara Hirai

Team Leader, Imaging Units & Capsule Products R&D Department
Medical Research Development Division



We assign the highest priority to quality while maintaining and improving our production system for endoscopy systems so that our customers can safely make use of the instrument. We also feel the joy of producing products where we can contribute to medical development from the manufacturing sector.

Mutsumi Yoshikawa

Group Leader, Product Technology Group Development Department
Aizu Olympus Co., Ltd.



I am pleased to know that our products have contributed to the lives of people around the world. This is very encouraging for us as product developers.

Hiroyuki Saito

Team Leader, Development Group
Shirakawa Olympus Co., Ltd.

Policies for Corporate Activities

Sound Corporate Activities/Act on Behalf of the Customer: Creating an Efficient and Sound Management System

Continuously providing value to all stakeholders, including shareholders, requires not only the capability of swiftly developing strategies and putting them into action but also a peer review system that checks the decisions and actions of management and employees.

Business Governing Structure

Increasing operational efficiency and clarifying who does what

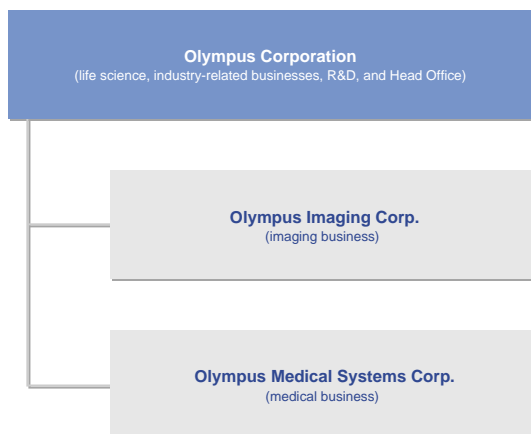
Effective October 1, 2004, the in-house groups engaged in the imaging business and medical business at Olympus were demerged to two separate companies: Olympus Imaging Corp. and Olympus Medical Systems Corp., respectively. Olympus Corporation assumes the role of strategic planner for the entire Group, Head Office, R&D, promotion of life science and industry-related businesses, and the promotion of new businesses.

This reorganization intends to further clarify who does what in business management to speed up decision making, establish a global and consistent business system that matches the characteristics of each business, and maximize corporate value.

Refer to our web site [▶WEB](#) for details.

▶WEB http://www.olympus.co.jp/en/corc/profile/o_top.cfm

■ Business Governing Structure

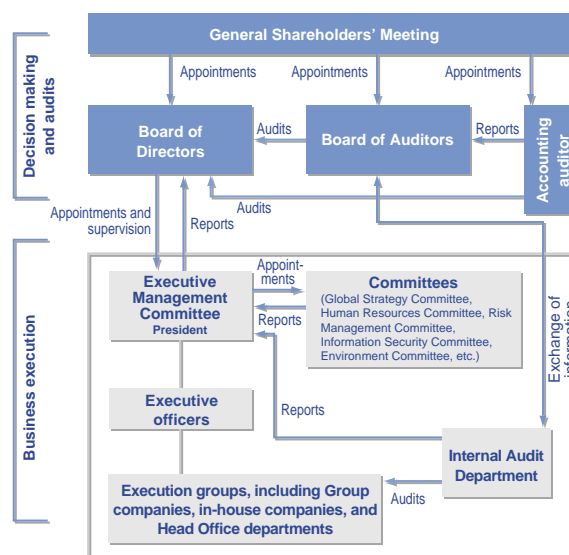


Business Management System

Quick judgment and appropriate checking

Besides the Board of Directors, Olympus has established the Executive Management Committee and Global Strategy Committee. The Executive Management Committee is in charge of promoting rapid decision-making in performing operations, whereas the Global Strategy Committee is in charge of executing global strategies and evaluating performance. The term of office for board members is one year, and their responsibilities are clarified at annual General Shareholders' Meetings through winning the confidence of attendees of the meetings. Furthermore, two outside directors have been selected and appointed to enhance supervisory functions. As of fiscal 2005, Olympus has 14 directors (including 2 outside directors) and 17 executive officers (including 8 who serve also as directors). Two outside auditors, who are among the four auditors, are assigned to ensure objective checking. Auditors are required to attend the monthly Board of Directors meetings, examine the financial state of the entire business as an independent organization that plays an important role in corporate governance, and regularly exchange information with the Internal Audit Department.

■ Corporate governance system



Promoting Compliance

Compliance with laws and regulations and corporate ethics

As a guideline for directors and employees to using high ethical standards when conducting business, the Olympus Group established the Olympus Group Corporate Conduct Charter [▶WEB](#) and Olympus Group Code of Conduct and worked out CSR-related basic policies [▶WEB](#). Various company rules and standards, a set of our own groupwide criteria, have also been established to guide the conduct of employees. In particular, as a corporation that offers products directly related to people's lives in the medical business, Olympus has the responsibility to always maintain the safety, quality, and services of those products at a high level and perform maintenance on rules and standards related to the Pharmaceutical Affairs Law. Olympus has established the Pharmaceutical Affairs Division to further enhance these systems. Messages from the president are sent to all employees every month through the network, and employees can send back e-mails to express their opinions directly to the president, thereby actively establishing a better communication system. In October 2005, Olympus established the Compliance Department and set up the Help Line to provide a consultation service to employees on issues of legal and ethical compliance. Compliance cards are distributed to all employees in Japan to further enhance their approach to compliance issues.

▶WEB Olympus Group Code of Conduct = <http://www.olympus.co.jp/en/corc/csr/compliance/conduct/>

▶WEB Basic policies = <http://www.olympus.co.jp/en/corc/csr/olycsr/philosophy/csrprinciples.cfm#houshin>



Employee notebook where the Conduct Charter and Code of Conduct are compiled.



Compliance cards distributed to employees

Protecting Information

Special importance on the protection of personal information

Olympus has established the Olympus Information Security Policy [▶WEB](#) to protect its information assets. Furthermore, Olympus has established the companywide Information Security Committee to properly manage information assets. Olympus has also established the Olympus Personal Information Protection Policy and company rules to protect personal information and implemented education through e-learning to all domestic employees as well as many overseas employees.

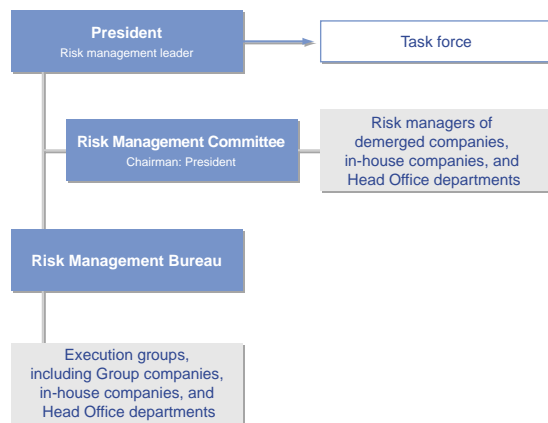
▶WEB Information security policy = <http://www.olympus.co.jp/en/corc/csr/compliance/security/>

Risk Management System

Special committee, headed by the president, supervises risk management

Corporations face a growing number of unexpected risks as a result of their expanding economic activities and changes in the social system and people's awareness. Therefore, Olympus has set up an emergency response system headed by the President to reduce daily risks and take proactive measures to prevent crises.

■ Risk Management System



Act on Behalf of the Customer: Developing Stronger Ties with Customers, and Providing Top-Quality Products and Services

Manufacturers should not neglect the provision of top-quality products and services that establish customer satisfaction, security, and confidence. All departments and employees of the Olympus Group are striving to focus on customer-oriented manufacturing and services by listening to its customers and having their comments reflected in products. Our goal is to hear our customers say “Olympus—the choice that couldn’t be more right.”

Olympus Group Quality Assurance System

Aiming for top quality

Every year, the Olympus Group defines major objectives and measures as part of improvement plans for its quality functions. These strategies are designed to effect Groupwide implementation of our quality philosophy.

Quality Philosophy

1. Realization of genuinely world-class “Total Quality” in all aspects of the organization.
2. Provision of the highest quality products and services to customers.

Core Principles

- (1) All actions to reflect a customer-oriented approach.
- (2) Develop “Win-Win” relationships with all partners.
- (3) Be disciplined in following the appropriate procedures and, in day-to-day operations, continuously strive for improvement, avoiding complacency.

The Olympus Group has set up a quality assurance department for each demerged company in the imaging and medical fields, as well as in-house business divisions, to offer high-quality products that its customers can use with confidence. At the same time, the Olympus Group has established the Quality Environment Administration Division, which oversees demerged companies and in-house business divisions from a customer’s view point to promote customer-oriented quality management activities.

To continuously improve these quality management activities, the President personally visits actual working sites worldwide to carry out periodic inspections, thus involving himself in quality inspection.

The Olympus Group has designated November as QS (Quality and Standardization) Month and holds Groupwide activities. All employees are given a copy of *Customer-Oriented Conduct*, a CSR handbook, to ensure that they are thoroughly aware of quality and customer-oriented conduct.

To ensure quality from upstream processes, or at the design and development stage, we are making efforts to make the most of our knowledge and enhance our approach toward QE (Quality Engineering) in addition to implementing many quality education courses for engineers in R&D departments.



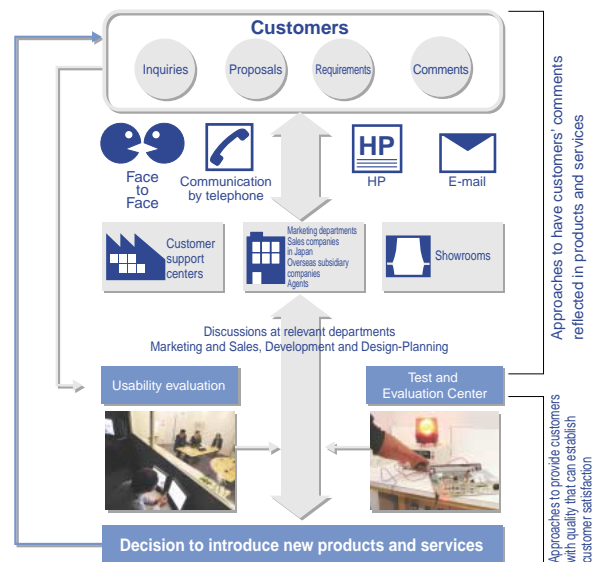
Customer-Oriented Conduct, a CSR handbook

Quality Control in Product Development

Reflecting customer feedback on products

Olympus improves customer satisfaction by promptly incorporating customers’ opinions in development, manufacturing, marketing, and after-sale service processes in an integrated manner.

■ Design and manufacturing that reflect customers’ comments on products



Approaches to have customers’ comments reflected in products and services

- Management of the rate of response to customers
To accept customers’ comments, each customer support center manages its rate of response to customers and works to improve it.
 - Response to customer’s inquiries
To surely respond to customers’ inquiries, we established the Database of Inquiries.
 - Examples of products and services created as a result of customers’ comments
 - Repair pick-up services (page 22)
 - Repair progress confirmation services (page 22)
 - Improved photo-taking guide for digital cameras
 - Making our products more compact, lighter and slimmer
- * Refer to ▶1 on page 22 for the rate of response to customers

Approaches to provide customers with quality that can establish customer satisfaction

- Usability Evaluation
Products are actually used by customers to detect possible operational errors and restrictions in use, thereby improving customer satisfaction.
 - Improvement in instruction manuals
 - Operability improvement in digital cameras
 - Test and Evaluation Center
Quality is checked at the development stage so that customers can use our products without trouble. The Test and Evaluation Center tests the safety of products in accordance with various international certifications, such as ISO/IEC 17025*. The Test and Evaluation Center was accredited the safety-testing laboratory for medical electrical equipment established within a company for the first time in Japan (as of August 17, 2005).
- * International accreditation standards for laboratories that show technical eligibility and capability with respect to tests and measurements, in addition to ISO 9001, which is an international standard of quality management

Customer Support System

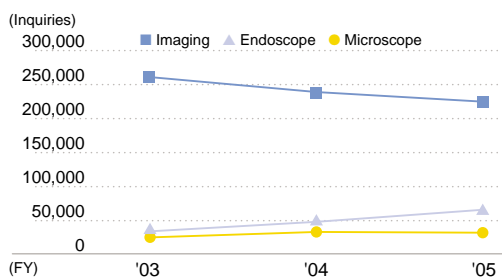
Responding quickly to inquiries

The Olympus Group has a system that can support customers according to product features. At the same time, we are making efforts to improve the rate of response to customers^{▶1} so as to enhance customer counseling functions in terms of customers and products in each field at the customer support centers and to enhance the customer-based response system.

Furthermore, we are cooperating with overseas subsidiaries and sales agents to globally maintain the inquiry and repair systems in each product field. Customers can refer to our web site to get appropriate information on where to contact us for their products in their regions.

▶1 Rate of response to customers: the probability that a customer's phone call to a customer support center successfully connects to an operator on the first try

Number of inquiries to customer support centers



Customer Response System in Japan

Product Fields	Customer Response System
Imaging field	<ul style="list-style-type: none"> •Assignment of personnel in charge of inquiries according to a time schedule Based on the conventional tendency of the number of inquiries and counseling, we predict the days and time when the number increases and assign telephone operators accordingly. •Carrying out various investigations to improve customer satisfaction Based on the results of questionnaires answered on our web site, we update the question-and-answers page on the web site and retrieval performance as needed. We regularly investigate customer satisfaction by telephone and e-mail and implement measures to improve services in preference to the ones that are low in satisfaction. We implemented in-house monitoring investigations of all operators to evaluate their skills in responding to customers and provided them with training to improve such skills. •Thorough visible management The telephone response rate, customer-response skills, scores of questionnaires, and other customer satisfaction-related items are digitized to promote thorough visible management.
Endoscope	<ul style="list-style-type: none"> •For development of customer-oriented activities, we use the following as our motto: "Now, the problem is solved. Thank you." •Development of a service system that can provide highly credible and safe medical instruments that customers can use with confidence We put emphasis on such technical inquiries as the ones related to the explanation of product handling and troubleshooting so that customers can use our products safely and with confidence. We have newly assigned experts who are knowledgeable in cleaning and sterilization as well as high-frequency equipment, in which customers have great concerns. •Promotion of business improvement based on customer feedback To reflect customer feedback in business improvement, <i>The Voice of the Customer</i>, an in-house report, is delivered to the managers of the Manufacturing, Development, and Marketing Departments and reported to the top management. As a result, instruction manuals, catalogs, and product labels are revised. Information disclosure methods by database are also improved.
Microscope	<ul style="list-style-type: none"> •Quality improvement in services at the customer information center Telephone operators endeavor to deepen their knowledge of products, thus improving customer satisfaction. Additionally, we established a call center system and plan to increase personnel. •Enhancement of our web site Revisions to and enhancement of our web site by providing richer content in a question-and-answer format allows customers to answer their own questions.

Repair System

In times of need

The Olympus Group has a repair system that optimizes the time and cost of the repair service, depending on the area and product.

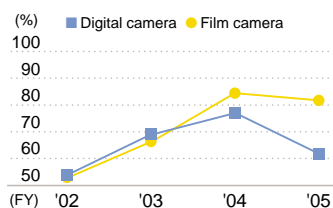
Imaging Field

The Repair Service Center at Okaya-shi serves as the repair plant for film and digital cameras in Japan. In Europe, repair centers are mainly located in Portugal, the Czech Republic, and Russia. In the U.S., a repair center is located in New York.

Okaya Repair Service Center (Nagano Prefecture)

Customers can request a service call through not only dealers and service centers but also our well-developed Repair Pick-up Service, which provides customers with a pick-up service. The staff, after receiving a call from a user, picks up the damaged product at the user's location and delivers it to the designated service center. Customers can also use the pick-up service on our web site to check the progress of the repair work, thus reducing the irritation that stems from waiting.

Percentage of repairs completed within the allotted time



* To increase the percentage of repairs completed within the allotted time and improve customer satisfaction through better face-to-face services, we are strengthening the functions of local service centers and trying to achieve a "one-day repair service" at the service center.

Medical Field

The Medical Service Operation Center Shirakawa (SORC Shirakawa) serves as the main repair plant for endoscopes in Japan. Repair centers are located in California in the U.S., and in Germany, France, and the Czech Republic in Europe under our centralized repair system.

SORC Shirakawa (Fukushima Prefecture)

At SORC Shirakawa, the management of repairs and rental equipment is unified to quickly troubleshoot what is wrong with the products and minimize downtime^{▶2}. Furthermore, we have set up the Replication Room for the Customer's Environment, which serves to reconstruct the trouble scene experienced by customers on a system similar to that used by customers, thus allowing us to efficiently identify the failure. We also welcome customers to our facilities, providing them with workshops on how to handle products, including precautions, using training facilities, thereby enhancing customer-based services.

▶2 Downtime: the length of time [a business is] interrupted or time in a resting phase; normal services cannot be provided to customers while in downtime.

Involvement with People

Respect for Human Rights and Compliance with the Law

Human rights need to be respected in corporate activities, which is a common understanding in modern society. However, it is still possible that human rights could be violated inside the Group without ever being noticed. To prevent such a situation from happening or to improve any environment in which it is likely to arise, respect for human rights needs to be officially stated as a part of our corporate policy together with a workable system of carrying out measures to prevent the violation of human rights and promote respect towards others.

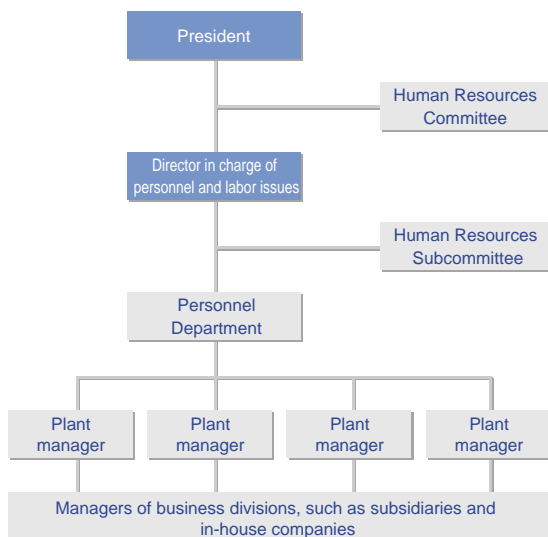
Human Rights and Labour Policy and the Global Compact

Respect for human rights officially stated as one of our basic principles

For years, Olympus has been actively engaged in creating a working environment where every employee can perform his or her best; respect for human rights, a varied sense of values, and individual personalities help totally develop human resources and maintain an organization that have with vitality—our guiding principle for personnel management—based on the Social IN management philosophy. In October 2004, Olympus participated in the UN Global Compact by officially stating its determination to support and implement the 10 universal principles in four areas, including human rights and labor. In March 2005, the new Olympus Human Rights and Labour Policy [▶WEB](#) was formulated for groupwide application to send a strong message of respect for human rights to all employees in the Group. In December 2005, Olympus Procurement Policy [▶WEB](#) was released in which we ask our suppliers to cooperate in respecting human rights.

- ▶WEB Olympus Human Rights and Labour Policy = <http://www.olympus.co.jp/en/corc/csr/compliance/human/index.cfm?ote=0>
- ▶WEB Olympus Procurement Policy = <http://www.olympus.co.jp/en/corc/procurement/procurement.cfm?ote=>

■ Organization of personnel and labor issues



* Personnel and labor issues are supervised by a director, with the president being the highest person responsible. If two or more subsidiaries and in-house companies exist in the same plant, a plant manager is assigned to each plant so that policies and measures concerning personnel and labor issues can be thoroughly conveyed and implemented.

Actions for the Prevention, Early Detection, and Resolution of Problems

Creating an energetic, rule-abiding workplace

● Workplace Management Handbook

Olympus gives a copy of the Workplace Management Handbook to each employee in a managerial position, and he or she is obliged to undergo manager training. The comprehensive guidebook imparts know-how and guidelines on how to make the most of each and every employee's abilities and have the organization function at its optimum. In addition, the book contains basic rules on labor management, including time management and obligations to ensure employee safety—both of which are in line with the labor law—as well as considerations to the mental health of employees.

The Sexual Harassment Guidebook is also prepared over the intranet so that all employees know how to handle it.



Workplace Management Handbook

● Employee Complaint Procedure

As part of the Employee Complaint Procedure, a consultation service has been set up in which women answer the complaints of female employees who have been sexually harassed. The consultants keep any information disclosed by harassed employees strictly confidential (such information is disclosed to no one without consent, not even to the manager of the employee filing the complaint) and take appropriate action to solve the problem. Consultants that deal with other labor problems are also available. If the matter cannot be resolved between the parties directly involved, it will be reviewed by a committee formed by representatives from the company and employees to either find a solution or eliminate the problem. These measures have been effectively implemented.

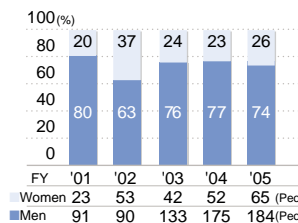
Diversity and Opportunity

Utilizing diverse human resources according to individual abilities

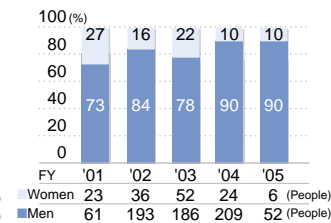
Equal Employment Opportunities for Both Sexes

At Olympus, there are no restrictions in deciding who to employ—whether for entry-level or midlevel employ whose salary to raise, or who to promote. We are always ready to employ and make use of unique human resources: people who are capable in specialty fields, have appropriate work ethics, and think in terms of an independent professional. As a result, more female employees have been appointed for managerial positions.

Employment for entry-level positions: Percentage of men and women



Employment for midlevel positions: Percentage of men and women



Employment of Foreigners

Our skilled human resources include foreign nationals. Many local corporations are headed by locals. Olympus Imaging Corp., one of the core companies of the Olympus Group, has two foreign directors out of seven in total, while Olympus Medical Systems Corp. has two foreign directors out of seven in total (as of March 31, 2006).

Employment of the Physically Challenged

At Olympus, there are 67 physically challenged employees who are a part of the workforce in various trades. The percentage of employees who are physically challenged is 1.07%[▶], which is, regrettably, under the statutory level of 1.8%. Olympus, having accepted this result seriously, developed active recruiting activities and made its workplace more accessible to the physically challenged. In addition, aiming to raise their employment ratio to the statutory level, Olympus established concrete improvement plan and started to expand it actively.

[▶]The number and percentage of physically challenged employees are the combined data of Olympus Corporation, Olympus Imaging Corp., and Olympus Medical Systems Corp. as of the end of March 2006.

Reemployment System for Retirees

In addition to an existing retirement system for those who reach the age of 60, Olympus introduced a reemployment system after retirement in 2001. At the time of introduction, nomination by Olympus was a requirement. In April 2006, in line with the revision of the Law concerning Stabilization of Employment of Older Persons, a new system started to reemploy all of those who wish to continue working unless they have serious problems in their evaluation and/or health. For those nearing retirement age, Olympus confirms whether they wish to be reemployed or not after a thorough discussion of the system. To

ensure that those who wish to be reemployed and qualified will get jobs, Olympus structured a new vocational development promotion system covering the entire Group in Japan.

Number of reemployed retirees

FY2003	FY2004	FY2005
16	16	9

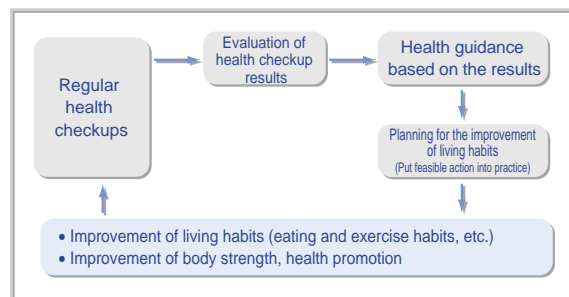
* Combined data of Olympus Corporation, Olympus Imaging Corp., and Olympus Medical Systems Corp.

Development of Health Promotion Activities “Olympus Good Health 21”

To further promote “Respect for Human Rights/ Working Environment with Vitality”

Employees’ health plays an important role in promoting “Respect for Human Rights/ Working Environment with Vitality.” Although their health depends mainly upon their own efforts, the company and the health insurance association support them by creating a suitable environment for health promotion.

Health promotion cycle by improving living habits



Various Measures to Support Improving Living Habits

As a measure to support improvement of living habits, Olympus, in cooperation with the health insurance association, holds such events as “Walking Campaign,” “No-smoking Campaign,” “Improving Eating Habit Seminar,” and “Health Seminar.”



Improving Eating Habit Seminar

Health Checkup System for Nonworking Dependents by Health Insurance Association Started

For the health promotion of employees’ family members, this year Olympus launched the “health checkup system for nonworking dependents” targeted at those nonworking dependents at the age of 35 or above. High-level checkups are available by sharing the cost. Employees may choose to use the existing nonworking dependents and spouse health checkup system. The checkups are provided by contracted institutions commissioned by the health insurance association and about 1,500 institutions nationwide that perform checkups on contract.

Working Environments with Vitality: Creating Worthwhile Workplaces

Olympus believes that a company's social responsibility is to promote the capabilities of its employees and help them fully demonstrate their capabilities and lead a full life both at home and at work.

Evaluation System

Fair and reasonable treatment

The personnel system of Olympus is designed to bring about individual respect and independence, high specialty capability and morale, and the promotion of merit-and performance-based treatment.

Employees will be evaluated on their achievement level as compared to the originally set target, and the evaluation will be reflected in their salary and bonus. Evaluations and the setting of targets will be done based on statements made by each employee. Managers should give each employee a detailed explanation of his or her target and evaluation in one-on-one meetings. The total amount of bonuses to be given to employees varies according to the performance of the company because of the company's basic policy that the company's income stems from the contribution of all employees.

Challenge System

In-house job placement schemes

Olympus introduced two types of in-house job placement schemes in 1990 and 2001. The former, or Type A, allows a department to look for human resources it needs from within the company, and any employee can apply for it without the approval of his or her superior. If the employee passes the interview, he or she can move to the new department. The latter, or Type B, allows an employee to look for a more suitable job within the company for one year with the approval of his or her superior. These two schemes are collectively called the Challenge System. This system aims at promoting the more effective use of in-house human resources and providing individual employees with opportunities to think about their careers, explore new ways and develop an independent professional mind-set.

■ Type-A scheme: Data for the past three years

	No. of job titles	No. of applicants	No. of employees reassigned
June 2003	83	28	15
Dec. 2003	92	37	16
2004	109	45	28
2005	117	48	28

■ Type-B scheme: Data for the past three years

	No. of employees registered for job placement	No. of employees reassigned
2003	29	7
2004	17	4
2005	20	3

Capability Development System

Education and training

● Olympus College

Olympus College, an in-house education system, provides employees with many opportunities to enhance their knowledge and skills in specialty areas by holding lectures and workshops on business, engineering, and technology. Employees are allowed to file an application, provided they consult with their superiors in advance.

■ Change in the approximate number of trainees

FY2003	FY2004	FY2005
4,100	4,500	5,600

■ Popular courses

Coaching basic
Techniques to make others work
Logical thinking
Innovation of design quality and design technology capabilities

● Advanced Technician/Engineer Encouragement System

Olympus has set up an advanced technician/engineer encouragement system to ensure improvements in and the inheritance of the technical and practical skills of its technicians and engineers. The level of individual employees is generally evaluated based on the Technical Level Evaluation Table. Employees, once judged qualified, will be awarded the special title of Advanced Technician/Engineer and given a bonus. As of March 2006, 103 qualified technicians/engineers are at work.



Advanced technician/engineer certificate

Internship

Mutual communication between students and corporation

We introduced an internship system in FY2002 to provide students with an opportunity to know our working environment. Students actually work at Olympus, and, according to their comments, the system helps them prepare and be more aware of the business world they are entering.

In FY2005, we had more than 100 applicants, 20 of which were accepted by the R&D departments.

Work Arrangements and Welfare Systems

Supporting both the working and private lives of employees

Olympus believes that it is important for its employees to actively work toward their higher targets as well as living a full life at home and in society. To support this, we have established a variety of work arrangement and welfare systems through negotiations with employees and the labor union. Some of the major arrangements are as follows:

Welfare Cafeteria Plan

Olympus introduced this system to fulfill the diversified needs of the employees. In this system, they are given welfare points every year and are entitled to make choices among the various welfare schemes. The given points can be used for the costs of nursery and after-school programs for children, education, and family care. The unit price per point is doubled for certain important activities such as learning foreign languages, or caring for elderly parents. The unit price per point is doubled when used for the cost paid to babysitters and day-care centers, as Olympus has set these as an important priorities.

“Refresh Plan” and PLP Seminar

The “Refresh Plan” was introduced to help long-time employees have a renewed look at what they have achieved and what they can do in the future in their time remaining with the company. Employees are given paid holidays and bonus at the seventh and twentieth year of service. In addition, the Age 55 Pension Life Plan (PLP) Seminar is provided for employees nearing retirement age to help them how they are going to live after retirement. Employees, together with their spouses, can join the seminar held at a hotel in a hot spring resort to learn about and plan for life after retirement from three viewpoints: money, objectives, and health.

■ Paid holidays, bonus and seminar

7th year of employment	Paid holidays: 5 days
20th year of employment	Paid holidays: 10 days
At the age of 55	Paid holidays: 5 days, Participation in the PLP Seminar



Participants enjoying a PLP Seminar

Annual Paid Holidays

Employees apply for paid holidays and receive permission through an intranet-based procedure. The management should keep a good workload balance and always consider the workforce available when granting leave to applicants so that employees will find it easier to take leave without causing an excessive load to be placed on certain employees.

No. of annual paid holidays (for full-time workers)	20 days a year, starting the first year of employment Unused paid holidays can be carried over to the next year only.
Consecutive leave promotion scheme (Creative Holiday)	5 consecutive leave is promoted (can be taken combining with ordinary holidays)
Expired annual paid holiday saving scheme (Special Sick Leave)	Saving of up to 50 days allowed for medical treatments and family care (paid holidays)

Childcare and Family Care Support System

Olympus respects the Childcare and Family Care Leave Law. The childcare and family care support system offered by Olympus provides more benefits than prescribed by statute.

Childcare	Leave of absence	Within one year, up to the child's second birthday (may be extended for an additional six months in special cases) 46 employees used this system in FY2005.
	Reduction in working hours	Until March 31 of the year the child enters elementary school
	Leave for nursing care	5 days (paid) per year until March 31 of the year the child enters elementary school
Family care	Leave of absence	Up to one year per person in need of care per condition 1 person used the system in FY2005.
	Reduction in working hours	Up to one year per person in need of care per condition
	Exemption from overtime and midnight work	As prescribed by statute

Volunteer Leave

This system allows Olympus employees to join volunteer programs, such as the Japan Overseas Cooperation Volunteers. Employees who use this system are fully entitled to resume the job they held before taking leave.

Purpose	Leaving for participation in social contribution program typically held or organized by international organizations, the Japanese government, local governments, or social welfare corporations
Period	Longer than one month but up to two years
No. of employees who used this system	No employees in FY2005, 3 in total since FY1995

Occupational Safety and Health

Effort to eliminate occupational accidents

Occupational Safety and Prevention of Occupational Accidents

Olympus and the labor union of every Olympus plant form an Occupational Safety and Health Committee, which carries out various programs to eliminate occupational hazards and accidents and ensure a safe working environment, including traffic safety guidance and periodic safety patrols.



Occupational Safety and Health Committee

■ No. of occupational accidents

Item	FY2003	FY2004	FY2005
Accidents on the way to/from work	5	3	14
Accidents in the work	13	15	9
Total	18	18	23

* No. of occupational accidents is a combined data of Olympus Corporation, Olympus Imaging Corp., and Olympus Medical Systems Corp.

Physical and Mental Health Consultation

An external health consultation service is provided to offer employees free consultation on health, caring, etc., over the phone. A consultation service for mental health, in cooperation with an external medical facility, is also available to employees.

Harmony with the Environment

Strengthening Environmental Management

The Olympus Group will **PLAN** its goals and future directions, actually **DO** these plans, **CHECK** achievement of the goals and the actual situation, and **ACT** to implement each environmental measure.

The Olympus Group will work to reduce its environmental load, with all of its employees—including top management—participating in these PDCA activities.

Olympus Group Environmental Charter

The basis of our management philosophy—"Social IN"

In August 1992, the Olympus Group defined its Environmental Charter to establish a healthy environment and a society in which sustainable development is possible.

Being a responsible corporate citizen, the Olympus Group, in its Environmental Charter, articulates its basic position on environmental

issues and sets out ambitious environmental protection goals that require specific actions.

The Environmental Charter was revised in FY 2005 to ensure continuous improvement and strengthen compliance and risk management.

Olympus Group Environmental Charter

Environmental Protection Declaration

The Olympus Group respects people's security and health and the natural mechanisms that realize this. We are also contributing to the realization of a sustainable society and sound environment through environmentally-compatible technological development and corporate activities.

Guideline for Environmental Action

In all business activities, the Olympus Group will give priority to environmental protection and will apply itself with dedication to this task, both on an organizational and individual basis.

1. Technology Development

We will develop products, services and production technologies with a careful and conscientious regard for safety and environmental protection. Furthermore, we will make the results of such developments available to everybody.

2. Drawing up Norms and Assessing Results

We will take the initiative in setting up our own pioneering standards and norms. We will make general environmental impact assessments at each stage of our operations from development through to production and sales to realize continuous improvements.

3. Protection of Natural Resources

We will make a united effort to conserve natural resources and save energy. At the same time, we will promote activities based on the effective use of resources, including reducing waste generation and recycling waste, and endeavor to reduce environmental loads and prevent pollution.

4. Active Support

We will comply with environment-related laws and regulations, and cooperate with environmental measures recommended by government bodies. We will actively participate in the environmental protection activities being carried out by regional and international communities.

5. Education and Total Staff Participation

We will publicize and engage in other activities with the purpose of informing all Olympus staff of the need for environmental protection. We will encourage each and every staff member to increase his or her understanding of environmental protection activities at home, at work, and in the community.

6. Structure to Promote Activities

Under our Director responsible for environmental protection, we will make clear our responsibilities in promoting environmental protection, and establish a structure through which we can take appropriate measures to deal with changes as they occur, both inside and outside Olympus.

Actual Activity Results in FY2005

PDCA in FY2005 ▶¹

Our priorities in FY2005 were the creation of environmentally-conscious products and the prevention of global warming; we achieved a number of important results.

▶¹ PDCA = To strengthen its environmental management, the Olympus Group uses a PLAN-DO-CHECK-ACT (PDCA) methodology, and follows the environmental management system flow ▶ [WEB](#).

■ Outline of actual results in FY2005

Goals in FY2005 regarding Eco-products

(Accelerating the introduction of environmentally-conscious products to the market)

★★★: Achieved goal ★★: Partially achieved goal ★: Failed to achieve goal

Priorities <small>PLAN</small>	Goals in FY 2005	Actual Results <small>DO</small>	Assessment <small>CHECK</small>	Future Programs <small>ACT</small>	Reference Pages
Observing Environmental Laws and Regulations Related to Products	Fully observing the (EU) WEEE Directive and RoHS Directive	<ul style="list-style-type: none"> Attachment of an indication showing that the product complies with the WEEE Directive (effective in August 2005), to products sold in the EU For products in the imaging field, 90% of which (based on their weight) were to be sold in the EU in March 2006, compliance with the RoHS Directive (which will take effect in July 2006) completed 	★★★	<ul style="list-style-type: none"> We will continue to carefully monitor these trends and take the necessary measures. 	P42
	Implementing Green Procurement to eliminate chemical substances and establish an assurance system	<ul style="list-style-type: none"> In conjunction with business partners, the entire group promoted inspections of Green Procurement inspections as to whether products and parts contain substances specified in the RoHS Directive In terms of guaranteeing that products do not contain chemical substances specified in the RoHS Directive, coordination across the entire group was not completed. 	★★	<ul style="list-style-type: none"> We will consider measures for Green Procurement, not only for the EU's RoHS Directive but also from a long-term perspective. We will clarify methods for guaranteeing that products do not contain chemical substances specified in the RoHS Directive, and group policies for non-usage. 	P37-38
Creating Excellent Environmentally-Conscious Products	Setting sales targets for Olympus Eco-products	<ul style="list-style-type: none"> In "Basic Environment Plan 2006" (P. 45 and 46), we set target ratios for the volume of sales of Olympus Eco-products according to all product categories (for FY 2008 and 2010). In this FY, we identified 25 products as Olympus Eco-products. About 1,368,654 units were sold, totaling ¥28,890 million. 	★★★	<ul style="list-style-type: none"> We will further promote action to achieve the target ratios of the volume of sales of Olympus Eco-products according to all product categories. 	P34 P42 WEB
	Fundamentally revising the Olympus Eco-products system	<ul style="list-style-type: none"> We tried to revise the system to improve the quality of Olympus Eco-products; however in this FY we could only organize existing tasks. 	★	<ul style="list-style-type: none"> We will clarify the policies for Olympus Eco-products and work to achieve them. 	

Goals in FY 2005 regarding eco-facilities (Improving and upgrading environmental efficient management)

Priorities <small>PLAN</small>	Goals in FY 2005	Actual Results <small>DO</small>	Assessment <small>CHECK</small>	Future Programs <small>ACT</small>	Reference Pages
Promoting Energy Saving Activities	Reducing CO ₂ emissions by 5% compared to the previous year (CO ₂ emissions per sales unit)	<ul style="list-style-type: none"> By mainly engaging in energy-saving activities, we reduced environmental loading through the improvement of facility operations. We could achieve a 7.4 % reduction (CO₂ emissions per sales unit) in the consumption rate based on sales volume. We engaged in activities to reduce greenhouse gas emissions from non-energy systems▶² resulting in a reduction of about 1,000 tons of CO₂. We participated in "Team Minus 6%," a national movement to help reduce global warming, and carried out activities to enlighten our employees about energy saving. 	★★★	<ul style="list-style-type: none"> We will develop further measures based on our "Basic Environment Plan 2006." 	P31 P39 WEB
	Understanding the status of the environmental load caused by logistics	<ul style="list-style-type: none"> To reduce CO₂ emissions in the logistics stage, we investigated the actual situation, based on domestic and international transportation routes, transportation means (trucks, freighters, aircraft, etc.), and sales figures. We improved the loading ratio of domestic logistics and promoted a Modal Shift 	★★★	<ul style="list-style-type: none"> We will promote the reduction of CO₂ emissions in the domestic and international transportation environments company-wide. We will promote the effective use of resources by adopting measures such as packaging improvements. 	P41 WEB
Saving Resources and Reducing Waste	Reducing the total amount of waste by 35% compared to FY 2000 (per sales unit)	<ul style="list-style-type: none"> We made efforts to utilize resources effectively, recycle resources, as well as reduce the amount of waste, and achieved a 27.6% reduction (per sales unit) compared to FY 2000. We sustained Minimumization of Landfill in Japan.▶³ We set a definition and goals for Minimumization of Landfill in overseas facilities and established approval processes. 	★★	<ul style="list-style-type: none"> We will implement measures to achieve the reduction of the total amount of waste. We will promote Minimumization of Landfill in overseas facilities. 	P31 WEB
Eliminating Hazardous Substances and Reducing Environmental Risks	Controlling the use of chlorine-based organic solvents (dichloromethane) adequately	<ul style="list-style-type: none"> We carried out an internal audit for the control of the use of the solvents and strengthened the management system. 	★★★	<ul style="list-style-type: none"> We will continue to make efforts to reduce solvent consumption and control its usage. 	WEB

Goals in FY 2005 regarding eco-management (Further promoting global environmental management)

Priorities <small>PLAN</small>	Goals in FY 2005	Actual Results <small>DO</small>	Assessment <small>CHECK</small>	Future Programs <small>ACT</small>	Reference Pages
Developing Global Environmental Management	Strengthening the system for dealing with environmental laws and regulations	<ul style="list-style-type: none"> We held Global Environmental Meetings, obtained information on environmental laws and regulations in each country, and promoted understanding in the company. 	★★★	<ul style="list-style-type: none"> We will make efforts to interpret laws as well as establish policies and to spread such policies throughout the group. 	P30
	Integrating control levels of chemical substances related to products or production	<ul style="list-style-type: none"> Although we translated self-imposed standards in Japanese into English and notified their integration to concerned parties, these activities were carried out for limited products and in limited offices and plants. 	★★	<ul style="list-style-type: none"> From the viewpoint of CSR, we will strengthen environmental risk management. 	—
	Expanding ISO 14001 certification, an environmental management system, to the entire Olympus Group	<ul style="list-style-type: none"> Olympus Optical Technology Philippines, Inc. (Cebu, Philippines) and Olympus Medical Equipment Service America Inc. National Service Center (California, US) received ISO 14001 certification. 	★★★	<ul style="list-style-type: none"> We will promote environmental management through manufacturing. 	P29
Improving Environmental Communication	Enriching environmental communication and seminars	<ul style="list-style-type: none"> By holding environment-related seminars, we provided our employees with environmental education. We held or participated in various events such as Eco-products exhibitions. We enriched communication tools such as CSR Reports and web sites. 	★★★	<ul style="list-style-type: none"> By holding discussions with stakeholders, we will share our sense of values with them and feed back in our activities. 	P30 P48

▶² Greenhouse gas emissions from non-energy systems = Methane gases and chlorofluorocarbons that directly lead to global warming when they are released into the atmosphere. A typical example is a spraying agent for blowing out dust (spray-can propellant) that uses alternatives for chlorofluorocarbon.

▶³ Minimumization of Landfill = An Olympus-defined objective as follows: "To reduce the final amount of waste disposed of in landfills, which does not enter the recycling route, to less than 1% of the total amount of waste discharged."

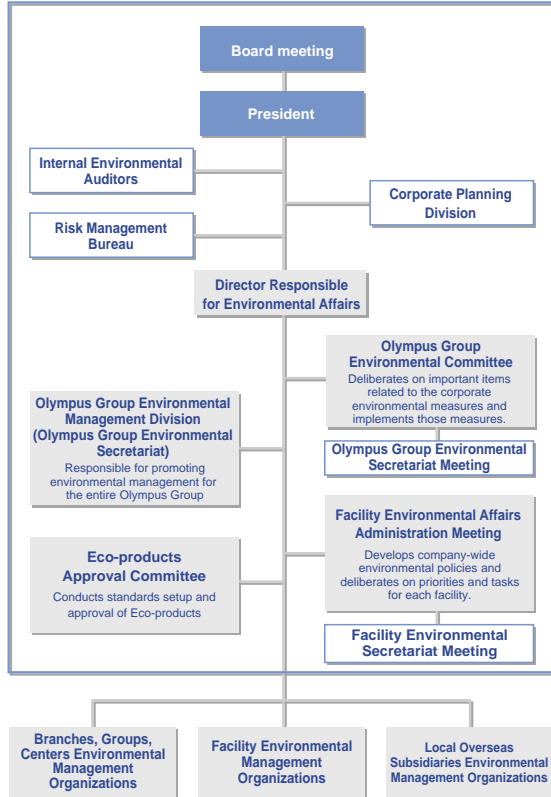
Environmental Management System

Realizing PDCA [▶WEB](#) by top management

The Olympus Group is promoting environmental management, based on the Olympus Corporation Environmental Management System, where the President plays a leading role. The Olympus Corporation Environmental Management System is run by a body consisting of the Director Responsible for Environmental Affairs, the Corporate Planning Division, the Risk Management Bureau, and committee organizations, as well as the Olympus Group Environmental Secretariat in which environmental affairs administrators participate. The Olympus Corporation Environmental Management System develops Basic Environment Plans for each year (P. 28) and a Medium-Term Environmental Basic Plan (P. 46), every three years. Each branch, group, center, and facility in Japan and overseas addresses environmental issues under the Olympus Corporation Environmental Management System. In FY 2003, the Olympus Corporation Environmental Management System received ISO 14001 certification; subsequent activities have included internal and external audits with top management, including the President and the Director responsible for environmental affairs. So as to the Olympus Group can strengthen management reviews, implement the PDCA cycle (PLAN-DO-CHECK-ACT), and promote the Environmental Management System within the Group as a whole.

■ Environmental Promotion System

The Olympus Corporation Environmental Management System



Implementing Environmental Risk Management

Establishing crisis management systems in Japan and overseas

Every two years, emergency exercises are held for familiarizing staff with our crisis management systems.

In FY 2005, on the assumption that oil had been spilled when it was being fed into a heavy oil tank in Hachioji Plant, Risk Management Office, Public Relations/IR Office, and Environmental Promotion Dept. worked together and organized an exercise using the company-wide intranet known as the Emergency Reporting System.

In this FY, we also held an environmental risk assessment (overseas) at Olympus Optical Technology Philippines, Inc. in the Philippines.



Simulation exercise in Hachioji

● Status of compliance with environmental laws and regulations

In FY 2005, Olympus did not violate any environment-related laws and regulations, and there were no lawsuits, penalties, or fines related to environmental issues against Olympus. There were also no accidents regarding such laws within the company. Regarding complaints from the outside, inhabitants around the Okaya Plant made a complaint about noise because the plant had not turned off the power to the outdoor unit of an air conditioner. In Technology Research Institutes in Hachioji, mercury leaked out from an air gauge and spilled over the floor. The mercury was properly dealt with.

ISO 14001 Certification Obtained

Increase in the number of ISO 14001-certified branches

The overseas offices and plants that received ISO 14001 Certification in FY 2005 are as follows: Olympus Optical Technology Philippines, Inc. (Cebu, Philippines, in May) and National Service Center in Olympus Medical Equipment Service America, Inc. (San Jose, US, in December). In this FY, all offices and plants with ISO 14001 Certification obtained the revised version of ISO 14001: 2004.

In the future, we will actively expand activities to establish a comprehensive environmental management system for sales activities covering marketing and services.

▶ For the offices and plants that had received ISO 14001 Certification in FY2005, refer to the attached document. [▶WEB](#)

Environmental Education in the Olympus Group

Widely provided according to purpose

The Olympus Group provides environmental education for all of its employees in Japan and overseas. We tailor its contents to suit the employees being educated and the type of business at each facility so that they can receive the type of education that matches their roles. Furthermore, each facility nurtures specialists in environment and occupational safety and health by setting in-house goals and ensuring there are sufficient numbers of such specialists.

■ Environmental Education that Olympus is Providing

Session	No. of sessions held annually	No. of participants
Training for internal auditors of ISO 14001	5	94
Follow-up training for the revised ISO 14001	13	205
Environmentally-conscious-product seminars for employees in design & development posts	2	17
Green procurement seminars for responsible persons	4	37
Green purchasing seminars for responsible persons	2	45
Meetings for reading the Olympus Corporate Social Responsibility Report	3	32
Company news featuring environmental issues	6	Olympus Group companies in Japan

* This is targeted only at Olympus Group companies in Japan.

■ Number of Personnel with Environmental Management Qualifications

Qualification	Number of Personnel with Relevant Duties	Number of Personnel Satisfying Internal Standards	Number of Legally-Qualified Personnel
Pollution Control Managers	Air	30	16
	Water Quality	86	28
	Noise	10	5
	Vibration	8	3
Senior Pollution Control Managers	0	0	0
Managers for Industrial Waste Requiring Special Treatment	49	13	13

* This is targeted only at Olympus Group companies in Japan.



Training at Olympus Optical Technology Philippine, Inc.

Olympus Eco-Forum

In-house presentation of Basic Environment Plan 2006 and Global Environmental Meeting

In FY 2005, we held the 4th Olympus Eco-Forum from December 12 to 17 just in time for the exhibition of Eco-Products 2005. (Refer to P. 48.)

The Eco-Forum contained an in-house presentation of the Basic Environment Plan 2006 (refer to P. 46) and the Global Environmental Meeting, in which persons responsible for environmental issues in overseas affiliated companies also participated and participants discussed measures for coping with laws and regulations. Olympus Eco-Forum was an opportunity for many Olympus employees to understand our Basic Environment Plan 2006 and start concrete actions.

Green Purchasing

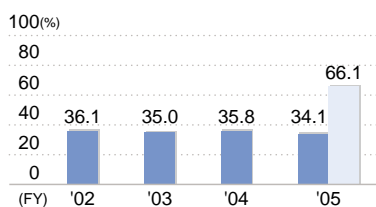
Environmental awareness as a consumer

Olympus is promoting Green Purchasing: When an employee, as a consumer, purchases OA (office automation) equipment, office supplies, lighting fixtures, and motor vehicles for business use, he/she should purchase environmentally-conscious products.

Regarding the purchasing of paper, stationery, and office supplies, the product information in our electronic purchasing system provides a mark to indicate which products fall under the category of Products with Eco-Mark, Products with Green Mark, Products listed in GPN Environmental Data Book, or Products conforming to the Green Purchasing Law and are therefore environmentally-conscious products. We are introducing Eco-cars for new company vehicles, and have also revised promotional merchandise in the light of increased environmental awareness.

* The following companies in Japan were surveyed: Olympus Corporation, Olympus Imaging Corp. and Olympus Medical Systems Corp.

■ Green purchasing rate



* The standards of Green Purchasing were revised in November 2005. Since toner cartridges whose recycling had progressed were also calculated, the Green Purchasing rate increased.

■ Number of Company-Owned Vehicles in Japan (as of March 31, 2006)

Plant/Office	Total Number of Vehicles Owned	Number of Eco-cars	Eco-car Rate (%)
Olympus Corporation Head Office, all branches and business offices throughout Japan	377	298	79
Olympus Corporation, Technology Research Institutes (Hachioji) and Hinode Plant	10	2	20
Olympus Corporation Tatsuno Plant, Okaya Olympus Co., Ltd. and Olympus Opt-Technology Co., Ltd. Head Office	24	4	17
Olympus Corporation, Ina Plant	11	0	0
Aomori Olympus Co., Ltd.	3	1	33
Aizu Olympus Co., Ltd.	5	2	40
Shirakawa Olympus Co., Ltd.	3	1	33
Mishima Olympus Co., Ltd.	3	1	33
Olympus Opt-Technology Co., Ltd. Omachi Branch	2	1	50
Olympus Opt-Technology Co., Ltd. Sakaki Branch	2	0	0
KS Olympus Co., Ltd.	227	156	69
Olympus Logitex Co., Ltd.	3	0	0
Total	670	466	70

* KS Olympus Co., Ltd. is added to the primary targets.

Interview concerning Electronic Purchasing System for paper, stationery, and office supplies

On P. 9 of the Corporate Social Responsibility Report of Fuji Xerox Office Supply, a business partner that uses this system, our company was introduced as a company in which the mechanism for purchasing environmentally-conscious products, for which a centralized procurement system is utilized, is progressing.



Interview with Fuji Xerox Office Supply

Influences of Business Activities and Environmental Preservation Activities

It is important to quantitatively determine the resources input into corporate activities and the values created by these activities. Olympus aims to efficiently minimize the environmental load by suppressing wastefulness.

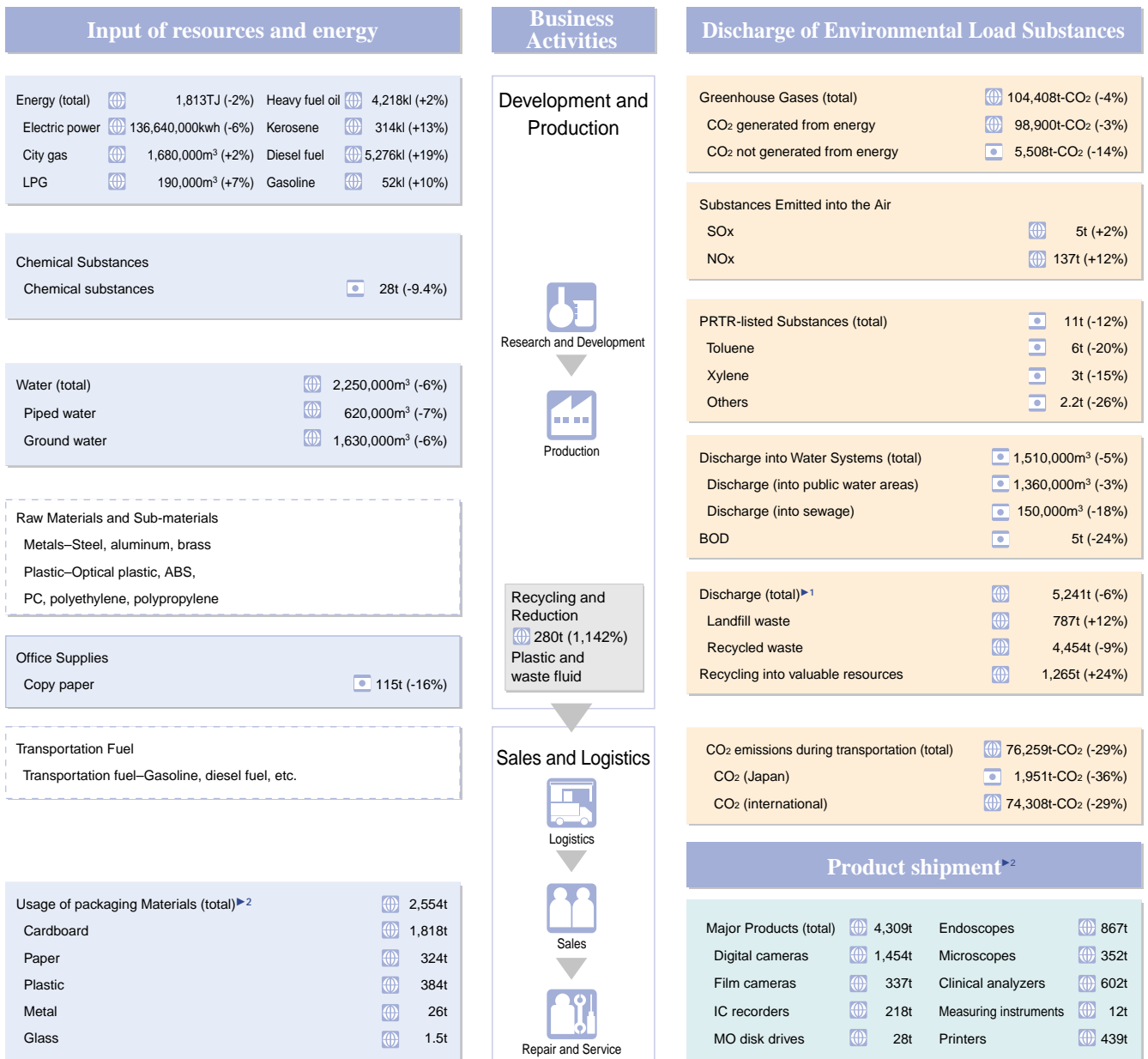
Environmental Impact of Business Activities

Reducing CO₂ emissions and the amount of waste

To reduce the environmental load caused by processing activities, Olympus quantifies and clarifies the material flow (the movement of goods) from the input of resources, through the production and shipping

of products, to the discharging and recycling of waste. In FY 2005, we saved energy, reduced CO₂ emissions, and also reduced waste by recycling it into valuable resources. Aiming at reducing environmental load in the logistics process, we have started quantifying and clarifying all loads.

Environmental Impact of Business Activities



☐ Only production facilities in Japan 🌐 Global production facilities

▶1 Discharge (total) = Discharge (waste) means landfilled waste as well as recycled waste and does not contain waste recycled into valuable resources. Only the values in this section contain those of waste discharged from logistics sites.

▶2 Product shipment and Usage of packaging material = *Since the conventional calculation method was changed due to the introduction of a new system, product shipment and usage of packaging materials are not compared with those of the previous year.

Environmental Accounting Used to Gain a Quantitative Understanding of Environmental Preservation Costs and Effects

Promoting effective and efficient environmental management

Olympus adopts environmental accounting as a way of obtaining quantitative data on environmental preservation costs and related effects (the economic effects and environmental impact). In FY

2005, the costs of both business investment and R&D were reduced. We focused on Green Procurement, responses to laws and regulations such as the Pollution Prevention Act, and environmental communications, such as Eco-Products 2005 (P. 48).

Aggregation period: April 1, 2005 to March 31, 2006
 Targets of aggregation: Major targets in this report
 (Offices and plants in Japan and China▶¹)
 Amount of capital investment by the Olympus Group
 during the period = 44,444 million yen
 R&D cost = 45,935 million yen
 Unit = million yen

■ Environmental accounting in FY 2005 (as of March 31 in FY 2005)

Classification	Contents of Programs	Content Reference Pages	Environmental Preservation Cost			Environmental Effects	
			Equipment (compared to the previous year)	Cost (compared to the previous year)	Total (compared to the previous year)	Economic Effects Relating to Environmental Preservation Activities	Environmental Preservation Effects
In Upstream Costs	Green procurement	P37-38	0.0 (-100%)	246.4 (201%)	246.4 (177%)	Domestic Green Purchasing: 27.1	Domestic Green Purchasing rate (standard at the end of March 2006): 66.1% Eco-cars as percentage of domestic company vehicles: 69.9% Domestic suppliers' environmental measures survey: 99.4%
R&D Costs	Creation of Eco-products	P39-41	0.0 (-100%)	172.1 (-74%)	172.1 (-76%)	④ Total sales of Eco-products (Group consolidated): 28,621	④ Total sales results for Eco-products (Group consolidated): 1,368,654 units
Costs Inside Business Area	Prevention of public nuisance	P51-52	120.2 (862%)	714.1 (300%)	834.3 (336%)	Cost of lawsuits for domestic environmental pollution and complaints: 0 Penalties for domestic environmental pollution and complaints: 0	Domestic environmental pollution lawsuits: 0 cases Complaints from residents in surrounding areas in Japan: 1 case
	Global environment preservation		34.7 (-84%)	111.7 (181%)	146.4 (-43%)	Energy cost: 2,063	CO ₂ emissions: 99,552t
	Resource recycling		3.0 (-92%)	6,056.9 (2,425%)	6,059.9 (2,269%)	Cost of consigned intermediate waste treatment: 14.1 Income from sales of recycled valuable resources: 38.4	Volume of waste consigned for intermediate treatment: 258 t
In Downstream Costs	Recovery of Products Optimization of packaging	P41, P44	0.1 (—)	4.5 (-90%)	4.6 (-90%)	Effects of recovery & reuse of endoscope film: 45.4	Reuse of endoscope film: 12.2
Environmental Management Activity Costs	For ISO management and operation	P29-30 P51-54	26.4 (6,500%)	802.7 (143%)	829.1 (151%)	—	ISO 14001 certified facilities: 17 sites (out of a total of 17 production and development sites) Cases where voluntary standards are violated: 2
Costs for Damaged Environment	For damaged environment	—	—	—	—	—	—
Costs of Social Activities	Contribution to society and regional areas	P51-54	0.2 (0%)	5.4 (-50%)	5.6 (-49%)	—	—

How to aggregate Olympus' environmental accounting

- Starting with the FY 2004 environmental accounting, calculation is made with reference to the Environment Accounting Guidelines (FY 2005 edition).
- The proportions of cost and depreciation expenses that cannot be clearly separated into those for environmental preservation and those for other purposes are not calculated, and their totals are not included for the purposes of environmental accounting.
- Of the economic effects accompanying environmental preservation, those such as estimated effects▶² that lack sufficient data are excluded.
- See our web site for Olympus' environmental accounting according to plans and the transition (standards of Ministry of the Environment) as well as details of its past environmental accounting.

▶¹ Offices and plants in Japan and China = The reports in and after FY 2005 contain Olympus Corporation Head Office, Kamagaya Plant, and Olympus (Guangzhou) Industrial Ltd.

▶² Estimated effects = Estimated profit and loss based on the calculation of the hypothetical results of implemented environmental-preservation-activities: For example, the cost of avoiding environmental restoration expenses, of avoiding the need for payment of compensation for damage from environmental pollution accidents prevented by capital investment, and of expenditures to prevent environmental pollution



▶ WEB <http://www.olympus.co.jp/en/corc/csr/wdata>

For further information about items on this page, refer to the following support documentations on our web site.

- Global Warming Prevention Measures
- Reducing Discharged Waste and Recovering Resources
- Safety and Management of Chemical Substances
- Total Usage of Copy Paper
- Total Usage of Water
- Air Pollution Prevention
- Water Pollution Prevention
- Environmental Accounting

Promoting Environmentally-Conscious Activities in Our Business

To reduce the environmental load that occurs through business activities, the Olympus Group makes environmentally effort in all relevant stages—product planning, development, including design, procurement, production, logistics, sales, use by customers, and disposal.

In each stage of a product's lifecycle, we are carrying out our business activities to ensure a reduction in environmental load.

Planning

P35

Infusing Eco-mind

The nature of a product is determined in its planning stage of manufacturing. We regard this stage as the most important and infuse the product with the following Eco-mind: Reduction of environmental load throughout the product's entire lifecycle from Manufacturing, through Use and Disposal.

Case Studies

- (1) Resource Saving through Product Planning, Energy Saving through Designing and Development
- (2) Environment Consciousness that Starts in the Planning Stage

Development and Designing

P36

Persistence in Opto-Digital Technology—our core competence

Environmental consciousness is linked with Opto-Digital Technologies including optical technology for which materials that do not contain harmful substances are used, electronic imaging technology that pursues downsizing and power saving, and fine technology that is fully used for manufacturing. Since Opto-Digital Technology is a core technology, we cannot focus on the environmental consciousness without it.

Case Studies

- (1) Realization of Arsenic- and Lead- free Lenses and Development of Grinding Technology
- (2) Image Processing Technology that Achieves Low Power Consumption



Digital single-lens reflex camera, E-330, Certified Eco-product in FY 2005

IPLEX MX, Certified Eco-product in FY 2003



ECO-PRODUCTS

Disposal and 3Rs

P44

Inheriting Eco-mind

This is a process in which components are adequately returned into recycling to minimize their environmental load. Parts that have not outlived their usefulness go through a thorough inspection and are used again. Whenever they are disposed of, they are adequately processed. With the goal of "Non-disposal" in mind, we are manufacturing recyclable products for which customers develop an attachment and make use of our services.

Case Studies

- (1) Resource Recycling when Olympus Products are Repaired
- (2) Proper Disposal in KS Olympus Co., Ltd.
- (3) Proper Disposal of PCB Waste

Use

P43

Feeling Eco-mind

We hope you can sense Olympus' commitment when you use products—we would like to help you find new ways of using them. We provide products that benefit the environment through observation of the natural environment and careful inspections of all our equipment.

Case Studies

- (1) Preservation of Ecosystems in Rivers and Microscope
- (2) Protection of Coral Reefs Using Digital Cameras
- (3) Industrial Endoscopes and Their Various Environmental Effects



The Olympus Group delivers Eco-products (p.42)—environmental conscious products—to the market according to each product field.

▶ **WEB** <http://www.olympus.co.jp/en/eco-products/>

Procurement

P37

CSR Procurement

Material procurement for manufacturing. We focus on not only materials but also on our business partners. This is because our Eco-mind is realized only after we obtain full cooperation from them.

Case Studies

- (1) What is the RoHS Directive?
- (2) Green Procurement Survey by Olympus Imaging Corp.
- (3) Green Procurement Survey of business partners
- (4) Establishment of Olympus Group Procurement Policy

Production

P39

Clean Factory

The production process is where our mind is embodied in our products. We carefully execute quality management to ensure the safety of our products and strive to improve production processes and manufacturing methods to completely eliminate waste, based on our motivation to produce nothing but goods from our factories. We also focus on the buildings and facilities of manufacturing sites.

Case Studies

- (1) Manufacturing on RoHS-compatible Production Lines
- (2) Reducing Greenhouse Gas Emissions from Non-Energy Systems
- (3) Improvement of Sterilization Processes
- (4) Improvement of Pressing Processes
- (5) Energy-Saving Presentations



System Biological Microscope BX45
Certified Eco-product in FY 2005



Endoscope Video System Center
EVIS EXTRA II VIDEO SYSTEM
CENTER OLYMPUS CV-180
Certified Eco-product in FY 2005

High-intensity Light Source
System
EVIS EXTRA II XENON
LIGHT SOURCE
OLYMPUS CLV-180
Certified Eco-product
in FY 2005

Sales

P42

Customers' Understanding of ECO-mind

The sales process is where products and our policies are delivered to customers. We deliver products that are more environmentally-conscious. Furthermore, we provide clear-cut information on what sort of environmental consciousness is being practiced.

Case Studies

- (1) Olympus Eco-products
- (2) Observance of the EU WEEE Directive and RoHS Directive
- (3) Emphasizing Environmentally-Conscious Products in Sales Activities

Logistics

P41

Delivering Eco-mind

The logistics process delivers our products and mind. Just as for other stages in a product's lifecycle, we also focus on transportation, which is less burdensome on the environment, and on adequate packaging. In considering the transportation effect on products, we pursue environmentally-friendly packaging technology.

Case Studies

- (1) Activities for Reducing Environmental Load During the Logistics Process
- (2) Improvement of Vehicle Loading Efficiency During the Logistics Stage for Procurement
- (3) Downsizing of Packaging Materials of "μ-Series" Digital Cameras

Planning

The nature of a product is determined in its planning stage of manufacturing. We regard this stage as the most important and infuse the product with the following Eco-mind: Reduction of environmental load throughout the product's entire lifecycle from Manufacturing, through Use and Disposal.

Resource Saving through Product Planning, Energy Saving through Designing and Development

Resource saving and energy saving through downsizing and system integration

For a video system center that controls signals required for diagnosing body systems with a medical endoscope and for a light source system that provides light, different products were needed for digestive organs and surgery.

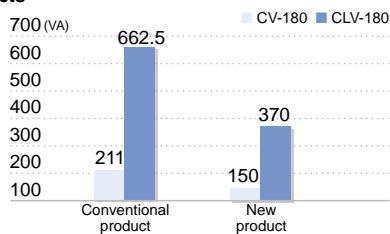
A newly developed video system center (EVIS EXERA II VIDEO SYSTEM CENTER OLYMPUS CV-180), and a new high-intensity light source system (EVIS EXETRA II XENON LIGHT SOURCE OLYMPUS CLV-180) are products that have been made through the integration of different types of products that reflect, at the product planning stages, the needs of medical personnel—more serviceable, downsized (space-saving), and less expensive.

As a result, the new video system center is lighter than the conventional model by more than 20%, and the new light source system by 10%. This results in significant energy savings.

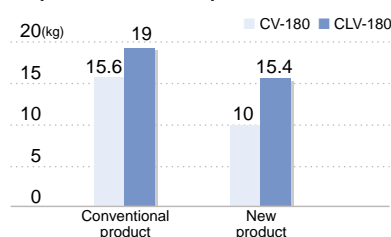
Normally, when you downsize a product or integrate different products into one while maintaining conventional functions, the rated power^{▶1} increases. However, energy-saving-conscious development enabled a reduction in the electricity consumed by the high-intensity light source system by more than 20%.

▶1 Rated power = Comparison of performance (electricity consumed per unit of time) of different products. This is not a comparison of electricity actually consumed.

■ Comparison of electricity consumption between conventional and new products



■ Comparison of energy-saving and resource-saving effects between a conventional product and a new product



Environment Consciousness that Starts in the Planning Stage

Manufacturing to create smaller and lighter digital cameras

Many of Olympus's customers have requested that digital cameras should have satisfactory operability and portability. Accordingly, we incorporated these needs in the product planning and development of our digital camera, the μ 710/Stylus 710.

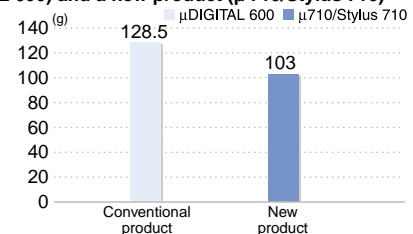
As a result, this camera is lighter than the previous model by 20%, being the world's lightest and smallest^{▶2} digital camera. This results in significant energy saving. In future, we will continue to respond to requests from customers and carry out product planning that leads to the reduction of environmental load.

▶2 Lightest and smallest = Among compact digital cameras with approx. 7 million pixels (as of January 2006)

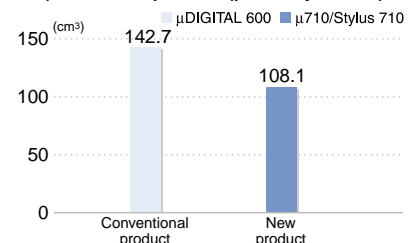
■ Conventional product (μ DIGITAL 600) and new product (μ 710/Stylus 710)



■ Comparison of weight between a conventional product (μ DIGITAL 600) and a new product (μ 710/Stylus 710)



■ Comparison of volume between a conventional product (μ DIGITAL 600) and a new product (μ 710/Stylus 710)



Development and Design

Environmental consciousness is linked with Opto-Digital Technologies including optical technology for which materials that do not contain harmful substances are used, electronic imaging technology that pursues downsizing and power saving, and fine technology that is fully used for manufacturing. Since Opto-Digital Technology is a core technology, we cannot focus on the environmental consciousness without it.

Realization of arsenic- and lead- free lenses and development of grinding technology

Elimination of harmful substances and integration of grinding and polishing technologies

There are lead- or arsenic-containing lenses for optical devices that are used for improving optical performance. Usually, lead and arsenic contained in molded lenses do not leak; however they may leak out of the glass sludge produced in the process of grinding or polishing lenses and pollute the environment.

Since 1994, in cooperation with material manufacturers, Olympus has made efforts to develop lead- and arsenic-free lenses for the purposes of securing occupational safety and health in lens-grinding and -polishing processes and preventing environmental pollution at the time of waste disposal. Eliminating lead and arsenic from lead- or arsenic-containing glass changes the glass's characteristics, such as light refractive index and abrasion degree. However, we have developed new designing and process technologies and succeeded in the elimination of lead and arsenic. With these technologies, conventional performance is preserved. As of FY 2005, the ratio of lead- and arsenic-free lenses for products uniquely developed by Olympus was 94.7%. For cameras, the ratio is 100%.

We are actively engaging in the reduction of glass sludge produced in the processes used in grinding and polishing lenses. We developed the Laplike Method[▶], an integrated grinding and polishing technology, which eliminates multiple grinding processes that have been required in the past. By adopting the technology that eliminates precise grinding processes, we reduced the quantity of the glass sludge generated and the quantity of waste.

▶ Laplike Method = This name is derived from that fact that Laplike—a special metal which generates surface potential in a liquid and in which diamond is compounded. For more details of grinding and polishing technologies, refer to ▶ WEB.

▶ WEB Introduction of Laplike Method = <http://www.olympus.co.jp/jp/news/2002b/nr020919llikej.cfm> (Japanese only)

Comparison of processes between the conventional method and a new technology, Laplike Method

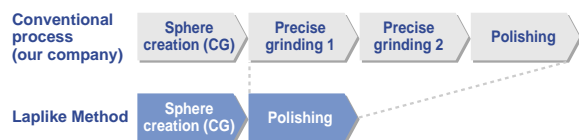


Image Processing Technology that Achieves Low Power Consumption

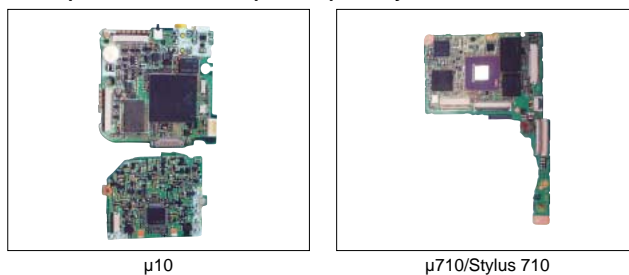
TruePic TURBO, Olympus' original image processing technology

The image quality and performance of digital cameras are composed of three elements—lens, capture device, and image processing engine.

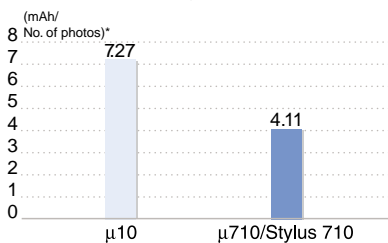
To downsize digital cameras and realize low power consumption in use, we have been making unceasing efforts to develop new image processing engines. A newly developed image processing engine, TruePic TURBO, leads to the downsizing and low voltage of devices by integrating multiple functions into one chip.

Furthermore, optimizing the software that controls a stream of operations relating to image processing helps to eliminate unnecessary processes, reducing power consumption by 43%. These improvements radically increase processing speed and the number of photos you can take, allowing customers to use the digital camera more comfortably. In the future, we will continue to engage in further development and design to enrich customer satisfaction and promote environmental awareness.

Comparison of boards of μ 10 and μ 710/Stylus 710



Reduction of energy consumed per photo



* No. of photos are based on CIPA (Camera & Imaging Products Association) standards.



Yoshitaka Ogawa, Imaging Development Dept. Olympus Imaging Corp. who promotes environmental consciousness for digital cameras Eco-communication

Procurement

Material procurement for manufacturing. We focus on not only materials but also on our business partners.

This is because our Eco-mind is realized only after we obtain full cooperation from them.

What is the RoHS Directive?

Regulations on specific substances in the EU region

For the purpose of environmental preservation and human health protection, environmentally-conscious products are becoming ever more strongly desired; accordingly, regulations on specific chemical substances are being tightened.

In both Japan and overseas, there are movements toward controlling specific chemical substances contained in plastics, metals, and other electronic parts used in appliances and electronic equipment.

In the EU region (25 member countries as of the end of March 2005), the amount of used electrical and electronic equipment has increased. Most of the equipment is disposed of in landfills or by incineration. As a result, pollution caused by lead discharged from landfills or incineration plants has become an issue. To deal with this problem, the RoHS Directive, which stipulates regulations on the use of specific chemical substances for electrical and electronic equipment, has come into effect; the use of the substances specified below is to be regulated in and after July 2006.

Regarding the RoHS Directive, the Olympus Group is engaging in the following measures even for products that are not targeted by it: “Green Procurement” survey—a survey on the existence of specific chemical substances at the time of procurement—and the substitution of alternatives for these substances.

Chemical substances specified by the RoHS Directive

Restricted Substance	Remarks	
	Main Uses and Parts	Toxicity Information*
Cadmium	Cord sheathing, plastic stabilizer, dry cells	Cadmium causes liver and kidney disorders and osteomalacia and is also a carcinogen.
Lead	Lead solder	Lead can have harmful influence on the nervous system and hematopoietic organs as well as on children's mental development.
Mercury	Switches, electric bulbs, dry cells	Harmful influence on reproductive functions
Hexavalent chromium	Plating on screws, etc.	Hexavalent chromium has harmful influence on skin, causes ulcers, and is carcinogenic.
Polybrominated biphenyls (PBBs)	Flame retardant for plastics	Hormone disruptor, suspected harmful influence on child development
Polybrominated diphenyl ethers (PBDEs)	Flame retardant for plastics	PBDEs generate brominated dioxins and are suspected of being hormone disruptors.

* These harmful influences on health will not occur during normal use of products.

“Green Procurement” Survey by Olympus Imaging Corp.

Conducting surveys on specific chemical substances contained in all parts

Olympus Imaging Corp. produces products in the imaging field, such as digital cameras—one of Olympus's flagship products. Since digital cameras, etc. are subject to the RoHS Directive, we need to examine whether the parts used for such products contain specific chemical substances. Accordingly, Olympus Imaging Corp., mainly its Procurement and Quality Groups, has prepared a survey form for each of the component lists by referring the design of the product, and is conducting a “Green Procurement” survey—a survey on environmentally influential substances in cooperation with our business partners.

Survey form for “Green Procurement” (sample)

Item Code	Item	Survey/ Judgment Status	RoHS Final Judgment	Basis of Final Judgment and Other Information
**2567000000	Contact board	Judgment completed	OK	RoHS compliance check completed
**2568000000	Printed Circuit Board A	Judgment completed	OK	No inclusion (JGPSSI)
**2569000000	Printed Circuit Board B	Judgment completed	OK	No inclusion (JGPSSI)

“Green Procurement” Survey from Viewpoints of Purchasing Personnel

Since 2003, Olympus Imaging Corp. has conducted surveys on the existence of particular chemical substances. At the beginning, however, the scale of the activities was small, and they were carried out by a limited number of employees. In January 2004 when “Green Procurement” survey started in full swing, survey accuracy and responses to the survey were not satisfactory, and neither the Procurement Group members who conducted the survey, nor the business partners who were asked, were enthusiastic. In spite of this situation, the Procurement Group worked together, and improved the awareness of business partners by visiting them and making explanations, and repeatedly conducted surveys. As a result, activities have expanded rapidly and become more energetic. Now, not only purchasing divisions but also development, sales, and other divisions are showing an improvement in their environmental awareness.



Chihiro Ikeda
Procurement Group,
Purchasing Dept.
Olympus Imaging Corp.



Eiji Miyashita
Purchasing Quality Group,
Olympus Imaging Corp.

“Green Procurement” survey of business partners

Conducting surveys in cooperation with business partners

Each of the companies of the Olympus Group, including Olympus Imaging Corp., participates in Japan Green Procurement Survey Standardization Initiative (JGPSSI)^{▶1}. By referring to specific chemical substances which, according to JGPSSI determination, have to be monitored, each of them examines the specific chemical substances (P. 37) that are contained in materials or parts used for their products and that are the targets of examination.

We ask our business partners to analyze information on the chemical substances contained in materials or parts and provide the information to us. In addition, we internally analyze the chemical substances contained in materials or parts whenever necessary, so that our final products do not contain chemical substances that are subject to control.

▶1 Japan Green Procurement Survey Standardization Initiative (JGPSSI) = An organization founded to reduce the inconvenience of surveys and improve the quality of answers through standardization of survey target lists and answer formats, both of which are utilized in our Green Procurement survey. Currently, more than 80 major manufacturers in Japan participate in the organization and pursue consultations toward the global standardization of Green Procurement survey methods conducted in Japan.

“Green Procurement” survey from the viewpoint of business partners

Vel Suede Ltd. (<http://vel-suede.co.jp/>) is a business partner of Olympus Imaging Corp.

The company obtained ISO 14001 in May 2005 owing to strong decision-making by its top management and to the combination of regular environmental education provided for its employees and environmental activities in the area. Each employee has high environmental awareness.

“The chemical substance survey that we are asked to conduct was, at first, troublesome, and we tended to be late in replying to it. However, as our environmental awareness has improved, the survey has come to have an influence on Vel Suede’s business partners, and our activities are carried out more enthusiastically.”

Vel Suede stores environmental information data on the parts that we handle and that we have so far investigated. To date, the company has more than 3,000 data items.

Originally, these data items were created for Green Procurement. Depending on their contents, they may bring synergy effects in fields such as cost analyses and cleaning activities (organizing parts, etc.)



Yoshikazu Baba
CEO, Vel Suede Ltd.



Norie Harada
Planning Dept. is managing environmental information data.

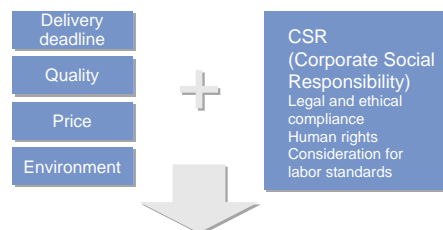
Establishment of Olympus Group Procurement Policy

Promoting CSR in purchasing activities

Olympus, a set manufacturer,^{▶2} procures materials and manufactures, as well as sells, products. Without cooperation of the business partners from which we procure materials, we cannot manufacture our products. Accordingly, with the aim of disseminating CSR to our material procurement sources, we established the Olympus Group Procurement Policy in November 2005, seeking cooperation from more than 4,000 business partners at procurement sites all over the world. We will engage in procurement activities by placing an emphasis on considerations for legal and ethical compliance, human rights, and labor standards anew, in addition to those concerning more conventional material procurement requirements—quality, delivery deadlines, prices, and the environment.

▶2 Set manufacturer = A manufacturer that procures parts externally and in-house, processes them, and then sells final products.

Conventional procurement standards and material procurement policies



Olympus Group CSR Procurement Standards (extract)

1. Compliance with laws and regulations and social norms
2. Consideration for the environment
3. Promotion of impartial and fair business
4. Policies for selecting business partners
5. Strengthening of partnerships with business partners
6. Prohibition of receiving personal gains

CSR Procurement Survey

To evaluate the degree of environmental compliance achieved by our business partners, every year Olympus conducts its Environmental Measures Survey. More than six years have passed since the start of this survey and the degree of environmental compliance by our business partners has increased year by year. Since the Olympus Group Procurement Policies have been established, we are working on changing our conventional environmental measures survey and conducting a CSR procurement survey from the following fiscal year.

Production

The production process is where our mind is embodied in our products. We carefully execute quality management to ensure the safety of our products and strive to improve production processes and manufacturing methods to completely eliminate waste, based on our motivation to produce nothing but goods from our factories. We also focus on the buildings and facilities of manufacturing sites.

Manufacturing on RoHS-compatible Production Lines

Global environment controlling free from hazardous chemical substances

In addition to the EU RoHS Directive, regulations on hazardous chemical substances contained in products have recently been tightened in major countries of the world. Responding to such demands from society, the Olympus Group has actively developed various elemental technologies,^{▶1} such as surface treatment technologies and bonding technologies so that hazardous chemical substances can be completely replaced.^{▶2} Production lines free from hazardous chemical substances have been established by combination of these technologies. In addition, to avoid effects on product or part quality caused by the replacement of hazardous chemical substances, we have conducted many reliability tests. We were among the first to establish one important environmental technology, lead-free soldering—a typical example of the elimination of hazardous chemical substances. We widely use this technology for manufacturing boards for electronic components. We also have established a hexavalent-chromium-free surface-treatment technology and are producing products on hazardous-substance-free production lines; the surface quality of products is the same as before. Furthermore, each plant and office such as the Educational Center of Okaya Plant is making efforts to train staff—sharing know-how among engineers who support manufacturing and increasing their skills.

- ▶1 Elemental technologies = Technologies related to elements that constitute products. (Technologies related to elements that improve each element and that reduce costs.)
- ▶2 In compliance with environmental laws and regulations related to products, the Olympus Group has established its "Environmental-related Substances Used in Product Control Rules" ▶WEB and "Environmental-related Substances Used in Manufacture Process Control Regulations" ▶WEB and is strengthening its control of chemical substances.

■ Lead-free soldering reflow line



Reducing Greenhouse Gas Emissions from Non-Energy Systems

Reducing 1,000 tons of CO₂ emissions by replacing spray cans

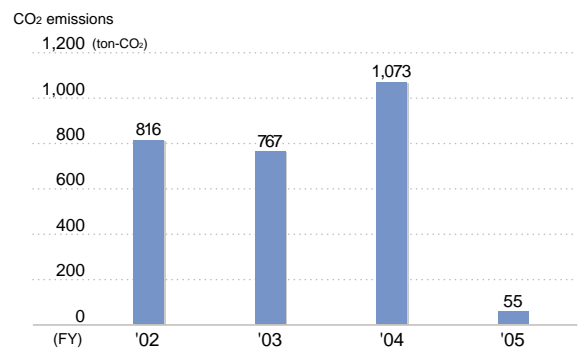
Olympus uses some types of greenhouse gases as spraying agents for blowing out dust, as cleaning agents, and for etching processes in manufacturing semiconductors.^{▶3} These gases have an enormous impact on global warming—it is said that their influence is 100 to 10,000 times greater than that of carbon dioxide.

Ina Plant reduced the usage of spraying agents for blowing away dust, from its lens production process, by substituting gases with lower global warming potential. As a result, the plant has reduced CO₂ emissions by about 94%. In addition, Olympus Medical Engineering Co., Ltd. also changed the spraying agents for blowing away dust to gases whose impact on global warming was low and reduced CO₂ emissions by about 72% (compared to the previous year).

Regarding greenhouse gases that are used as cleaning agents and emitted from non-energy systems, we will continuously make efforts in terms of technology development, such as through downsizing washers.

- ▶3 Etching = A processing technology in a broad sense. For example, the surface or shape of a metal is electrochemically dissolved or removed, and then processed.

■ Effect of reduction of Ina Plant CO₂ emissions derived from spray cans

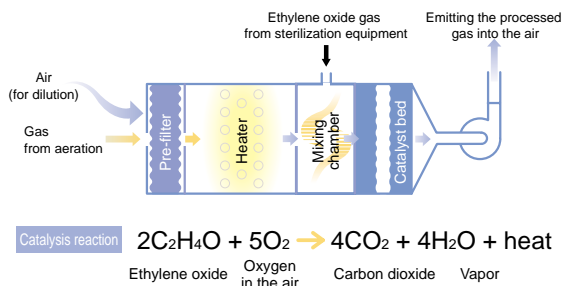


Improvement of Sterilization Processes

Reducing usage of ethylene oxide gas

Ethylene oxide gas (EOG), used in sterilization processes for the production of medical treatment apparatus, poses a carcinogenic risk to humans. Rated as a specified chemical substance, EOG emissions to the atmosphere are regulated under the law. To detoxify EOG and these emissions for release into the atmosphere, EOG needs to be burned or passed through a catalytic treatment process. Carbon dioxide is generated in this process, however, Aomori Olympus Co., Ltd. reviewed sterilization conditions—including pressure and humidification conditions—and reduced the usage of EOG by 50%. Use of the carcinogenic gas was reduced at the Aomori Olympus facility and 8.2 tons of CO₂ emissions (contained in the EOG and produced as a result of the decomposition processes) are avoided on an annual basis.

Decomposition system and reaction formula



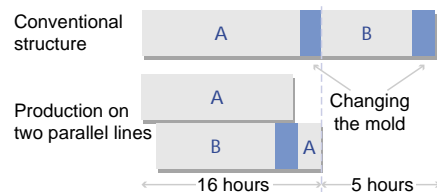
Improvement of Pressing Processes

Reducing operation time by adopting parallel lines and bringing pressing process into synchronization with subsequent process

In the past, in the pressing process for digital cameras, two types of products were alternately produced on a serial line. This process required time for changing the mold and a long time for line operation. Therefore, by changing the production line from a serial line to parallel lines, we reduced the operation time by about 25%. Now we can process two products simultaneously. By bringing the pressing process into synchronization with the subsequent plating process, we reduced the number of products in progress and the overall resources input (resources and energy).



Shortened time



Energy-Saving Presentations

Revitalizing energy-saving activities through sharing information among production sites

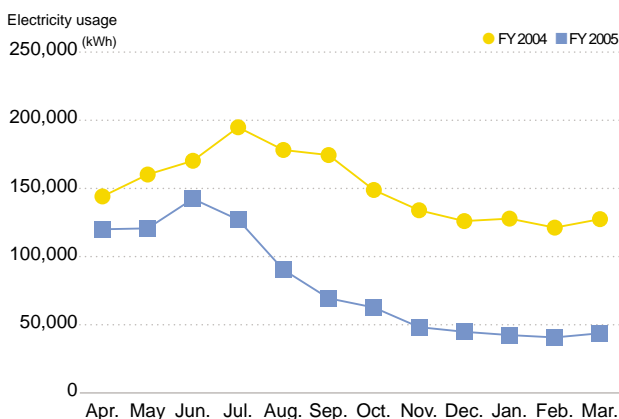
To revitalize energy-saving activities, Tatsuno Plant held a presentation where energy-saving activities in each workplace were announced. Such activity included turning the announcements was as follows: Turning off the air conditioning in the clean room at night and on holidays while monitoring the effects on the quality of the products, which resulted in a reduction in energy use of 30%.

Participants expressed their impressions as follows: “The sharing of familiar examples helped me find a clue to energy saving”; and “I realized that the improvement of production activities is linked with the reduction of environmental load.” Although the effect of one activity is small, the implementation of all the cases announced in the presentation has led to an annual reduction of 500t of CO₂.

Presentation of energy-saving at Tatsuno Plant



Record of reduction of electricity usage in clean room of production plant



Logistics

The logistics process delivers our products and mind. Just as for other stages in a product's lifecycle, we also focus on transportation, which is less burdensome on the environment, and on adequate packaging. In considering the transportation effect on products, we pursue environmentally-friendly packaging technology.

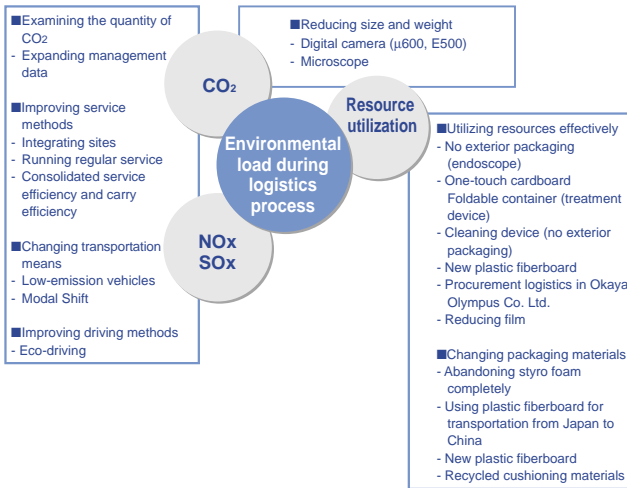
Activities for Reducing Environmental Load During the Logistics Process

Reducing CO₂ emissions and resource usage by managing service and improving packaging

We are working on the following means to reduce the environmental load during the logistics process: reducing logistics costs; reducing resource usage through the improvement of packaging of parts and products; improving logistics service management and loading ratio; and reducing CO₂ emissions by applying a Modal Shift.^{▶1} To implement additional measures more actively, in this FY we started recording data on environmental load during logistics.^{▶WEB}

^{▶1} Modal Shift = To shift freight transport to railway transport or marine transport, both of which are less burdensome on the environment

■ Concept of environmental action for packaging and logistics



ucts transported. Therefore, to improve loading efficiency, partitions were installed on the bed so that the empty space could be utilized. Accordingly, the number of trucks for transportation was reduced, which resulted in a reduction of CO₂ emissions during transportation.

Downsizing of Packaging Materials of “μ-Series” Digital Cameras

Reducing the weight of packaging materials by 30% compared with conventional products

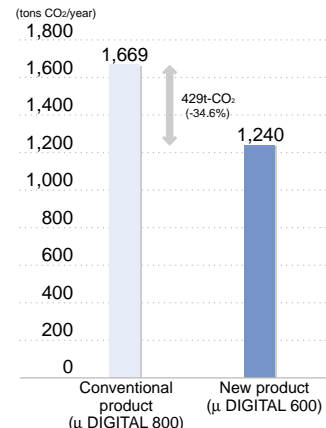
For our “μ-Series” digital cameras, we reviewed the layout of the items in each individual packaging box^{▶2} and reduced the packaging volume by 30%. In our new packaging, shock-absorbing functions comparable to conventional ones are maintained. This measure reduces not only usage of packaging resources but also CO₂ emissions, thanks to the reduction in the weight of the products transported and the improvement of loading ratio. Since the individual packaging boxes can be folded, time for packaging is reduced, and the boxes can easily be disposed of.

^{▶2} Individual packaging box = Packaging used to pack each product individually

■ Reducing volume of individual packaging of digital camera (μ-Series)



■ Effect of reducing CO₂ emissions



Improvement of Vehicle Loading Efficiency During the Logistics Stage for Procurement

Improving loading efficiency by using space on the upper part of truck bed

In the logistics stage for the procurement of printer parts, we tried to improve loading efficiency by using the empty space in our existing contracted trucks (simultaneous transport with products). Of the existing contracted trucks, there were many that had empty space on the upper part of their bed due to restrictions—e.g. size and strength of prod-

Sales

The sales process is where products and our policies are delivered to customers. We deliver products that are more environmentally-conscious. Furthermore, we provide clear-cut information on what sort of environmental consciousness is being practiced.

Olympus Eco-products

Olympus's environmentally-conscious products

Referring to the international standard for environmentally-conscious products (the "environmental label" indication of the international standard, ISO 14021), Olympus has established its own standards and certifies those products that satisfy these standards as "Olympus Eco-products." By the end of March 2005, we had released a total of 32 Eco-products to the market. By improving the level of our environmental consciousness, expanding the number of products, and enriching sales communications, we will provide in the future more opportunities where customers can select certified Eco-products and make efforts to contribute to environmental preservation.



ECO-PRODUCTS

Olympus Eco-products mark

■ Olympus Eco-products standard items

Standards & distinctive features	Descriptions of standards & distinctive features
1. Remove hazardous chemical substances as much as possible	<ul style="list-style-type: none"> Controlling chemical substances contained in products Controlling chemical substances used in the product manufacturing process
2. Reduce energy use to a minimum	<ul style="list-style-type: none"> Reducing electric power consumption while products are in use
3. Promote resource saving and effective use of resources	<ul style="list-style-type: none"> Developing lightweight, compact products and compact packaging Using a wide range of recyclable materials Making it easy to break down and separate expendable parts Making it easy to collect and recycle materials used for packaging or shipping products Indicating material quality on plastic parts Saving resources when manufacturing and using products Developing long-life products Making products that satisfy upgrade requirements
4. Dissemination of information on environmentally-conscious products throughout society	<ul style="list-style-type: none"> Carrying out environmental assessments, Providing information that helps product users to increase their environmental awareness

Observance of the EU WEEE Directive and the RoHS Directive



Observing environmental laws and regulations through smooth communications

The Olympus Group exports its products to and sells them in the EU region. We are making efforts to observe environmental laws and regulations in the region such as the WEEE Directive (effective from August 2005) and the RoHS Directive (effective from July 2006).

In particular, Olympus Imaging Europa GmbH, which conducts marketing and sales of imaging-related products that account for

92% (based on weight) of Olympus products shipped to the EU region, has (a) thoroughly observed laws and regulations; (b) in cooperation with Olympus Imaging Corp. who develop and manufacture imaging-related products, smoothly communicated with affiliated companies and agents in Europe that sell Olympus products in EU countries; and (c) made efforts to comply with the WEEE and RoHS directives. As a result, for products in the imaging field, environmental compliance with the WEEE Directive was completed in July 2005, and with the RoHS Directive in March 2006.

► WEEE Directive = WEEE (Waste Electrical and Electric Equipment) Directive, which is based on Article 175 of the EC Treaty, for promoting the collection and recycling of electrical appliances. The directive is also described as a directive concerning used electrical appliances and electronics devices. Note that EU member nations may also have their own domestic regulations that are stricter than the WEEE Directive.

Emphasizing Environmentally-Conscious Products in Sales Activities



ISO 14001 activities incorporated in sales activities

Adhering to ISO 14001 activities, KS Olympus Co. Ltd. a major domestic sales company in the Olympus Group, is making efforts to urge customers to use products that are less burdensome on the environment through its sales activities.

Promoting use of Olympus Eco-products and voluntarily evaluating the effects of our products on the environment help us understand environmental characteristics of products, which we explain to customers as a part of our sales activities.

■ Evaluation of environmental effects caused by KS Olympus Co. Ltd.

Product	Features of its environmental effects
Using an antiseptic solution containing 6% Acecide (peracetic acid) for OER-2, endoscope rinser/sterilizer	<ul style="list-style-type: none"> The adoption of Acecide, with the benefits of its low environmental impact and powerful sterilizing effect reduces operating time by 67% to 89% compared with conventional products, improving sterilizing and cleaning effects, and contributing to energy-saving. The volume of the product has been decreased by about 37%, which results in both energy and space-saving.
LED light for stereo microscope	<ul style="list-style-type: none"> The LED light improves the brilliance and saves energy. Since the light uses a long-lasting power supply that is 400 times as durable as the conventional light, it contributes to energy saving as well as resource saving, the reduction of fluorescent lamps disposed of after they are changed, and the reduction of harmful substances.
Cleaning liquid for wiping lenses (wiping liquid)	<ul style="list-style-type: none"> Contrary to the conventional liquid that contains harmful substances, the cleaning liquid is composed of silicon-derived or hydrocarbon-derived agents that are not harmful to humans. This cleaning liquid leads to the reduction of the use of substances harmful to the global environment and to people. At present, how to cleanse lenses differs depending on individuals. However, use of the EE cleaning liquid enables you to cleanse lenses more easily, contributing to energy saving and resources conservation.

Use

We hope you can sense Olympus' commitment when you use products—we would like to help you find new ways of using them. We provide products that benefit the environment through observation of the natural environment and careful inspections of all our equipment.

Preservation of Ecosystems in Rivers and Microscope

Feeling the environment through a microscope

With a microscope, you can observe minute objects, not through a monitor, but with the naked eye. Therefore, our microscopes are used to research, analyze, and observe the natural environment.

Observing rivers with microscopes

Mr. Kawai, a teacher of Osaka Municipal Daido Junior High School and a group member promoting the conservation of endangered species of wild fauna and flora program led by the Ministry of the Environment, uses Olympus microscopes in observation meetings indoors or outdoors in connection with research to protect freshwater fish living in the Yodo River.

He says, "You can learn many things, both tangible and intangible, from the river environment richly endowed with nature. For example, I believe you can intuitively learn about the "importance of life," which has recently come to be an issue in the educational world.

To do so, we have to restore the productive river environment that is a "place" for learning. From now on, the most important thing will be for children who are responsible for the next generation to have correct environmental recognition. When you observe living things, not through a monitor but directly with a microscope, I can talk about basic matters of ecosystems such as the food chain with a passion. In our observation meetings, all the participants—children and adults—are very enthusiastic.



Mr. Norihiko Kawai, a teacher of Osaka Municipal Daido Junior High School, held an observation meeting at the Olympus booth for "Eco-products 2005."

Under these circumstances, Olympus supports the Reef Check. Every year, several employees participate in activities for the Reef Check as volunteer divers.



Observing the coral reef with a digital camera equipped with an underwater protector



Compact digital camera, μ-720, which is water-resistant to a depth of 3 meters, designed to prevent dust, and is shock-resistant (Eco-products in FY 2005)

- ▶1 Reef Check = An international NPO which, in a global scale, evaluates the effects of human life on coral reefs in more than 50 countries. It engages in activities to increase awareness among people about the value and current status of coral reefs and establish a global network for preserving coral reefs.
- ▶2 Coral = A unique animal that photosynthesizes with solar light. Coral reefs in shallow sea areas near the land are inhabited by various creatures. Coral reefs support human life, providing fishing resources, tourism resources, etc. In addition, well-developed coral reefs protect the land from waves, acting as banks under the sea.

Industrial Endoscopes and Their Various Environmental Effects

Contributing to resource saving, global warming prevention, and ecosystem preservation

Industrial endoscopes are a type of gastro-camera for industrial use that inspects unseen parts. Accordingly, they are used for various purposes. ▶WEB

Industrial endoscopes and their various environmental effects

Usage	Typical use	Environmental effects expected from the use
Electricity, gas, Water service	Inspecting cracks in or corrosion of pipes	<ul style="list-style-type: none"> • Reducing the amount of resources input by extending operating lives • Maintaining and managing infrastructure for environmental preservation, such as sewage facilities
Engines	Inspecting the inside of engines	<ul style="list-style-type: none"> • Reducing CO₂, a greenhouse gas, as a result of inspections at various stages - Checking combustion conditions of engines at the stage of research and development - Inspecting engine quality when the engine is assembled - Inspecting the quality of diesel particulate filters so as to clean up exhaust gases
Boilers and heat-exchange equipment	Checking for corrosion and blockages	<ul style="list-style-type: none"> • Avoiding imperfect combustion and improving thermal efficiency
Co-generation for power generation	Inspecting turbine blades and compressors	<ul style="list-style-type: none"> • Improving power generation inefficiency and energy inefficiency
Air-conditioning duct	Checking contamination inside the duct	<ul style="list-style-type: none"> • Preventing diffusion of dust
Program-production companies, etc.	Observing inside of trees on a TV program about insects	<ul style="list-style-type: none"> • Observing, investigating, and researching nature and creatures in the field and preserving ecosystems

▶WEB Purposes of industrial endoscopes
http://www.olympus.co.jp/jp/insg/rvi/wir/wir_02.cfm
 (Japanese only)

Protection of Coral Reefs Using Digital Cameras

Cooperation with the international NPO, Reef Check ▶1

For digital cameras to be used in a wider range of fields, Olympus was among the first to provide a waterproof function for them. Using a digital camera equipped with a water protector, you can take photos at a maximum water depth of 60 meters—the depth up to which the protector is resistant to the water pressure. You can take photographs of the real situation of coral reefs ▶2 with quality digital images at a depth that is deeper than ever before. This contributes to information sharing in the global network.

Disposal and the 3Rs

This is a process in which components are adequately returned into recycling to minimize their environmental load. Parts that have not outlived their usefulness go through a thorough inspection and are used again. Whenever they are disposed of, they are adequately processed. With the goal of “Non-disposal” in mind, we are manufacturing recyclable products for which customers develop an attachment and make use of our services.

Resource Recycling when Olympus Products are Repaired

Manufacturing for recycling with the goal of “Non-disposal”

Olympus analyzers have a variety of users, such as hospitals and private examination centers. Since many of the analyzers are large in size, when they are delivered or replaced for upgrade, contractors specializing in analyzer transportation receive old analyzers. This procedure facilitates adequate processing and contributes to safety.

Most of the platforms and covers of analyzers are made of steel; therefore we make contracts with disposal companies that can recycle these materials so that the analyzers are adequately processed and the resources are utilized.

In addition, our Repair Center for digital cameras (P. 22) disassembles digital cameras that are judged to be unrepairable and are to be disposed of by Olympus. After sorting out the various parts, the Center performs as much material recycling^{▶1} as possible to recycle resources.

▶1 Material recycling = Using waste as raw materials. Collecting used products and waste generated in production processes, processing them into forms that can easily be recycled, and using them again as new raw materials.

■ Analyzer with steel cover removed



Proper Disposal in KS Olympus Co., Ltd.



Strengthening compliance, based on ISO 14001

As part of activities for strengthening compliance based on ISO 14001, an environmental management system, the sales offices of KS Olympus Co. Ltd. in the Tohoku area, appropriately process used Olympus products, received from customers (users) at the time of product delivery, in compliance with the Waste Disposal and Clean-up Law.

More concretely, each sales office, as a discharging business unit, issues a manifest (Industrial Waste Management Form)^{▶2} and delivers it to the waste disposer with the used product. When the manifest is returned to the sales office, the disposal processes and the contractor who engaged in the disposal are checked, and the completion of adequate disposal is then confirmed.

▶2 Manifest (Industrial Waste Management Form) = A form that specifies the type of waste, the amount of waste, the name of the disposer, and the final disposal site. To prevent inadequate disposal and illegal dumping, the form is used when the disposal of waste generated as a result of business activities is outsourced. Each contractor is obliged to keep manifestos and check whether industrial waste is adequately disposed.



Industrial waste storage in Hirotsaki office

Proper Disposal of PCB Waste^{▶3}

Completing the registration of early application for disposal

In 2004, Kitakyushu Disposal Facility started the processing and disposal of PCBs. All offices and plants of the Olympus Group that store PCBs have completed the registration of early application for disposal.

In future, we will properly dispose of PCB-containing electronic components (transformers, capacitors, etc.) as soon as the disposal of such devices starts at designated disposal sites in Japan.

▶3 PCB = Poly-Chlorinated-Biphenyl. Since these substances easily dissolve in fat, it is reported that the substance is stored in a human body by chronic ingestion, and can cause various serious problems. PCBs were previously used for various purposes because of their excellent electrical insulation.

■ Storage of PCB



Formulating a Basic Environmental Plan toward an Environmentally-Advanced Company

The Olympus Group formulates its Basic Environmental Plan and incorporates it within the Corporate Strategic Plan to fulfill our responsibilities toward the realization of a sustainable society.

In the future, the Olympus Group make its utmost effort to carry out measures that fully incorporate CSR, including environmental measures, throughout all our business activities.

Olympus Group Medium-Term Basic Environmental Plan

Formulating the Basic Environmental Plan 2006

Establishing Eco-design^{▶1} in our business activities, the Olympus Group fulfills our responsibilities toward the realization of a sustainable society and aims at becoming an environmentally-advanced company. Every three years, the Olympus Group examines our activities and conducts self-evaluations; the results are then reflected in our medium- and long-term plans.

The Basic Environmental Plan 2006 is an action plan for five years—from April 2006 to March 2011—which clarifies our corporate philosophy for the coming years in view of changes in the business environment surrounding the Olympus Group and in which our corporate image is embodied. The plan was formulated through discussions and deliberations of the Olympus Group Environmental Committee and a determination at Management Execution Meeting (P. 19) in December 2005. The plan is composed of the following essential environmental strategies:

- I. **Products: Creating Sophisticated Environmentally-Conscious Products**
- II. **Facilities: Implementing Eco-Efficient Management**
- III. **Management: Practicing Global Environmental Management**
- IV. **Communication: Enriching Environmental Communication**

The Olympus Group has newly adopted “Eco-communication” as an essential feature of our Basic Environmental Plan. For Olympus to become an environmentally-advanced company, internal understanding and actions—not only for employees but also for each stakeholder—are essential. For this purpose, Olympus believes that improving the quality of communications with stakeholders is very important.

Based on several essential features, the Olympus Group will PLAN further detailed action plans, actually DO the plans, CHECK the goals and the reality, and ACT to realize and carry out each environmental measure.

^{▶1} Eco-design = A comprehensive environment-responsive measure to reduce environmental load in society and realize a sustainable economic society. Eco-design aims to create new added value, optimizing manufacturing/production technologies, business models, and social systems from the viewpoints of both the environment and the economy.

Essential Features of the Basic Environmental Plan 2006

I. Eco-products

To reduce the load of each manufacturing process—product planning, development, as well as design, procurement, production, logistics, sales, use, and disposal, we will create sophisticated environmentally-conscious products and services through continuous challenges and sophisticated technical capabilities and contribute to a sustainable society.

II. Eco-facilities

For environmental issues such as global warming, the Olympus Group, in all of its offices and plants world-wide, will promote the reduction of CO₂ emissions, as well as the efficient use of resources, and, for CSR, contribute to a circulation society.

The Olympus Group will also utilize ISO 14001 system and actively promote the above actions through the business activities of each department.

III. Eco-management

Based on the notion of EPR^{▶2} Olympus will strengthen our efforts for compliance with the environmental laws and regulations that are being increasingly enacted all over the world. For this purpose, we will take measures such as gathering information efficiently, focusing on appropriate legal interpretation as well as incorporating laws and regulations in our policies, and smoothly deploying the policies within the company. From the viewpoint of CSR, we will strengthen environmental risk management regarding overseas activities, including those in developing countries.

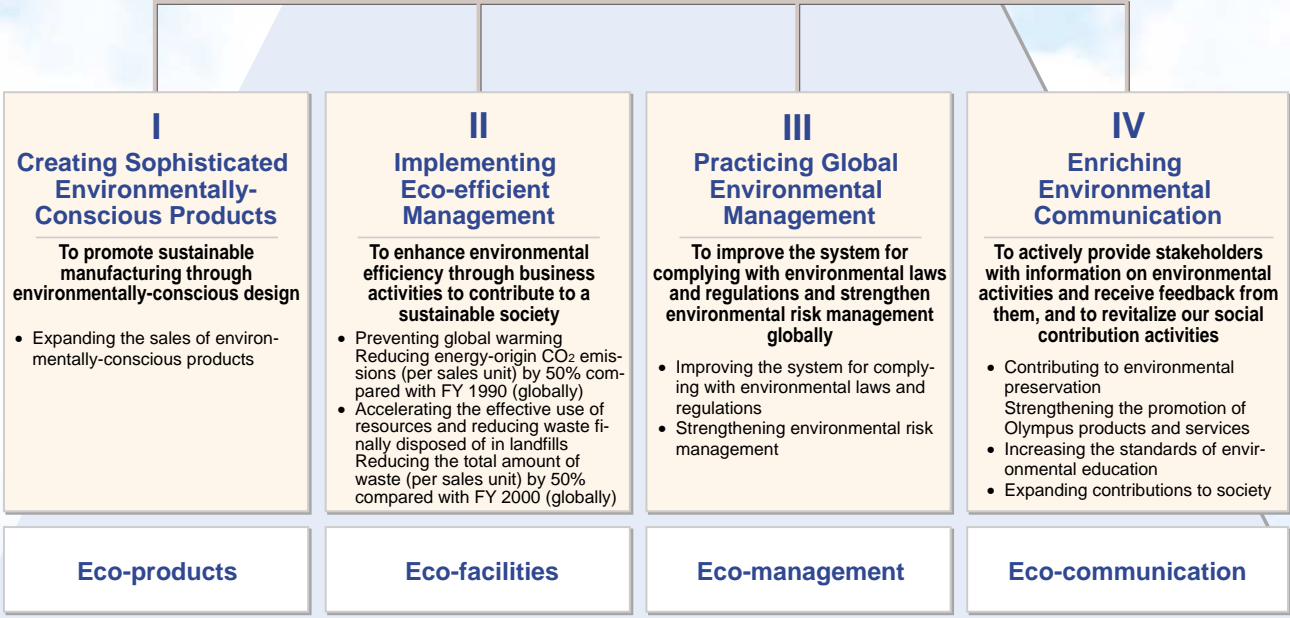
IV. Eco-communication

Using two-way communications—questioning and answering each other—between the Olympus Group and stakeholders both inside and outside the group, we aim at sharing viewpoints about the environment and at feeding such viewpoints back into our activities.

^{▶2} EPR = Extended Producer Responsibility. This is the notion where a producer is responsible for not only the stages of product manufacturing and use but also the stages of disposal and recycling. Based on this concept, environmental laws and regulations that specify how a manufacturer is obliged to reduce environmental effects caused by its products are increasing all over the world.

Basic Environmental Plan 2006
Ecology Vision 21
 Part II

Environmental management programs
 as brand strategy and CSR activities
 for maximizing corporate value
**Becoming an environmentally-
 advanced company**



Good Relations with Community

Promoting Information Disclosure and Interactive Communication

It is very important for Olympus to let people know what we are thinking about and what we are doing, and to learn exactly what people expect from us. Interactive communication is an essential tool for us in getting involved in the community and providing value to society.

Information Disclosure Policy

Providing the right information at the right time

Olympus releases corporate information in an appropriate manner at the right time so that the company's shareholders and customers can fully understand it as well as find it trustworthy and in accord with our information disclosure policy. Olympus has established internal rules on information disclosure, including procedures, based on our information disclosure policy. Whenever we disclose information, it is particularly important to comply with the relevant laws and ordinances and stock transaction regulations effective in countries where we or our subsidiaries and affiliates do business. We also pay careful attention to protect the personal information of stakeholders and respect their rights.

Method of Information Disclosure

Providing information to as many people as possible

Depending on the level of importance or content, Olympus provides information using optimal means, such as news releases, publicity events, news conferences, and web sites.

With the recent spread of the Internet, the role of web sites has never been more important in providing information on corporations. Olympus is therefore constantly improving its web site to better supply information to consumers. Any particularly important piece of information concerning the Company will be quickly reflected on its web site after official disclosure in accordance with the insider trading regulations so that the information can be accessible to as many people as possible. Please refer to "Investor Relations" section [▶WEB](#) of our web site.



Olympus' Web site

▶ Official disclosure as per the insider trading regulation = Companies should avoid unofficially and prematurely disclosing any material information that may affect their stock value. Such disclosure of material information may provide advantages to those who receive the information before the general public does (insider trading), and any company that discloses information in this manner is obligated to swiftly disclose the same information to the public. Such material information is deemed to be disclosed in accordance with the insider trading regulation if it is put on the Timely Disclosed Information Access Service jointly operated by the Tokyo Stock Exchange, among others.

▶ [WEB](http://www.olympus.co.jp/en/corc/ir/) Investor Relations = <http://www.olympus.co.jp/en/corc/ir/>

Notice of Product Safety Information

Possibility of over-heating or smoking in the IZM200/210/220PANORAMA/230Zoom

We released in Japan the notice to our customers of the above 35 mm film cameras produced between 1988 and 1994. A failure of a circuit element in the cameras may cause a possible over-heating and smoking which rarely result in damage to the outer cover when the camera is turned on.

As our cameras are manufactured with flame-resistant materials, there is no risk of a fire. However, giving customers' safety top priority, we are providing a free inspection and prevention measures program. Please refer to our web site [▶WEB](#) for details. Overseas Olympus Group companies [▶WEB](#) also have similar programs respectively.

▶ [WEB](http://www.olympus.co.jp/jp/support/cs/camera/info/ff20060220izmj.cfm) Product Safety Information of IZM200/210/220PANORAMA/230Zoom (Only in Japanese) = <http://www.olympus.co.jp/jp/support/cs/camera/info/ff20060220izmj.cfm>
Olympus Group Companies = <http://www.olympus.global.com/en/global>

Corporate Advertisements in Newspapers and Magazines

To let people better know about Olympus

Olympus places corporate advertisements in newspapers and magazines to let people know about our technologies and management philosophy behind our products and services for a better understanding of our company.



Advertisement in newspapers
"We make only environmentally conscious products"

Eco-Products 2005 Exhibition

Providing opportunities to use our products and holding environmental seminars

Olympus participated in the general ecological products exhibition, Eco-Products 2005, held at Tokyo Big Sight in December 2005. Our exhibits included our environmentally conscious products and our products that help preserve the environment, such as resource-saving digital cameras free of hazardous chemical substances, stereo and biological microscopes useful to understand biodiversity, industrial endoscopes appropriate for observation during field work, and microscopes for asbestos measurements that are able to identify and analyze hazardous materials. In addition, we set up a corner to touch and observe samples to provide opportunities for visitors to actually use our products. Also, we held an environmental seminar by experts using our products. Introducing Olympus Eco-products and our efforts regarding the environment, which was a great success, welcoming many visitors, ranging from elementary school students to adults.



Children actually using Olympus products



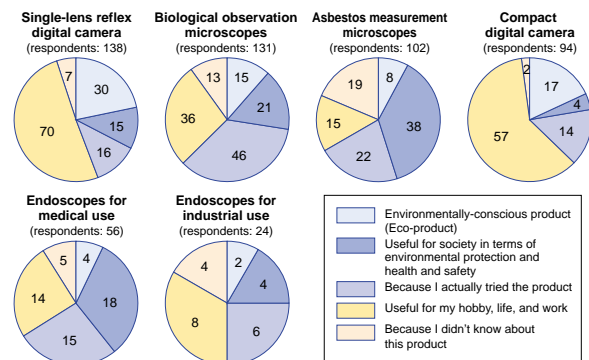
Olympus booth

Questionnaire at Olympus booth—Eco-Products 2005

Aiming to reflect customers' voices in our activities, we ask people who visited the Olympus booth to fill out a questionnaire.

In "Most impressive product and the reason," we appreciate their comments showing that they need different functions depending on product category. We will reflect their comments on products as a part of our focus on CSR.

● Questionnaire at Eco-Products 2005: Most impressive product and the reason



Web Gallery & Magazine

Providing interesting and useful information

Olympus not only posts corporate information and product information, but also provides interesting and useful information to the public on its web site. [▶ WEB](#)

We welcome any comments from you to make our site even more interesting.

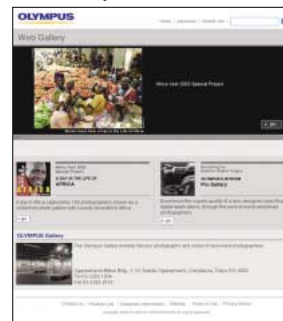
Camera Wall Paper Library



[▶ WEB http://www.olympus.co.jp/en/fun/wallpaper/camera/](http://www.olympus.co.jp/en/fun/wallpaper/camera/)

Free wallpapers featuring Olympus cameras to decorate your desktop

Web Gallery



[▶ WEB http://www.olympus.co.jp/en/gallery/](http://www.olympus.co.jp/en/gallery/)

Enjoy the world of the photography in this web-based gallery

Web Magazine



THE OLYMPUS PURSUIT
[▶ WEB http://www.olympus.co.jp/en/magazine/pursuit/](http://www.olympus.co.jp/en/magazine/pursuit/)

Features unique uses of our products, a photo gallery, information on our latest environmental and community initiatives, technical innovations, global business activities, and much more.



OLYMPUS TECHNOZONE
[▶ WEB http://www.olympus.co.jp/en/magazine/techzone/](http://www.olympus.co.jp/en/magazine/techzone/)

Olympus Technozone is a technology-oriented magazine published twice a year. Here, we introduce topics such as the latest information, technologies and our vision about new enterprises.

Contributing to Local, Regional, and International Society

Olympus believes it imperative to carry out business while always keeping in mind how to be of service to society, if it wishes to be favorably accepted and chosen by stakeholders.

Social Contribution Policy

Active support in the field where our management resources are effectively used

Olympus would like to contribute to society in various ways other than business by using our managerial resources, such as our technology and manpower. We established our Social Contribution Policy in March 2005, which focuses on four areas of social contribution, namely, medicine and health, culture and arts, the global environment, and natural science. It also encourages every employee to actively participate in volunteer activities.

Medicine and Health

● Donating endoscopes to developing countries

Olympus has been donating endoscopic systems to hospitals in developing countries since September 2003, one hospital a year, as a cosponsor of the Outreach Program operated by the World Organization for Digestive Endoscopy and the World Gastroenterology Organization. Olympus Latin America, in cooperation with ABCD, a charity organization managed by the wives of diplomats residing in El Salvador, has donated endoscopes to a pediatric clinic in the country (see page 17 for details).

● Japanese Foundation for Research and Promotion of Endoscopy

The Japanese Foundation for Research and Promotion of Endoscopy **▶ WEB** was established to encourage and promote research into endoscopic medicine, thereby contributing to the development of medicine and improvement of the welfare of humankind. It was launched with a donation from Olympus in 1982. The foundation provided research support to 49 recipients in FY2005.

▶ WEB The Japanese Foundation for the Research and Promotion of Endoscopy (only in Japanese) = <http://www.endo-jfe.or.jp/>

● Bio Imaging Laboratory

Olympus set up the Olympus Bio Imaging Laboratory **▶ WEB**, a joint initiative with the Japanese Foundation for Cancer Research. Olympus employees are active at this laboratory, utilizing the state-of-the-art research facilities.

▶ WEB Olympus Bio Imaging Laboratory = <http://www.olympus.co.jp/en/magazine/pursuit/inside/apr2005/index.cfm>



Olympus Bio Imaging Laboratory

Culture and Art

● A Day in the Life of AFRICA

In February 2002, approximately 100 world-famous photographers armed with digital cameras were dispersed all over Africa to photograph African people on a single day. Olympus joined this spectacular event as a major sponsor by supplying digital cameras and other photographic equipment to the participating photographers. Their work was collected in a photographic book, with all profits from its sale donated to the AIDS Education Fund in Africa. Olympus later held photo exhibitions in various parts of the world using all the pictures taken and donated the money generated by the exhibitions to the UN Millennium Development Goals. In April to May 2005, Olympus co-hosted a special exhibition, "To Achieve Millennium Development Goals," with the United Nations Information Centre at the United Nations Pavilion in Expo 2005, Aichi, Japan. Also, in January 2006, Olympus held a photo exhibition showing work from the special exhibition.



©John Isaac from "A Day in the Life of AFRICA"



©Nick Kelsh from "A Day in the Life of AFRICA"

● **“Nature in Japan” Photo Contest**

Olympus cosponsors the “Nature in Japan” photo contest based on the theme “Your Camera Helps to Preserve the Greenery.” The event marked the 22nd anniversary of the contest.

● **Family’s Day**

Olympus cosponsors Family’s Day (on the fourth Sunday of July) proposed by photographer Bruce Osborn. On Family’s Day in 2005, Olympus held the Family Photo Contest and a photo exhibition. In addition to our employees directly responsible for this event, many others voluntarily participated.



Family's Day Logo Mark and Poster

Global Environment

● **Supporting WWF with Nature Photo Calendars**

Nature Photo Calendars are the result of a unique collaboration with photographers to support the WWF. Olympus publishes Nature Photo Calendars and donates them to WWF ▶ Japan so that the international organization can use the profits from their sales in their work to preserve nature. The 2006 calendar uses the valuable photos that photographer Mitsuaki Iwago took of rare kinds of wild animals that only live in South Africa with an E-1 digital single-lens reflex camera. The calendar is an environment-conscious non-polluting product made entirely of recycled paper and does not use a PVC wall-hanging folder.

▶ WWF, or the World Wide Fund for Nature, is the world's largest organization concerned with the protection of nature. It is active in approximately 180 countries and has the support of over 4.5 million people. WWF was founded in 1961 to protect endangered wild animals around the world. Currently, WWF is engaged in protecting nature in a wider sense with the inclusion of environmental problems, such as global warming and toxic chemical pollution, and the promotion of the sustainable use of resources obtained from nature. Its ultimate goal is to realize a new society where people and the earth can coexist in harmony.



2006 Olympus/WWF Calendar

Natural Science

● **Wakuwaku Science Workshop**

The intention of the Wakuwaku (“exciting”) Science Workshop is to let children experience the joy of science. Volunteer staff from Olympus joined the Wakuwaku Project to take the initiative in holding seminars for local elementary school and junior high school students. Children can learn the joy of science, particularly properties and the wonder of light, one of Olympus’ specialty fields, through hands-on experience. Olympus supports this volunteer activity by supplying materials for the experiments. This workshop was held five times in FY2005 and had some 1,150 participants. See our web site for details. ▶ WEB

▶ WEB Wakuwaku Science Workshop (Only in Japanese) = <http://www.olympus.co.jp/event/wakuwaku/>



Wakuwaku Science Workshop

● **Natural Science Observation Contest**

This contest provides elementary school and junior high school students with opportunities to learn about the wonders of nature and answer questions about the things happening around them. In FY2005, over 10,000 students entered the contest, the highest number ever. Olympus has been a cosponsor of the event since its start in 1960 as the “Microscope Observation Contest.” A prize-winners’ digest is available on the web site. ▶ WEB

▶ WEB Natural Science Observation Contest = <http://www.shizecon.net/#> (Only in Japanese)



Web site of the Natural Science Observation Contest

Efforts by Olympus Group Japan Sites

An outline of environmental protection activities and contribution to local communities by Olympus Group Japan sites is introduced on the following pages. More detailed reports are shown in the respective **▶WEB** sites.

▶WEB Efforts by Olympus Group Japan Sites (Only in Japanese) = <http://www.olympus.co.jp/corc/csr/wdata/>

■ Ina Plant (Ina-shi, Nagano Prefecture)

Manufacture of optical microscopes



In FY2005, Ina Plants' efforts on environmental preservation started with "Easy Energy Diagnosis," hosted by the Ina branch of the Nagano Association for Conserving the Environment. Currently Ina Plant is implementing energy-saving efforts based on the diagnosis results. Employees from neighboring companies in charge of energy management gather to conduct energy diagnosis for free. In addition to their companies' energy saving diagnosis, they also visit other companies to conduct diagnoses on request. Employees in charge of energy management at Ina Plant also participate in such diagnosis work. Local companies in Nagano can deepen communications about their environmental conservation actions using energy-saving diagnoses as a tool to further improve the quality of their environmental management activities.



Easy Energy Diagnosis



Satoshi Mizutani (left), and Noriyuki Nakamura (right), General Affairs Group

■ Tatsuno Plant (Kami ina, Nagano Prefecture)

Manufacture of digital cameras, liquid crystal inspection equipment, industrial endoscopes, high-speed printers, automation equipment, vegetable production, and research and development of semiconductors



Tatsuno Plant manages the area including Tatsuno-machi (Tatsuno Plant) and Okaya-shi (Okaya plant). The aging tanks and containers buried underground within the facilities located in both sites were becoming environmental concerns. In 2005, Tatsuno Plant designated "the reduction of environmental risks" as a pillar of its environmental objectives and made various improvements, including preventive measures on items that affect the environment. At Tatsuno Plant, raw water tanks and piping for the wastewater treatment facilities for glass processing installed underground 25 years or more ago were relocated above ground and double-layer tanks were adopted as intermediary tanks. At Okaya Plant, the crude oil tanks installed underground 20 years or more ago were also relocated on the ground and changed to kerosene-fueled type, aiming to reduce CO₂ emissions.



Relocation of raw water tank on the ground



Relocations of wastewater piping on the ground



Double-layer intermediary tanks



Removal of underground tanks



Relocation of kerosene tanks on the ground



Takaaki Nakamura, General Affairs Group

■ Mishima Olympus Co., Ltd. (Sunto-gun, Shizuoka Prefecture)

Development and manufacture of clinical analyzers and provision of services



Mishima Olympus is striving to reduce waste as a part of its environmental efforts for the local community. As with other Group companies, Mishima Olympus utilizes returnable cases to reduce packing materials for transportation, and totally eliminated the use of module packing materials in cooperation with local suppliers (see photo below). By expanding trade and taking advantage of its location, Mishima Olympus will promote efforts for society and the environment, such as CO₂ and waste reduction to help reactivate the local community. It was decided that a new plant with 1.8 times more overall floor area will be constructed near the existing plant in FY2007, with the aim of establishing an environmentally state-of-the-art plant.



Small modules after packing



Kaname Hasegawa, Purchasing Group

Symbols to indicate the site type

- Sites in charge of production, such as plants
- Sites in charge of storage and distribution of products
- Sites in charge of product R&D including basic research and technology development
- Sites in charge of sales
- Sites in charge of product repair and provision of service

■ Olympus Logitex Co., Ltd.

(Kawasaki-shi, Kanagawa Prefecture)

Product warehousing and distribution



Olympus Logitex is actively introducing a modal shift (switching to railway transportation in place of trucks), which is said to reduce CO₂ emissions to one-eighth, on average. For the period from April 2005 to December, it employed modal shift for 26 cases (see page 41), reducing CO₂ emissions by 5,020 kg and saving 1.4 million yen in transportation costs. In addition to product transportation, we are promoting a modal shift for the transport of confidential documents and catalogues for disposal. In continuing these activities and achieving further progress, Olympus Logitex reports on environmental indicators and keeps every employee informed of its environmental activities at a company-wide morning meeting.



Loading of waste materials on containers



Tutomu Kubomura, the Environment Office

■ **Aomori Olympus Co., Ltd.**
(Kuroishi-shi, Aomori Prefecture)
Manufacture of medical apparatus

In 2005, Aomori Olympus was registered as the "Environmentally-Conscious Aomori Prefecture Promotion Office," in recognition of its environmental efforts, including electricity-saving measures using electricity monitoring, provision of manure made from garbage to farmhouses for free, and enrichment of its environmental education. In February 2006, it participated in "Tsugaru Kuroishi-Japan's Biggest Snowman Contest," using large amounts of snow to make a giant snowman—great entertainment for the local community!



The giant snowman made for "Tsugaru Kuroishi - Japan's Biggest Snowman Contest"



Nobuyuki Yamada,
General Affairs Group

■ **Aizu Olympus Co., Ltd.**
(Aizu-Wakamatsu-shi, Fukushima Prefecture)
Manufacture of endoscopes for medical use

In FY 2005, Aizu Olympus again cosponsored the Environment Festa in Aizu, hosted annually by Aizu-Wakamatsu-shi. At our booth in the venue, the company introduced the current status of environmental loading and our environmental efforts, as well as such attractions as free distribution of manure made by recycling leftovers at the company canteen, an environmental quiz with the theme of Team Minus 6%, and free distribution of photos taken at the booth, which were all appreciated by visitors. In the "Environmental Month" (June) and the "National Occupational Safety and Health Week" (one week in October), Aizu Olympus employees pick up paper scraps and empty cans on the road and street gutters around Aizu Plant and Kita-Aizu Plant every year.



Environment Festa in Aizu



Kazuharu Watanabe (left) and
Yasuo Ikeda (right),
General Affairs Group

■ **Shirakawa Olympus Co., Ltd.**
(Nishishirakawa-gun, Fukushima Prefecture)
Manufacture of medical machinery and equipment

As one of its important measures for FY2005, Shirakawa Olympus made efforts to reduce CO₂ emissions. In such activities, it achieved its goals by improving production facilities, shifting to inverter fluorescent lamps for ceiling lights across the entire plant, and enhancing the running efficiency of compressors. Every year Shirakawa Olympus holds a regular recycling bazaar with donations from employees and plants cherry tree saplings on the premises using profits from the bazaar. The trees help absorb the CO₂ emitted from the company's processes, although the effect is limited. As for waste reduction, separate collections were promoted by changing cardboard boxes for delivery to returnable cases and distributing recyclable cardboard boxes to our suppliers.



Planting cherry tree saplings with the profits made from the recycling bazaar



Hiroshi Suzuki,
General Affairs Group

■ **Hinode Plant (Nishitama-gun, Tokyo)**
Manufacture of endoscopes for medical and industrial use and ultrasonic products

Aiming to be a plant supported by the localities, Hinode Plant cooperated with local elementary schools in their social studies field trips. The Plant also cosponsored activities for a vocational aid center in the same industrial complex. The center is for handicapped people who make and sell beautiful highly wrought artificial flowers. We held an exhibition to display and sell these flowers and the event was highly appreciated by the employees and the vocational center, which made a handsome profit. As a part of its environmental efforts, Hinode Plant saves electricity by placing independent On/Off switches for respective lighting apparatus in addition to a switch for the entire floor so that electricity consumption, which accounts for most of the Plant's energy consumption, is significantly reduced.



Independent On/Off switch for each lighting apparatus



Ryuji Mizusaki,
General Affairs Group

■ **Research and Development Center (Hachioji) (Hachioji-shi, Tokyo)**

Basic research on medical, image, and information areas, R&D on elements, development of new products and production technologies

In this year's energy-saving activities, our R&D Center (Hachioji) participated in a national campaign "Team Minus 6%," continuously managed room temperatures and the running hours of air-conditioning equipment, and successfully reduced 488 tons of CO₂. Also, the center introduced wastewater reduction facilities as a measure to reduce wastewater from experiments, which accounts for 35% of all waste. A reduction of 106 tons of wastewater was achieved over the previous fiscal year.

The center participates in cleaning activities around the premises five times a year, and the welfare festival in Hachioji-shi held in May, and the *Fureai* (interaction) Sports Festival in October. Employees of the center (Hachioji) participate in such festivals as volunteers and thereby deepen their communications with handicapped people in Hachioji-shi.



Noboru Nakano (left),
Masahiko Tanaka (center),
Akiyoshi Takami (right),
Environment Team,
Facility Environment Group,
General Affairs Group



Wastewater reduction facility



Fureai Sports Festival

■ **Tokyo Office (Shinjuku-ku and Shibuya-ku, Tokyo)**
Headquarters Administrative Department, Sales Department, Repair Department, and others

To promote communication with local communities, Olympus Tokyo Office participated in the Shibuya Ward Residents' Festival held every November for the fourth time in 2005. In such a festival, it is important to communicate not only with organizers but also with local people. We provided our digital cameras so that residents could take photos freely, and offered prints of their photos for free when they left. Through these activities, we hope that local residents could gain a wider understanding of our products, and we were very happy to have been able to share such valuable experiences with local people.



Shibuya Ward Residents' Festival



Satoru Hayashi,
Tokyo General Affairs Group,
General Affairs Department

Efforts by Olympus Group Overseas Sites

An outline of environmental protection activities and contributions to local communities by Olympus Group overseas sites is introduced on the following pages. More detailed reports are shown in respective **WEB** sites.

WEB Efforts by Olympus Group Overseas Sites = <http://www.olympus.co.jp/en/corc/csr/wdata/>

■ KeyMed (Medical & Industrial Equipment) Ltd.

Sales, repair, development and manufacture of endoscopes



KeyMed has been educating employees on its environmental strategies through the company's intranet. An 'Environmental' section has proved popular with staff, containing articles on various 'green' topics, including the company's new biodegradables waste stream, the 'wormery'. Originally holding 2,000 earth worms (*Lumbricus terrestris*), the wormery is helping to reduce landfill by taking food scraps from the Day Nursery, while also being a novel educational tool. KeyMed's ISO 14001 registration is being extended to cover other parts of the KeyMed group.



A J Vaughan,
Group Environment
Manager, KeyMed Ltd.



Earth worms are used as a novel
educational tool in Nursery

Ireland U.K. Germany

■ Olympus Winter & Ibe GmbH

Development, manufacture, sales and service of endoscopes



In January 2006 Olympus Winter & Ibe GmbH (OWI) has received the certification of the environmental partnership from the city of Hamburg, which honors the largest-scale cooperation between business and government authorities in northern Germany. The certificate recognizes the voluntary environmental efforts OWI has integrated into the production processes. For several years OWI has maintained the certification of the environmental management system acc. to ISO 14001. The additional activities implemented for the constant efforts at making efficient use of natural resources in the production area led to the remarkable recognition.



Peter Gaedicke,
Head of Quality and
Environmental
Management



The certification of the environmental partnership with parties concerned. Joern Pagels, Head of the Energy Section in the Department of Urban Development (left), City of Hamburg, Peter Gaedicke, Head of Quality & Environmental Management (center), Heinz Jacqui, Managing Director of Olympus Winter & Ibe GmbH (right)

■ Olympus Life and Material Sciences Europe [Irish Branch] (OLMEI)

Development and manufacture of reagent for hemanalysis equipment



OLMEI continued to successfully achieve ISO 14001 audits and put recommended improvements in place. OLMEI's Effluent treatment system required an expansion of the vermiculature units to facilitate the extra capacity required for the digestion of sludge, a by-product of Effluent. OLMEI have welcomed visits from local schools and universities to view our Environmental Systems. In November 2005 OLMEI hosted the launch of the County Clare Wood Energy Project. This projects encourages company's to switch to wood heating burners instead of oil heating burners.



Liam McGregor,
Human Resources Manager (left),
Susan Keane, Environmental
Health & Safety Manager (center),
Rachel Kelly,
Senior Environmental Health &
Safety Officer (right)



University students on an educational
field trip of the OLMEI effluent & reed
bed system

China China Philippine

■ Olympus (Guangzhou) Industrial Co., Ltd.

Manufacture of imaging products



Olympus Guangzhou invited its employees to submit short essays on the theme "environmental conservation and energy saving" in September of the environmental month and received 151 essays. The best ones were awarded with cash incentives and prizes. The company also informed its employees by posting more than 30 essays, such as "Contributing to the Achievement of an Energy-Saving Society," on its company notice board "Environment Column," thereby enhancing awareness of the importance of water and electricity saving. As for waste, the recycling rate improved to 92% from 85% thanks to the strict control of waste and supervision and administration of recycling processes.



Staff at the Environmental Safety
Office



Prize-giving ceremony for the out-
standing performance award during
Environmental Month

Symbols to indicate the site type

- Sites in charge of production, such as plants
- Sites in charge of product R&D including basic research and technology development
- Sites in charge of storage and distribution of products
- Sites in charge of sales
- Sites in charge of product repair and provision of service

■ Olympus (Shenzhen) Industrial Ltd.

Assembly and parts processing of cameras (lens mold)



At the "Shenzhen City Beacon Hill Tree-Planting Activities by a Million people," hosted by the Shenzhen municipal government and Shenzhen City Green Fund, 40 employees of Olympus Shenzhen planted 20 trees to contribute to the city's greening. In the company's environmental month, it posted information on the collection of old batteries to be disposed and on environmental protection via the intranet and posters, to enhance the environmental awareness of employees. In the external audit for ISO14001, its energy-saving activities—including efforts to turn off unnecessary lighting, use of energy-saving fluorescent lamps, and control of air conditioning systems—were highly regarded.



Baofeng Di (left), Ying Luo (center), Zihui Lin (right) of the Environmental Development Department in the Personnel Supervising Division



Tree-planting activities

■ Olympus America Inc. / Olympus Imaging America Inc. (Corporate Headquarters)

Marketing and sale of imaging, medical and analytic products, distribution, and repair of microscopes



Olympus America and Olympus Imaging America recently relocated to Pennsylvania. For its new headquarters, several U.S. Green Building Council¹ Leadership in Energy and Environmental Design (LEED²) features were utilized including energy-efficient mechanical, electrical and lighting systems; water-conserving fixtures; ozone-friendly refrigerants; light pollution-limiting exterior fixtures; and local material and supplier use. Olympus has become actively involved in its new community with donations to numerous social service, historic preservation and other non-profit organizations including a digital imaging center with classes for all levels of digital photography provided year-round and colorectal cancer prevention activities.³

¹ U.S. Green Building Council

² LEED: A voluntary, consensus-based national standard for green buildings

³ Details of colorectal cancer prevention activities: <http://www.olympusamerica.com/crcaawareness>



Robert D. Morse, P.E., Chief Compliance Officer



The Olympus corporate headquarters was located so as not to disturb any wetlands.

■ Olympus America Inc. [Irving Facility]

Distribution, repair and service of analytic systems, customer service of medical and analytic equipment



Irving facility expanded its environmental reporting and recycling initiatives in 2005. Through improvements in forecasting accuracy and supplier quality assurance, a 5-year plan expects to reduce the amount of expired, off-specification and damaged product waste by at least 20%. Recognizing its role within society, the OAI Irving facility continues to give back to its community through regular contributions to local parks, the North Texas Food Bank, and the Vogel Alcove Childcare Center for the Homeless.



Charles Zerbo, Manager, Irving Distribution Center (left) and Brian Burgess, Quality Assurance Engineer (right)



Improved forecasting and supplier quality surveillance is reducing the amount of expired, off-specification and damaged reagents that must be disposed.

■ Olympus Optical Technology Philippines, Inc. (OPI)

Manufacture of biological microscopes



OPI was certified with ISO 14001 May, 2005. Wastewater treatment facility was established to expand to manage the wastewater generated from the lens, washing, oil separation and painting process. Concerning community-based environmental and social contributions, OPI is committed to support projects, like tree planting, of the local government, as well as the national government concerning environmental preservation, such as a tree planting activity which was carried out last November 27, 2005 in support of the Department of Environment and Natural Resources' (DENR) program in saving and protecting the environment.



Henry Donguines, Team Leader of Maintenance & Environment Team and Pollution Control Officer



The planting activity

■ Olympus Medical Equipment Services America, Inc. National Service Center (NSC)

Front desk for repair and service of medical equipment, distribution center



The NSC's ambient air emission reduction program of encouraging employees to car pool is an example of OME's contribution to maintaining a sustainable healthy environment in California's Bay Area. The program is incentivized by an employee car pool matching service and gift card lottery drawing for car pool employees. Also, the NSC's proactive E-waste recycling program began well before legislation was introduced. Discarded and end of life electronic items are collected and periodically shipped to an external recycling vendor. Metal and plastics are recovered and recycled by smelting of metals and reprocessing of plastics.



Pad Kemmanahalli, Environmental Health, Safety & Facility Senior Manager



Reserved car pool parking slots

Ensuring the Objectivity and Reliability of Our CSR Information

Communication through the Corporate Social Responsibility Report

Corporate Social Responsibility Report and the Olympus Web Site

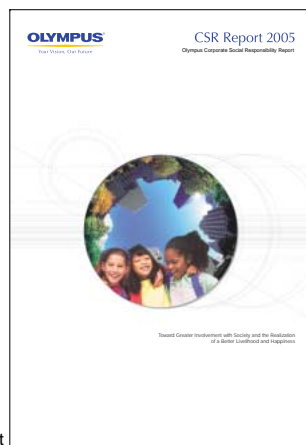
Olympus has published the Olympus Environmental Report since 2000 as a means of communicating its environmental approach to the general public. In 2003, we started publishing a Chinese version of our report in addition to Japanese and English versions so that a greater number of people around the world can read it. In FY2005, we changed the title of the Environmental Report, which was limited to environmental information, to the Corporate Social Responsibility (CSR) Report to reflect the expanded content that now includes social and governance data about the Olympus Group. We issued 20,000 copies of the Japanese version, 3,000 of the English version, and 1,300 of the Chinese version.

Our Web site provides further detailed information and updates that are not included in the CSR Report.

Number of copies for Olympus CSR Report 2005

Japanese version	20,000
English version	3,000
Chinese version	1,300

As of March 2006



Olympus CSR Report



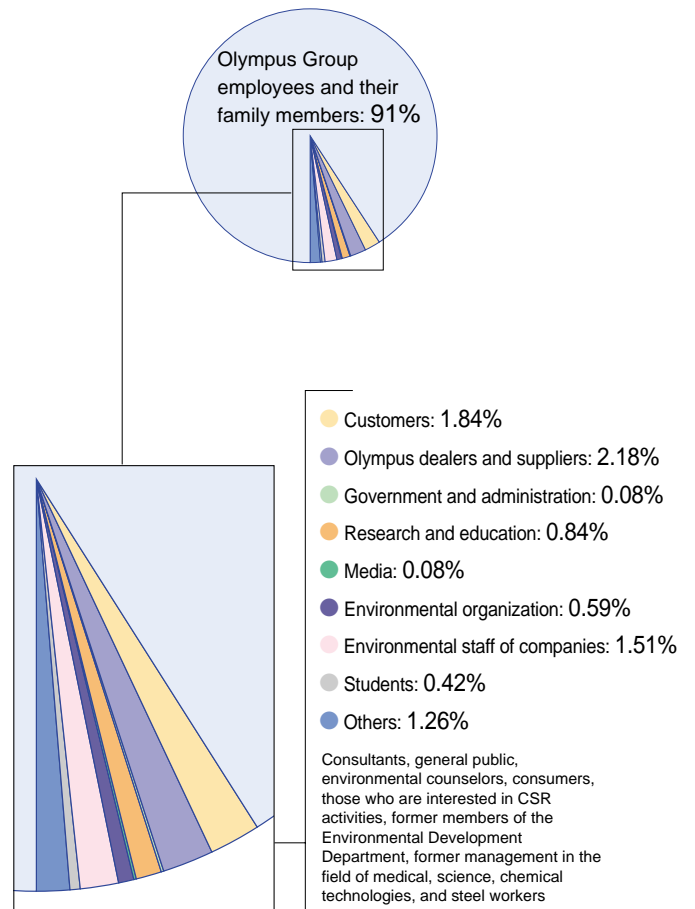
Olympus Corporate Social Responsibility Report 2005 Questionnaire

Olympus thanks the readers of the Corporate Social Responsibility Report 2005 for their comments and opinions. As we distributed the Japanese version to all Japanese employees of the Olympus Group, we received a lot of comments from them and their family members.

Many of their comments have been reflected in the CSR Report 2006.

Q1

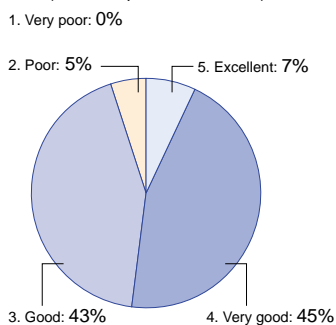
In what social capacity did you read the report?



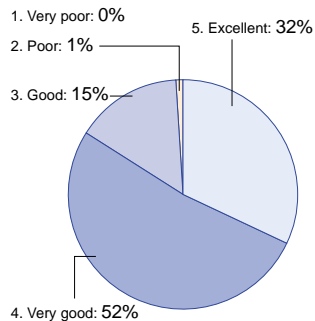
Q2

Understandability of the Report

Comments from employees and their family members
(Total respondents: 1,083)



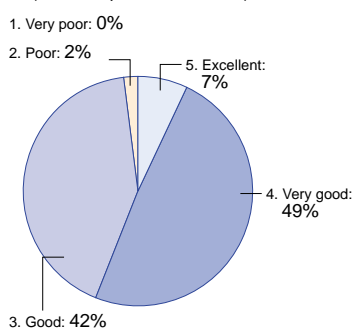
External comments
(Total respondents: 88)



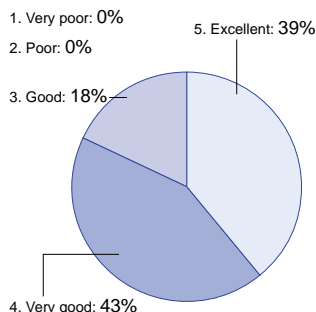
Q3

Details of our activities

Comments from employees and their family members
(Total respondents: 1,083)



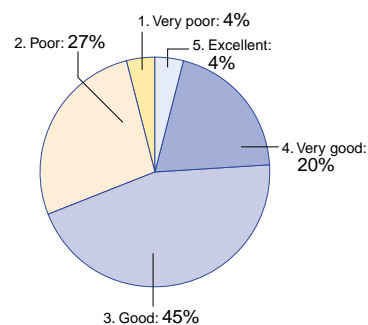
External comments
(Total respondents: 88)



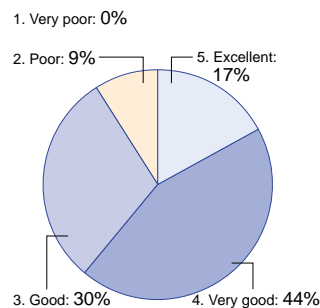
Q4

Number of pages

Comments from employees and their family members
(Total respondents: 1,083)



External comments
(Total respondents: 88)



■ Favorable comments by readers of Olympus CSR Report 2005

Favorable comments

- Explains efforts by Olympus in an understandable way
- Understandable as it uses many figures and photos
- Compiled in a brief and understandable manner

Responses in the Olympus CSR Report 2006

Olympus will create such reports that allow readers to understand its efforts more easily

[Reference page](#)

[Entire report](#)

■ Recommendations for improvement by readers of Olympus CSR Report 2005

Recommendations for improvements

- Too many words on each page and too much information in the entire report.
- More drawings, pictures and graphs are needed to improve visual understandability.
- If Olympus truly considers the environment, a Web-based report rather than paper is preferable.
- Larger graphs, tables, pictures and fonts for descriptions are needed.
- More detailed explanations of terms are needed as they are hard to understand.

Responses in the Olympus CSR Report 2006

We explained our major efforts for FY2005 in the "Report digest." Also, to provide concrete information on our CSR concept and activities, we introduced examples within the Group that symbolize CSR concept in the "Special Feature" section.

[Reference page](#)

[P4-18](#)

In order to communicate overall CSR activities of Olympus Group, we provide detailed information and actual cases on the Web.

[P2](#)
[▶WEB](#)


We reduced the number of letters per page by 11.8% (to 2,000 from 2,268), making graphs, tables, fonts for descriptions larger.

[Entire report](#)

Explanatory notes on special terms have been added to improve comprehensibility.

[P2](#)

Third-Party Verification



Third party verification report regarding the
"Olympus Social & Environmental Report 2006"

To: Olympus Corporation
Mr. Tsuyoshi Kikukawa, President

2006-05-29
TÜV Rheinland Japan Ltd.
Ralf Wilde, President

1. Scope, purpose and subject of verification
Olympus Corporation (hereinafter referred to as the organization) has prepared the "Olympus Social & Environmental report 2006 and the additional information disclosed on the Internet (web)", covering environmental issues and other reporting areas. TÜV Rheinland Japan Ltd. has been commissioned as an independent third party to implement a specific and agreed-upon verification process with the purpose to confirm

- Rational calculation methods and the reliability of environmental performance, social reporting issues as well as environmental accounting information contained in the above report.
- Completeness of disclosure for significant environmental issues.

The purpose of this verification is to report the results including a verification opinion.

2. Verification process
The following verification process has been performed at Olympus Corporation's Head Office and Ima Factory, based on the agreement with the organization.

- (1) Outline of environmental management, to understand and consider the organization's situation, overall condition of operation, and to select data items.
- (2) Process of data collection, calculation and reporting; basic information pertaining to environmental performance indicators and environmental accounting indicators, the data collection process and the calculation method were examined.
- (3) Accuracy of data: for the environmental performance indicators and the environmental accounting indicators, the accuracy of data and reliability of calculations have been assessed by comparing selected data with basic information, and confirming their consistency.
- (4) Correctness of reported information. Completeness of significant issues: information indicated in the report has been confirmed by interviews with responsible persons, on-site visit and comparison between internal and external information.


Our verification process includes on-site audits of the ISO14001 management system, document verification of the organization's draft report, on-site verification of the reporting issues(including web disclosing issues), confirmation of the organization's final draft after implemented corrective actions.

The detail of our verification process including our corrective action requests, implemented corrective action by the organization, and reporting is disclosed in our home page (<http://www.tuv.com/id=0091005778&lang=en>)

Visited site for the verification: Olympus Co. R&D Center (Utsugi, Ishikawa)
Olympus Co. Production related companies: Aomori Olympus

Ministry of Environment's "Environmental Reporting Guidelines, and Environmental Reporting Standard". GRI's "Sustainability Reporting Guideline" were considered during the verification process however, the statement does not imply certification or compliance with these guidelines.

3. Conclusion
The verification process has been performed as planned, and it was confirmed that corrective action requested during the verification has been properly implemented. As a result, the audit team concludes that the processes of data collection, data processing and reporting are appropriately implemented, and that the report covers and correctly indicates important environmental information based on the Ministry of Environment's "Environmental Reporting Guidelines".



4. Verification opinion
[General evaluation and environment related]

The publication of environmental information on the website has been enhanced since last year. Disclosing a wealth of data on the web with easy link is highly acclaimed.

However, as the website is now updated very accurately many of the data on environmental loads was regrettably omitted from the brochure because of the following reasons.

- Information on the website cannot be referenced after it is deleted but a brochure can be retained.
- The "Accountability to disclose performance and actual status and get evaluation from stakeholders" that is an essential part of the report becomes vague.

Please reconsider the specific role of a brochure and a website to find a better consistent way of information disclosure.

This year's report, again, does not clearly address specific vision and policies toward the future, commitment for these, medium- and long-term plans, evaluation for effectiveness of implemented activities, targets that the company aims for and the current position, or what to do to achieve the targets.

Nevertheless, the declaration of "2006 Environmental Basic Plan" in the report is a big step. It is expected that the report of the next year would carry the achievement level against the basic plan and its assessment results. Further, specific declaration about the vision of 2010 as mid-term goal of the Olympus group is recommended.

[Corporate Social Responsibility]

This year's report focuses on social responsibility and contribution of Olympus products. This is highly acknowledged.

Besides, Social contribution to medical and cultural fields, environmental conservation and scientific education through the use product characteristics are explained in an easy understanding manner. The report would become better if social contribution in each area is linked with environmental accounting and the amount of contribution is calculated and released every year.

The quantitative data on social performance has been increased compared to last years.

There are independent stakeholders for disclosed items respectively. It is recommended to fully communicate the message from Olympus group even for small topics.

[Environmental accounting]

Based on the comment given to the initial review year, the basic policy and calculation criteria for collecting environmental accounting data has become clearer, and the foundation of detailed environmental accounting system was established. The implementation of the system allowed the scope of data collection to be extended and the disclosed data to become widespread.

In the future, the quality of collected environmental accounting data and the effectiveness of the data as an analytical tool for environmental management should be improved, so that positive information transmission can be done.

End

* See our Web site for details. [▶ WEB](#)

Purpose of Third-Party Verification

Olympus, to ensure that its report was correct in content, easy to read, and sufficiently transparent, was subject to a third-party verification at its CSR Department, Environmental Development Department, Research and Development Center (Hachioji) and Aomori Olympus. The independent third-party auditor, TÜV Rheinland Japan, an ISO 14001-certification organization that checks the environmental promotion capability of Olympus (see page 29), undertook a review to see if **▶1** all important information and environmental data had been gathered, totaled, and disclosed by valid means; **▶2** if the report was complete with important information from the guidelines referenced in the CSR Report; **▶3** if such information was accurately described.

- ▶1** Validity of the report: Verifying whether any information that is damaging to the management of the company was omitted or judgment on the importance of the report with respect to the necessity of descriptions was arbitrary i.e., the degree of influence that false data or omitted data could have on the judgment of stakeholders
- ▶2** Completeness of the report: Verifying whether all the information was disclosed in accordance with guidelines referred to in the report
- ▶3** Accuracy of the report: Verifying whether the data in the report was accurately measured or calculated

Editor's Note

To create this report, we requested many of our colleagues in related departments, including those overseas, to write reports, and discussed these again and again by forming working groups. For the first time we made interviews with our people and introduced the activities of departments and people, who are implementing our CSR philosophy in their own activities, in the "Special Feature" section.

Olympus Group will make further efforts to achieve a sustainable society. We are pleased to receive any comments you may have about us.

About the Cover of this Report

For the cover of this year's CSR Report, Olympus adopted a work by Susumu Endo, whose works are based on the theme of "a new relationship between humans and nature". This conforms to our CSR and Environmental Philosophy aimed at contributing to the forming of sustainable society and environment.

Susumu Endo, a graphic designer and a print artist, has been awarded many prizes at home and abroad, including the 1st Prize at Poster Biennale, Finland and the Grand Prix at the BHAVAN International Biennale of Print in India. His works are owned by well-known art museums in 20 countries, including the British Museum in the U.K. and the Warsaw National Museum, as well as major museums in Japan. Most recently, he was presented with the highest award in the SDA Awards for a neon sign that used energy-saving, high-tech neon lights developed by Olympus.

History of Olympus' Social and Environmental Activities

Year	Month	Description
1960		Co-sponsorship for Microscopic Observation Contest (currently the Natural Science Observation Contest) started
1975	March	Pollution Prevention Committee established
1976	June	Activities during Environment Week held at various plants
Latter half of the 1970s		Companywide standards and regulations on pollution prevention, waste disposal, and chemical management arranged and improved
1982	April	Support of WWF (currently the World Wide Fund for Nature) started
1984	April	Pollution prevention inspection started (carried out until 1996)
Latter half of the 1980s		Procedure to put together annual environment preservation actions of all plants into the <i>Environment White Paper</i> for submission to the Director in charge of the environment established
1992	January	Environmental Affairs Office (in charge of companywide environment-related matters) established
	August	Olympus Environmental Charter formulated
1993	July	Specified chlorofluorocarbons and 1,1,1-trichloroethane totally eliminated from use
1994	October	"Social IN" management philosophy formulated
	December	Polystyrene foam used in small-camera packages totally eliminated from use
1995	July	Awarded for the promotion of the cleaning and protection of the Tenryu River (from the Chubu Construction Bureau, Ministry of Construction)
1996	March	1996 Companywide Environmental Basic Plan formulated
	June	Companywide Olympus Environment Management Manual formulated
1997	February	Ina Plant obtained ISO 14001 certification; the first member of Olympus Group to do so Product environment impact assessment started
1998	June	PRTR data for FY 1997 put together and disclosed
	October	Tatsuno Plant won the Japan Greenery Research and Development Center President Award as a 1998 Good Greening Plant
1999	February	Tatsuno and Ina Plants won the 1998 Energy Management Achiever's Award (from the Chubu Bureau of Economy, Trade and Industry)
	July	1999 Companywide Olympus Environment Basic Plan formulated
	September	Shenzhen Plant, Shenzhen, China, obtained ISO 14001 certification
2000	February	Hinode Plant honored for superior rationalization of energy by the Kanto Electric Association
	March	Technology Research Institutes (Hachioji) obtained ISO 14001 certification; the last among the 12 major plants in Japan to do so
	October	Green Procurement Guidelines introduced, and investigation of parts suppliers completed Guidelines for the purchase of products for daily business use formulated
2001	February	Hinode Plant honored for superior rationalization of energy by the Kanto Electric Association in the second straight year.
	March	Use of trichloroethylene in washing process decreased Use of garbage processor at Tatsuno Plant started Risk Management Committee established
	May	Olympus Winter & Ibe GmbH obtained ISO 14001 certification
	June	Use of garbage fermentation processor at Technology Research Institutes (Hachioji) started
	August	Olympus Logitex Tokyo Center started up as a center of distribution activities
2002	March	KeyMed (Medical & Industrial Equipment) Ltd. obtained ISO 14001 certification Recycling center at Technology Research Institutes (Hachioji) started Companywide Basic Environmental Plan 2002 (Ecology Vision 21) formulated
	April	Environmental Development Department established Environmental committees organized (e.g., Olympus Group Environmental Committee and plant managers' meetings) Environmental site assessment for soil and groundwater started (for domestic production sites)
	September	In-house Eco Forum launched
2003	February	Ina Plant won the Director-General of the Agency of Natural Resources and Energy Award
	September	Five major development and production sites in Japan achieved "minimumization of landfill" Olympus Shenzhen won the Clean Production Corporation Award
	October	Olympus Logitex won the 20th (2003) Logistics Grand Prize from Japan Institute of Logistics Systems
	November	Olympus Logitex obtained ISO 14001 certification
	December	Olympus participated in Eco-Products 2003 Exhibition In-house certification system for eco-friendly products launched; SZX7/SZ61 stereoscopic microscope and E-1 digital single-lens reflex camera certified as Olympus eco-products. E-1 granted Eco Leaf Environmental Label; the first digital single-lens reflex camera to receive it
2004	January	All environment promotion functions of the Company obtained ISO 14001 certification Olympus Diagnostical GmbH (Irish Branch) obtained ISO 14001 certification
	March	All major plants in Japan achieved "minimumization of landfill" Sales subsidiary KS Olympus obtained ISO 14001 certification
	April	CSR Promotion Department established KeyMed (Medical & Industrial Equipment) Ltd. won the Queen's Award for Enterprise in Sustainable Development
	June	Environmental training for developers started Illuminations at Olympus turned off in support of environmental campaign for a million people, Lights-Down 2004 Black Illumination
	September	Olympus Group Corporate Conduct Charter and Olympus Group Code of Conduct announced
	October	Olympus participated in UN Global Compact Panyu Plant, China, obtained ISO 14001 certification
	November	Environmental training for sales staff started
	December	ISO 14001 (2004) revision response training started
2005	March	ISO 14001 (2004) revision response training started
	May	Olympus Optical Technology Philippines, Inc. obtained ISO 14001 certification
	July	Olympus participated in the national campaign "Team Minus 6%" to help prevent global warming
	October	Compliance Department established
	November	Procurement policy formulated
2006	December	Olympus Medical Equipment Service America Inc. obtained ISO 14001 certification
		Olympus Winter & Ibe GmbH certified as an environmental partner by the city of Hamburg



Smile for the Earth

This logo mark symbolizes the environmental activities of the Olympus Group, which is involved in beneficial activities for the earth and human beings, so that together we can smile like this.

OLYMPUS®

OLYMPUS CORPORATION

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TREE FREE



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