

Basic Policy on the Internal Control System, ver. 19

All activities of Olympus are based on our Corporate Philosophy, “Making people’s lives healthier, safer and more fulfilling.”

Olympus, based on this basic concept, shall prepare and operate a framework which ensures the effectiveness and efficiency of operations and appropriateness and reliability of financial reporting of Olympus and its subsidiaries (hereinafter, “the Olympus Group”), and make continuous improvements.

I Framework to ensure the appropriateness of business operations in the Olympus Group

1. Framework to ensure that the execution of duties by Olympus’s executive officers and employees and by the directors and employees of subsidiaries complies with applicable laws and regulations and the Articles of Incorporation

- (1) Olympus shall establish “Management Basic Policy,” basic policy the Board of Directors relies on when the Board supervises the execution of duties of Directors and Executive Officers. Furthermore, it shall establish the Olympus Global Code of Conduct and internal corporate regulations for quality, product safety, and export control, etc., based on the Corporate Philosophy, and shall instill the policies and facilitate initiatives to raise awareness of compliance in the Olympus Group through continuing education and other measures.
- (2) Olympus shall also establish a compliance promotion system by appointing an officer in charge of compliance (“Chief Compliance Officer”) and establishing a function in charge of group-wide compliance. The function in charge of group-wide compliance shall be responsible for activities toward the improvement of the group compliance system based on the Global Compliance Management System. In addition, whole Olympus Group shall continuously conduct education of employees and measures relating to assessment. Furthermore, within the Olympus Group, if there is or may be a violation of laws and regulations, etc., a global contact desk which can be available 24 hours a day in multiple languages, and a local hotline contact desk in each region will receive the report of them.
- (3) Olympus shall set up an internal audit function reporting directly to the Chief Executive Officer. The internal audit function shall conduct audits to verify the effectiveness of the various processes for risk management, control and governance within the Olympus Group in accordance with the internal audit regulations. The internal audit function shall report the results of internal audits to the Chief Executive Officer and the Audit Committee.
- (4) In order to ensure the appropriateness and reliability of financial reporting of the Olympus Group, the internal audit function shall continue to conduct improvement activities by regularly evaluating its efforts and operations to ensure that control activities relating to financial reporting function effectively under the internal control system.
- (5) Olympus shall be responsible for working with lawyers, the police and other parties to systematically stand firm against anti-social forces and organizations which threaten societal order and safety. The Olympus Group continuously shall conduct measures for excluding anti-social forces and prepare relevant rules and regulations in order to maintain its social responsibility to exclude anti-social forces.

2. Framework regarding the maintenance of records and management of information in relation to performance of duties by Executive Officers of Olympus

- (1) Pursuant to laws and regulations and the internal rules on document management in each region, Olympus shall maintain and manage documents or electronic data.
- (2) Directors may access important documents such as the minutes of a meeting of the Board of Directors and documentary approvals at any time based on the internal rules on document management.

3. Regulations and other framework relating to managing risks of loss of the Olympus Group

- (1) Olympus shall manage its business risks of the Olympus Group based on due deliberations held at meetings of the Board of Directors and the Group Executive Committee, among other meetings, and appropriate operation of the internal approval procedure.
The Board of Directors shall determine basic management policy, matters related to the internal control system, other important matters and important matters related to business execution, as well as deciding matters to delegate to Executive Officers. Also, for important matters not decided by the Board of Directors, Executive Officers shall make a decision, and make a report to the Board of Directors.
- (2) Olympus shall manage risks such as those relating to quality, product safety, export control, information security, health and safety, the environment and disasters by designating functions in charge, establishing internal corporate regulations, working for preventive risk management as the Olympus Group, and implementing education and training.
- (3) Based on the Internal Control Rules and other related rules, Olympus shall prevent the emergence of serious risks resulting from the business activities of the Olympus Group, and shall create, operate appropriately, and manage a risk management system to minimize damage in the event of such risks emerging.
Moreover, pursuant to the Risk Management Operation Rules, each function in charge in the Olympus Group shall be aware of risks and take preventative measures, and Olympus has a framework which enables prompt actions in the event of an emergency. In the event of a violation of corporate ethics, or an earthquake, fire or accident, the function in charge shall make immediate reports to the Executive Officers and relevant people. The final determination in such circumstance shall be made by the Chief Executive Officer.

4. Framework to ensure the effective performance of duties by Executive Officers of Olympus and Directors of its subsidiaries

- (1) The Board of Directors shall approve medium- and long-term Corporate Strategic Plans in which the business objectives of the Olympus Group are set forth, and action plans for these, which are called annual business plans and other important matters. In addition, the Board of Directors shall delegate except matters that should be resolved by the Board of Directors to Executive Officers in order to enhance efficient and agile decision-making on the execution of business. In addition, the Board of Directors shall receive reports, once a quarter, on business performance in order to evaluate the status of our annual business plan, and supervise Executive Officers' performance of duties.
- (2) The Board of Directors shall determine the assignment of duties among the Executive Officers. In addition, the Board of Directors shall receive, at least once every three months, reports on their duties as performed.
- (3) Based on the Job Authority Rules, Organization Rules, and other related rules, Olympus shall define the responsibilities and authorities of major job ranks and the Board of Directors receives reports from major management organizations on their duties as performed.
- (4) With the establishment of Treasury Control Framework, which regulate financial policies as a base for financial operations of the Olympus Group, Olympus strengthens the governance of the Olympus Group from a financial aspect, and oversees and manages funding, foreign exchange, and transactions with financial institutions for the Olympus Group including the subsidiaries.

5. Framework for reporting to Olympus on matters concerning execution of duties by the Directors and employees of the subsidiaries

- (1) After Olympus has clarified the management criteria of subsidiaries by means of the Affiliated Company Management Rules and other related rules, the officers responsible for the regional headquarters shall conduct reviews of the situation faced by subsidiaries' management, and periodically report the results of the reviews to the CEO of Olympus.
- (2) Olympus shall ensure receiving reports as appropriate and in a timely manner from the subsidiaries in accordance with the Global Consolidated Accounting Control Framework to ensure that we will remain accurately informed of financial position and results of operation of the Olympus Group, and appropriately maintain and manage the consolidated accounting policies.

6. Other framework to ensure the appropriateness of business operations in the Olympus Group

- (1) Olympus shall dispatch its executive officers, corporate officers, or employees to major subsidiaries as directors, auditors, or other equivalent positions, and the head of each function manages such whole function within the Olympus Group. Furthermore, In order to ensure the fairness of operations of subsidiaries, Olympus request them to obtain our approval for significant matters of subsidiaries based on the Job Authority Rules and any other related rules.
- (2) Olympus has appointed an officer in charge of ESG and set goals related to ESG in the Olympus Group and shall continue to work on them. Moreover, Olympus has set ESG-related indicators as part of the performance-linked compensation for executives and is strengthening its efforts as a management strategy.

II Matters necessary for the execution of duties of the Audit Committee

1. Framework for matters related to employees whose assignment is to assist in the duties of Olympus' Audit Committee, and matters related to the independence of those employees from the Executive Officers of Olympus, and matters related to ensuring the effectiveness of instructions from the Audit Committee of Olympus to those employees

Olympus shall allocate a dedicated employee who will assist with the Audit Committee's duties. Moreover, Olympus may have a concurrent employee as needed. In addition, we shall set forth internal corporate regulations to ensure independence from execution as stated below, and ensure effectiveness of directions from the Audit Committee to such employees.

- ① While employees who have been assigned to assist in the duties of the Audit Committee assist in those duties, Directors (excluding Audit Committee members), Executive Officers and employees, etc. shall not give them commands or instructions.
- ② The appointment, dismissal, transfer, wage or personnel evaluation of employees who are assisting the Audit Committee with their duties shall be decided only after obtaining the approval of the Audit Committee.

2. Framework regarding reports by Directors (except those who are members of the Audit Committee), Executive Officers and employees of Olympus to the Audit Committee, and reports by Directors and employees of the subsidiaries of Olympus or personnel who have received reports from them to the Audit Committee Olympus

- (1) When Directors (except those who are members of the Audit Committee), Executive officers, or employee of Olympus, as well as any Directors, Audit and Supervisory Board members, or employees of a subsidiary discover any material fact in violation of laws, regulations, or the Articles of Incorporation, any misconduct, or any fact that may cause significant damage to Olympus, they shall immediately report such fact to the Audit Committee, either directly

or through the responsible function. In other cases where the Audit Committee requests a report from a Director, Executive officer, or employee, etc. of the Olympus Group, in accordance with laws and regulations or Audit Committee Rules etc., the Director, Executive Officer, or employee in question shall promptly report to the Audit Committee.

- (2) Chief Compliance Officer shall regularly make reports to the Audit Committee on the status of compliance within the Olympus Group. In addition, Chief Compliance Officer shall regularly make reports on details of issues reported and results of investigations in accordance with the Internal Reporting System.
- (3) The internal audit function of Olympus shall regularly report the status of internal audit in the Olympus Group to the Audit Committee of Olympus.

3. Framework to ensure that any personnel who have made a report to the Audit Committee of Olympus will not be subjected to any unfair treatment due to the report made

Olympus shall set forth internal corporate regulations and shall not impose any unfair treatment (including de-facto measures such as restricting the personnel to engage in duties, or assigning the personnel solely to work on chores, in addition to measures of personnel affairs such as dismissal, demotion, pay cut and other disciplinary actions and disadvantageous transfer) to any personnel who have made a report on the grounds of having made a report to the Audit Committee.

4. Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by the Audit Committee members of Olympus and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties

When an advance payment or reimbursement of expenses is requested for execution of duties of Audit Committee members, Olympus shall promptly, in accordance with Olympus's rules and regulations, process disbursement except for such case that the expense is obviously deemed unnecessary for execution of duties by Audit Committee members.

5. Other systems to ensure the effectiveness of audit by the Audit Committee of Olympus

- (1) Directors, Executive Officers and employees of Olympus and Directors and employees of the subsidiaries shall ensure effectiveness of the audit by cooperating with the Audit Committee for investigations by interviews and on-site inspections.
- (2) Olympus shall ensure that it provides the Audit Committee with opportunities to sufficiently exchange opinions with Directors, Executive Officers, Accounting Auditors and any other personnel necessary.
- (3) Olympus shall ensure that the Audit Committee is permitted to have its members attend important meetings, and that they have an opportunity to state their opinion.
- (4) The Audit Committee shall work closely with the internal audit function to receive reports on audit results, etc. from the internal audit function, and the Audit Committee may exercise its authority to give instructions and make commands to the internal audit function as necessary.
- (5) Olympus shall ensure that it provides the Audit Committee with, upon their request, opportunities of collaboration between the Audit Committee and Audit Committee of the subsidiaries and collecting information from employees of the subsidiaries.