

**OLYMPUS®**

Your Vision, Our Future

# Social IN

Olympus CSR Report 2012

Toward the Realization of a Better  
Livelihood and Happiness

Digest

# Editorial Policy

The management of Olympus sincerely regrets the financial misconduct that came to light in 2011, including the failure to report losses in a timely manner, and the inclusion of falsified information in financial statements. We are determined to prevent any recurrence of such problems, and to rebuild Olympus as a company that can once again earn the trust of its stakeholders.

Our efforts in the period immediately following the discovery of the problems were reported in a special edition of the 2012 CSR Report, which was published in August 2012 under the title "Rebuilding Trust: The First 100 Days" (hereinafter referred to as "the Special Edition").

In addition to the Olympus Group's approach to CSR and our CSR track record in fiscal 2011, the Olympus CSR

Report 2012 Digest also describes our recent efforts to rebuild Olympus since the publication of the 2012 special edition.

We will continue to distribute information about our efforts through CSR Reports and our website. We welcome your comments about the content of this report or any other information that we issue.

Contact point  
for comments  
and inquiries:

Olympus Corporation  
CSR Department, Group Compliance Division  
Telephone: +81-3-6901-9299  
E-mail: [csr\\_info@ot.olympus.co.jp](mailto:csr_info@ot.olympus.co.jp)

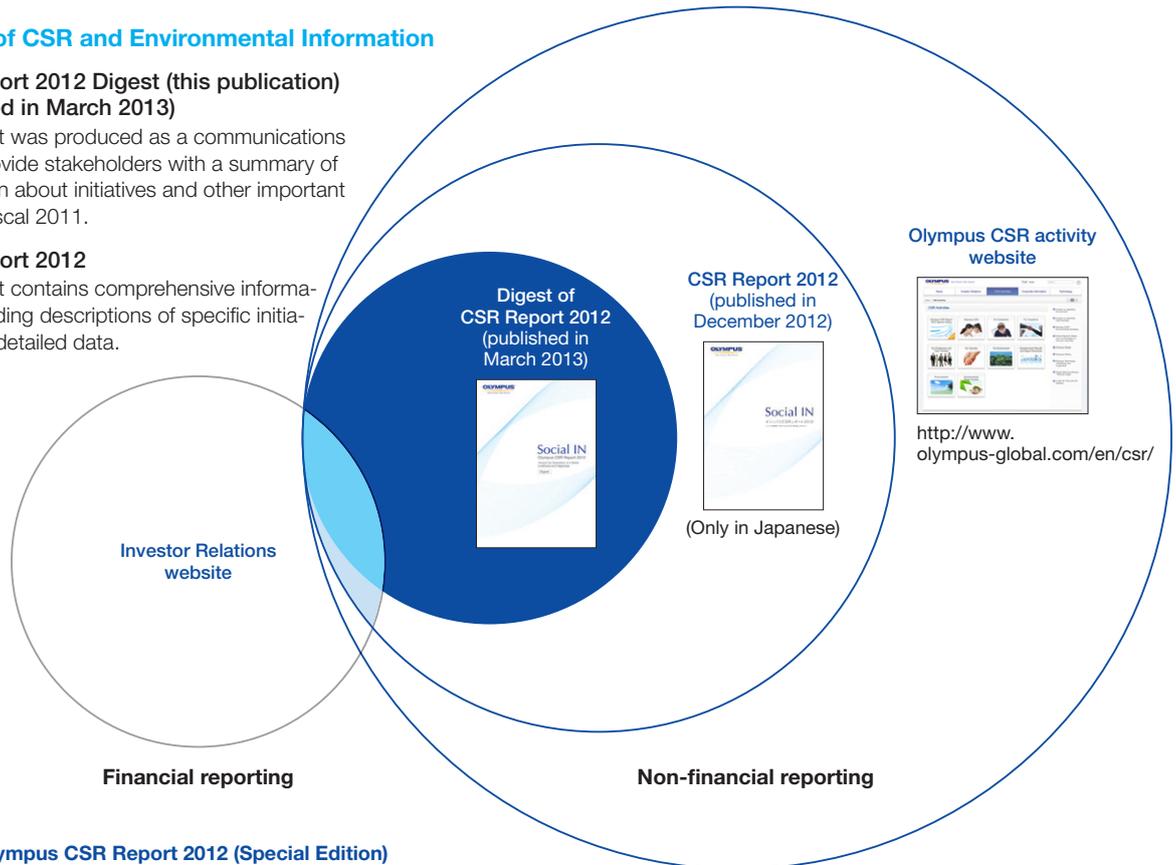
## Overview of CSR and Environmental Information

### ● CSR Report 2012 Digest (this publication) (Published in March 2013)

This report was produced as a communications tool to provide stakeholders with a summary of information about initiatives and other important data for fiscal 2011.

### ● CSR Report 2012

This report contains comprehensive information, including descriptions of specific initiatives and detailed data.



### »WEB Olympus CSR Report 2012 (Special Edition)

#### Rebuilding Trust: The First 100 Days

[http://www.olympus-global.com/en/common/pdf/csr\\_report\\_2012.pdf](http://www.olympus-global.com/en/common/pdf/csr_report_2012.pdf)

### »WEB Olympus CSR Report 2012 (Only in Japanese)

<http://www.olympus.co.jp/jp/csr/access/download/full-2012/>

### Reference Guidelines

- GRI, *Sustainability Reporting Guidelines Ver. 3.1*
- *Environmental Reporting Guidelines (2007)* of the Ministry of the Environment, Japan
- *Environmental Accounting Guidelines (2005)* of the Ministry of the Environment, Japan

### Period Covered by the Report

April 1, 2011–March 31, 2012

Note: Corporate rebuilding initiatives implemented after the financial improprieties (including those in the Olympus CSR Report) and other significant items are covered up to November 2012.

### Publication Date (Digest Version)

March 2013

(Previous edition published in November 2011, the next edition scheduled for December 2013)

### Organizations Covered by the Report

This report covers Olympus Corporation, its consolidated subsidiaries and affiliated companies as of March 31, 2012. The Social Report covers Olympus Corporation, Olympus Medical Systems Corporation, Olympus Imaging Corporation. Other companies are covered as indicated. The environmental report covers Olympus Corporation, Olympus Medical Systems Corporation, Olympus Imaging Corporation and their main domestic and overseas production subsidiaries.

### Disclaimer

This report is based on information available at the date of publication. Please refer to timely disclosure data for information about the current situation.

Some information in this report duplicates the content of the CSR Report 2012 (Special Edition).

# Corporate Profile/Financial Highlights

## Profile of the Olympus Group

Please visit the investor relations website for updates and detailed information.

»WEB **Corporate Information**  
<http://www.olympus-global.com/en/corc/>

»WEB **Investor Relations**  
<http://www.olympus-global.com/en/ir/>

## Olympus Corporation

**Established** October 12, 1919  
**Head office** Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan  
**Activities** Manufacture and sale of precision equipment  
**Capital** ¥48,332 million (as of March 31, 2012)

## Business Fields

### Medical Business

Manufacture and sale of medical endoscopes, surgical endoscopes, endotherapy devices, etc.

### Life Science & Industrial Business

Manufacture and sale of biological microscopes, industrial microscopes, industrial endoscopes, non-destructive testing equipment, etc.

### Imaging Business

Manufacture and sale of digital cameras and IC recorders

### Information and Communication Business\*

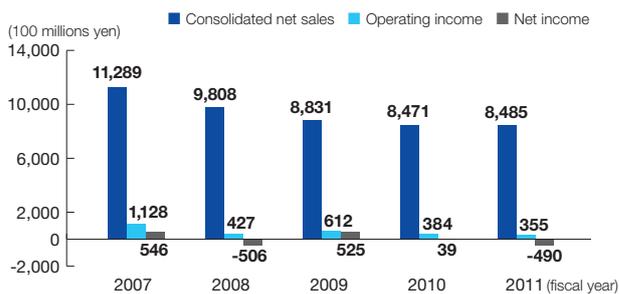
Sale of mobile telephones, etc.

### Other Activities

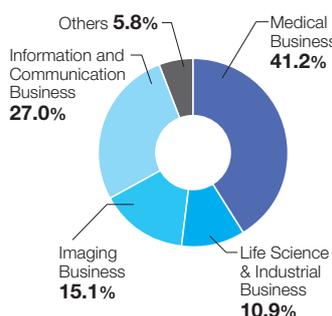
Development of systems, manufacture and sale of biomaterials, etc.

\* The Information and Communication Business was transferred to Japan Industrial Partners, Inc. on September 28, 2012.

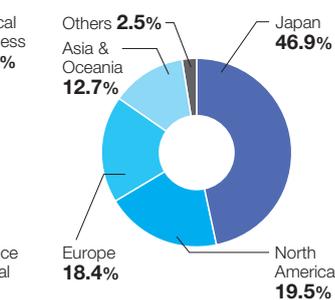
### Consolidated net sales, operating income, net income



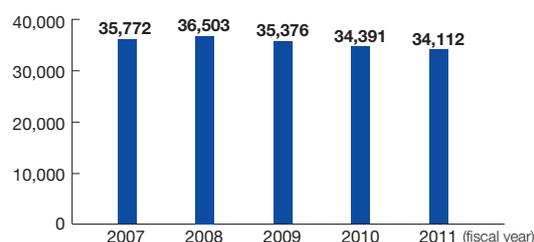
### Segment contributions to consolidated net sales in fiscal 2011



### Consolidated net sales by market in fiscal 2011



### Consolidated number of employees



Endoscopes  
The Evis Lucera Elite videoscope system



Biological Microscopes  
The BX3 Series



Digital SLR Cameras  
The Olympus OM-D E-M5

## Contents

Top Interview .....	3
Building the New Olympus .....	7
Olympus CSR	
Management Philosophy and Corporate Conduct Charter .....	8
CSR Management.....	10
Improvement of Internal Control Systems.....	12

<b>Special Feature</b> The Olympus Response to the Great East Japan Earthquake .....	15
For Customers .....	19
For Suppliers .....	20
For Employees and Their Families .....	21
For Society .....	22
For the Environment .....	23
Stakeholder Dialog .....	25

## An Interview with the Chairman and President



**We are united in our determination to go back to the basics of our business, build a highly transparent governance structure, restore our reputation, and improve our corporate value.**

Olympus has made a fresh start with a new governance structure and is working to regain the confidence of its stakeholders and improve its corporate value with a new medium-term vision based on the following three corporate management policies: “Back to Basics,” “One Olympus,” and “Profitable Growth.”

### Three Corporate Management Policies for Rebuilding Olympus’ Reputation

— One of the first steps taken by the new management team was to announce a medium-term vision targeted toward the creation of a new Olympus. What is this vision, and how was it developed?

**Sasa:** The new management team based its medium-term vision on a five-year restructuring plan. The company also adopted three corporate management policies: “Back to Basics,” “One Olympus” and “Profitable Growth.”

Olympus was founded to promote the health and well-being of Japanese people with the manufacture of its microscopes. It also created the world’s first gastroscope and waterproof fiberscopes, and more recently has developed NBI<sup>1</sup> optical technology to support high-resolution diagnostic imaging. Our half-sized camera<sup>2</sup> was also a world’s first. “Back to Basics” means taking Olympus back to its roots as

one of the world’s leading innovators in the field of imaging technology.

“One Olympus” will unite the company’s staff to move the company forward and give them a stake in the company’s new medium-term vision by making them aware of their roles and goals within that vision.

In addition to the shortcomings in corporate governance that resulted in financial improprieties, the previous management team also lost sight of the basics. They invested in areas other than our core imaging businesses, and manufacturing in particular, where our real strengths lie, and became obsessed with expansion. “Profitable Growth” means generating profits from the core businesses in which we excel. Without profits, we cannot contribute to society.

We’ve taken a number of steps to achieve these goals. First, we’ve restructured our business portfolio by looking at the company as a whole and identifying the sectors on which we will focus our efforts.

**Kimoto:** The people who actually make products are motivated by their determination to do their very best to create solutions that will benefit customers and the world. Olympus has a strong sense of mission and a very ethical approach to manufacturing. Unfortunately, it failed to achieve a proper balance because of failings in the mechanisms and administration of its board of directors and governance systems. Another major issue was the spread of indifference among the employees in the company. When I talk with Olympus employees, they invariably ask me how these problems could have developed when they were working so hard to make the company successful. When a company grows large, it seems that some employees stop thinking about the company as a whole or about what is happening in other



departments and business areas. The most effective way to remedy these problems is to disclose as much information as possible and create an environment in which that information is accessible to the widest possible number of employees.

**Sasa:** Our most important priority is to create a workplace environment in which people feel free to speak. We are still at the exploratory stage and this is a project that will require a considerable amount of time and effort to accomplish.

**Kimoto:** As part of our efforts to improve corporate governance, we've appointed a new board of directors on which the majority is outside directors. I believe that we've brought together a group of people with a strong commitment to participation. I'd say that Olympus now has one of the strongest boards in Japan in terms of the nature and scope of its discussions. We've also built a governance framework that is functioning extremely effectively. Our next task is to create specific mechanisms to continue to monitor and optimize our corporate governance and set them in motion. This may take a little time, but I believe that we're gradually moving forward with the changes, including changes in awareness.

— **Olympus is a leading technology company, whose workforce aspires to the highest ethical standards.**

**Sasa:** If we can make the "One Olympus" mission statement a reality, I think we'll be able to overcome our past difficulties. Because I want all of our employees to understand our management philosophy and medium-term vision, I make sure that I explain my thinking on every issue. This means a marked increase in both the volume and content of internal communications, but before we can proceed, we have to ascertain how these communications are received and understood. People in production, development and sales, for example, will think about things differently—as do staff in

our domestic and overseas operations. In an effort to attain their direct input, I've organized town hall meetings with small employee focus group across the company.

\*1 NBI stands for "narrow band imaging." Using part of the visual spectrum that is readily absorbed by hemoglobin in the blood, it provides high-resolution images and enhanced visual contrast of the surface structures and fine capillary patterns of mucous membranes, which are normally difficult to distinguish.

\*2 Half-size cameras take pictures on 35 mm (135) film using an 18 mm×24 mm format that is half as big as a full-size exposure (36×24 mm). These cameras were popular in the days when film was expensive, since they could capture twice as many images on a single roll.

## The Starting Point for Social IN Management

— **Can you explain how the "Social IN" management philosophy helps Olympus fulfill its corporate social responsibilities?**

**Sasa:** The aim of the "Social IN" philosophy is to make corporate social responsibility an integral part of Olympus' products and business activities. Our Social IN values include, "INtegrity," which means maintaining the highest ethical standards, "INnovation," which is the process of creating new technological value, and "INvolvement," which is our commitment to engaging with and contributing to society. In simple terms, our goal is to become essential to society through our manufacturing and business activities, so that our employees and their families can feel proud of Olympus and its mission to contribute to the betterment of society.

— **You've spent your entire career in manufacturing, haven't you, Mr. Sasa?**

**Sasa:** That's right. I joined this company because I wanted to make a practical contribution to improving human health and medical care. I've spent my whole career developing medical equipment. I've been able to work in an area that reflects my own personal beliefs. Like most development engineers, I have a very strong commitment to the products that I make. Because development engineers cannot use endoscopes themselves, we work closely with doctors. There is a repeated process through which we show our prototypes to doctors, listen to their views, and make improvements. We at Olympus feel a very special sense of pride when people tell us that our products facilitated procedures that have helped patients in the real world.

The basic motivation for manufacturing is the satisfaction that comes from making things that help people and contribute to society. To create products that contribute to society, we have to become involved in society, share its values, and apply those values to future products. As a result of this process, society provides us with a return in the form of profits. The ability to maintain this cycle successfully is the most fundamental requirement for manufacturing and we must not become preoccupied with the short-term pursuit of profit.

---

— I believe that Olympus was an early participant in the United Nations Global Compact.

**Sasa:** Olympus joined the Global Compact in 2004. Because of the firm's recent problems, Olympus had to withdraw from the Global Compact Japan Network. However, we've continued our Global Compact activities. I believe that by putting our "Social IN" philosophy and Corporate Conduct Charter into practice, we are also complying with the Ten Principles of the Global Compact and fulfilling our social responsibilities. We also need to ensure that these concepts are thoroughly assimilated within the company.

— It is a mistake to assume that corporate social responsibility is outside of your core business operations, such as sponsoring local cultural activities. In fact, isn't it true that the international view of social responsibility is that it must be an integral part of a company's core business activities? In this sense, wouldn't you agree that the "Social IN" philosophy is an accurate expression of the true meaning of corporate social responsibility?

**Kimoto:** Olympus has adopted the concept of group management, so we apply the same corporate management philosophy globally. This means that people overseas as well as in Japan must share the same beliefs and values. Although this may seem to be a roundabout way to reach our goals, in reality, it's a shortcut. The most important thing for Olympus right now is the ongoing process of visiting our workplaces by Mr. Sasa and myself to engage with our employees face to face. In the past there was a large gap between the factory floor and top management. We have to bridge that gap. Our efforts may not produce visible results immediately, but I believe that we need to continue this process. I've also visited overseas operations, and wherever I go, people are very happy to have the opportunity to talk with me and make direct presentations about their work to the chairman of the parent company. We need to carry out initiatives such as these as much as possible. The problems will not be solved overnight, but we need to continue these efforts.

— Would you agree that there is also a need for top management to make strenuous efforts to ensure that their messages are consistently understood and applied?

**Kimoto:** Of course. Employees watch what top management is doing, so the things we say are very important. However, the impression I've formed through visits to factories and offices is that messages from top management are not always easily understood. I think we need to repeat the same concise messages over and over. In the company of which I was previously president, we repeated the same core principles for six years.

### An Alliance Based on Shared Strengths

---

— Can you tell me about Olympus' new business partnership with Sony Corporation?

**Sasa:** We were considering ways to raise capital, when we had the good fortune of encountering an excellent partner that could also offer strategic benefits to our business. There is little overlapping of technology between the two companies, and Sony has much technology that we need. Specifically, we're talking about a partnership in the areas of healthcare, imaging and life science. However, we don't want employees to think that they're being forced into this partnership because of decisions made at the top. We expect the partnership process to reveal that there's much to be gained through cooperation, and that we should all work together to realize those gains.



**Kimoto:** Olympus employees have a sense of pride that they can achieve anything within the Olympus organization, but in fact there are many things that we can't make ourselves. It's a



**Yasuyuki Kimoto**  
Chairman, Olympus Corporation

Yasuyuki Kimoto was born in Osaka in 1949. He joined The Sumitomo Bank, Limited (now Sumitomo Mitsui Banking Corporation) in 1971 and became a Director in 1998, and an Executive Officer in 1999, a Managing Executive Officer in 2002, a Managing Director and Managing Executive Officer in 2004, and a Senior Managing Director and Senior Managing Executive Officer in 2005. He became President and CEO of The Japan Research Institute, Ltd. in 2006 and was appointed a Special Advisor to that organization in April 2012. He has been Chairman of Olympus Corporation since April 2012.



**Hiroyuki Sasa**  
President and Representative Director,  
Olympus Corporation

Hiroyuki Sasa was born in Tokyo in 1955. He joined Olympus in 1982 and became General Manager of the Endoscope Business Planning Department in April 2001, Division Manager of the First Development Division of Olympus Medical Systems Corporation in April 2005, Division Manager of the Marketing Division of Olympus Medical Systems Corporation in April 2007, an Executive Officer and Director of Olympus Medical Systems Corporation in June 2007, and Assistant to the President and Assistant to the Group President of the Information & Communication Group in March 2012. He has been Representative Director and President of Olympus Corporation since April 2012.

---

matter of balance. By working with another company, we can take our achievements to a higher level and spread our wings wider. The fact that we'll be working with Sony in certain fields is an excellent opportunity. We have excellent technology, and we should be proud to share it openly.

**Sasa:** Some people are worried about our ability to work with a company that has a different corporate culture, but I believe that both companies will be able to learn a great deal from one another, precisely because of their differences. This is a real opportunity. Of course, there will be times when we can compromise and times when we can't. The key to success in any joint venture is the ability to compromise and reach an understanding that will benefit both parties.

**Kimoto:** Whenever two companies collaborate in a joint venture, they're likely to approach it from completely different perspectives. If those differences generate progress, the process will create value for both companies. There will also be cases in which collaboration doesn't work, but if you worry about that before you begin, you're going to miss out on huge potential gains for both parties.

### Realizing the Medium-Term Vision

---

**Sasa:** Our ability to realize our medium-term vision depends on the willingness and trust of our employees. We're changing our corporate structures, trying new ways of doing things

and implementing reforms throughout the business. We need to put our heart and soul into this work and believe that by pursuing the goals expressed in the "Back to Basics," "One Olympus," and "Profitable Growth" paradigms, we shall rebuild Olympus from the bottom up, while at the same time providing returns to our stakeholders. However, this is not a task that top management can accomplish on its own. We need the support and help of all of our employees, and to do this effectively we also need to increase leadership education throughout the entire corporate structure.

**Kimoto:** A company needs to have aspirations and dreams. For example, in the field of gastrointestinal endoscopy, we can turn our designs into global standards. A dream is a wonderful asset that also brings with it huge responsibilities.

This goal will be an enormous challenge. It is not simply a matter of attaining world-beating technical excellence. We're also in a position to think about the implications for doctors, patients and a wide range of other stakeholders. In that sense, Olympus is a company with huge dreams, and with the opportunity to take up the challenge of realizing those dreams. Before we can do that, however, we have to rebuild. I see even that task as part of our efforts to achieve our dreams. Few companies offer such opportunities. This is work that will give us real satisfaction. Obviously there'll be difficulties ahead, but we'll continue to move forward towards the realization of our dreams.

## Commitment to Compliance

### Olympus Corporation

At Olympus Corporation, we sincerely regret that past financial accounting misconduct has caused our customers and society enormous difficulties and undermined stakeholder confidence. With this in mind, and in keeping with our company's "Social IN" philosophy, the new management team hereby declares our commitment as follows:

**To regain stakeholder trust and to enhance corporate value, Olympus' management is committed to complying with all laws and regulations and respecting social norms at all times.**

In the effort to achieve sustainable growth, the management team reaffirms the importance of laws, regulations and social norms and will work to foster a corporate culture where each employee, as a member of the Olympus Group, will consider what is right and act in accordance with our company's guiding principles.

We will thoroughly investigate any violations to this commitment, past or present, taking corrective actions and implementing preventive measures as necessary.

By transforming our organization, we aim to create new value for society, to improve communication with all stakeholders, and to increase the transparency of our decision making.

We reaffirm our basic mission of creating value for society through innovative technology, quality products and unparalleled service, and we pledge that all employees of the Olympus Group will make a concerted effort to help people worldwide lead healthier and more fulfilling lives.

Hiroyuki Sasa  
President and Representative Director, Olympus Corporation

# Building the New Olympus

## Medium-Term Vision Toward Realization of a New Olympus

Olympus Corporation has adopted a new five-year, medium-term vision, starting in fiscal year 2012.

The new vision aims to return the company to the basic founding values of Olympus. Our goal is to make a fresh start and regain the trust of our stakeholders, build our company anew, and enhance corporate value.



## Measures to Prevent Recurrences

Based on the problems identified by the Third-Party Committee and their recommendations concerning the prevention of recurrences, we will implement the following preventive measures to ensure that problems of this type never happen again.

### 1 Strengthen Corporate Governance Structure

- Clear separation of executive and supervisory functions
- Reinforcement of supervisory authority and functions over executive functions
- Fairness in selection of outside directors and corporate auditors, and expansion of the roles and functions of outside directors and corporate auditors
- Active disclosure of information

### 2 Improve Internal Control Systems

- Improvement of internal checks and balances
- Appropriate management of business investments, subsidiaries and affiliated companies
- Prevention of fraudulent activities through improvements to human resource management systems
- Enhancement of internal audits

### 3 Review Compliance Systems

- Improvement of management team's compliance awareness, and establishment of clear accountability
- Establishment of systems to support further reinforcement of compliance promotion
- Fostering of consistent awareness of compliance
- Improvement of Hotline Systems

## Measures to Remove the "Securities on Alert" Designation

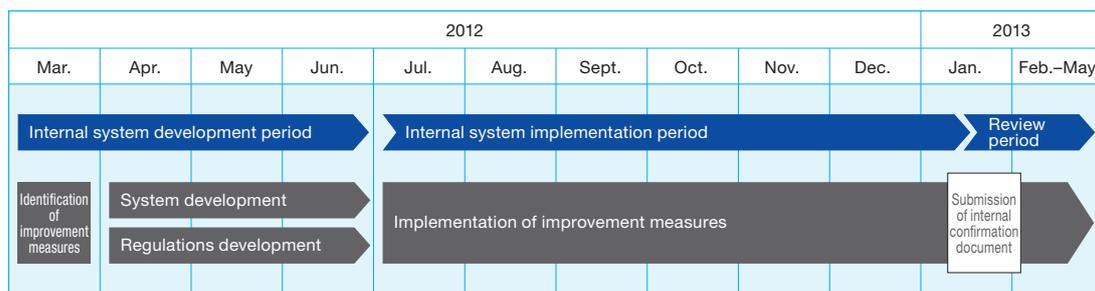
On January 21, 2012, the Tokyo Stock Exchange designed Olympus as a "security on alert."

From now on, Olympus will be required to submit a written report to the Tokyo Stock Exchange each financial year, detailing the status of its internal control systems and other matters. The "security on alert" designation will be lifted if the Tokyo Stock Exchange

determines, on the basis of these reports, that there are no issues affecting the internal control systems.

Olympus established an internal project team with the aim of achieving the removal of the "security on alert" designation within one year. Over 100 people are now working on radical reform projects designed to strengthen all aspects of corporate governance.

### Schedule for Development of Internal Systems



# Management Philosophy and Corporate Conduct Charter

The Olympus Group will help people to enjoy better health and happier lives by working as an integral member of society, by sharing its values, and by offering new values through its business activities.

## Management Philosophy and Corporate Slogan

Since 1994, the Olympus Group has regarded the “Social IN” management philosophy as the starting point for 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 Olympus promise is encapsulated in the phrase “Your Vision, Our Future,” which was adopted in 2003 as an international corporate slogan. “Your Vision, Our Future” reflects the essence of Olympus, a determination to continue living as an active member of society, and realizing dreams in cooperation with society.

### ■ The Olympus Group’s Management Philosophy



We aim to establish firm ties with society through INtegrity, INnovation and INvolvement.

»WEB Corporate Slogan “Your Vision, Our Future”  
<http://www.olympus-global.com/en/corc/profile/#vision>

### The Olympus Group’s Management Philosophy

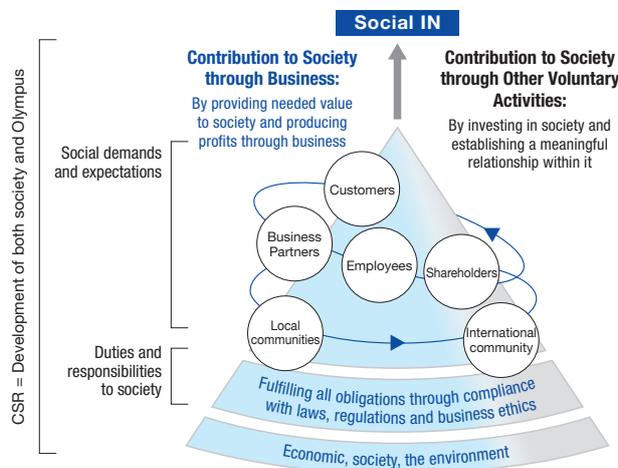
The Olympus Group strives to realize better health and happiness for people by being integral members of society, sharing common values, and proposing new values through its business activities. This “Social IN” concept is key to the basic Olympus philosophy underlying all our activities.

## Approach to CSR

Through its CSR activities, the Olympus Group responds to the needs and expectations of society and fulfills its obligations and responsibilities. Olympus contributed to society in various ways even before it coined the phrase, “Social IN.” However, we believe we should do more. The business environment is constantly changing, and there is also gradual change in the social values that Olympus needs to share with society, and in our management and employees.

Our continuing existence in this environment of constant change, and our ability to help people achieve healthy and happy lives depend on the fulfillment of our responsibilities to various stakeholders, namely our employees and their families, customers, business partners, shareholders, local communities and society.

### ■ The CSR Concept of the Olympus Group



## Olympus Group Corporate Conduct Charter and Code of Conduct

As part of our efforts to raise awareness of compliance and prevent any recurrence of the problems, we have revised our management philosophy, the Olympus Group Corporate Conduct Charter and the Olympus Group Code of Conduct.

We have not changed the fundamental ideals contained in our “Social IN” management philosophy. However, we have redefined the three “INs” that make up the “Social IN” system to achieve closer consistency with the Corporate Conduct Charter.

Our most important priority concerning the Corporate Conduct Charter is to ensure that it is used as guiding principles for the conduct of Olympus Group members at all levels from ordinary employees to senior executives. The Charter reflects

the social responsibility principles expressed in the latest international guidelines, including the 2011 OECD Guidelines for Multinational Enterprises, the ISO 26000 (guidance on social responsibility), the 10 Principles of the United Nations Global Compact, and the 2010 revision of the Charter of Corporate Behavior of the KEIDANREN (Japan Business Federation).

We have also sought to ensure consistency between the Corporate Conduct Charter and the Code of Conduct, which was designed to provide employees with clear guidance on their day-to-day conduct based on the social responsibility principles stipulated in the latest international guidelines.

Guided by the fundamental concept of "Social IN" and a keen awareness of our responsibilities as a corporate member of society, and as a company on which diverse people with different cultures and value systems depend, the Olympus Group continues to provide value to society by enhancing people's lives through the products and solutions that we design and deliver. At the Olympus Group, we are committed to conducting our affairs with a strong sense of ethics, and accordingly, will strictly comply with all relevant laws and regulations. We have revised the Olympus Corporate Conduct Charter to serve as the basis for making appropriate decisions and taking responsible actions. All members of the management team and all employees of the Olympus Group hereby pledge to act in accordance with the new Corporate Conduct Charter in their global corporate activities.

< INtegrity >  
(Integrity in Society)

**1. Adherence to High Ethical Standards**

We will prioritize the spirit of compliance under any circumstances and will never tolerate any action that violates laws and regulations, social norms or internal rules.

We will create an environment within the organization where no concern pertaining to compliance will be ignored. Moreover, we will implement training and provide guidance to all parties concerned.

We will consistently oppose any antisocial force or organization posing a threat to the order and safety of civil society and completely dissociate ourselves from any relation with them.

**2. Respect for Human Rights**

In all corporate activities, the Olympus Group will respect all internationally recognized human rights and will prohibit forced labor, child labor or discrimination based on race, beliefs, gender, age, social position, family lineage, nationality, ethnicity, religion or disability.

< INnovation >  
(Creating Innovative Value)

**3. Delivering Innovative Value**

Olympus strives to play an integral role in helping people around the world lead healthier and more fulfilling lives. To enhance people's lives, the Olympus Group will continue to offer innovative value.

To that aim, we constantly seek to provide safe, high-quality products and services that engender loyalty and affection for our brand and that are meaningful to society, while taking sufficiently stringent measures to protect customers' information.

**4. Working Environments with Vitality**

The Olympus Group will provide a safe and healthy working environment where individuality and diversity are respected and personal development is fostered. This environment will allow employees to strive for the highest level of skill and knowledge, and enable the innovative creation of value sought by society.

We will aim to create working environments with a high level of transparency in management, to share information without seeking to hide or obfuscate unfavorable truths, and an atmosphere in which free and vigorous discussion is encouraged.

< INvolvement >  
(Social Involvement)

**5. Harmony with the Environment**

Respecting the importance of people's safety and health and the essential role of nature in supporting their lives, the Olympus Group will contribute to a healthy environment and pursue sustainable development of society through business activities and technological developments that are in harmony with nature.

**6. Contribution to Society**

The Olympus Group is always mindful of the impact our decisions have on stakeholders and society, and we will actively seek out the voices of stakeholders, including customers, business partners, shareholders, employees and communities, and sincerely respond to their questions, concerns and needs.

The Olympus Group regards itself as a citizen in each of the communities where employees live and work, and we recognize the importance of supporting community organizations, programs and activities. Additionally, we will always respect the culture and practices of the countries and regions where the Group engages in business.

Adopted on June 20, 2012

»WEB **Olympus Group Code of Conduct** <http://www.olympus-global.com/en/csr/olycsr/philosophy/csrcorporate/policy.jsp>

## CSR-Related Philosophies and Policies

The Olympus Group established the following CSR-related basic policies, charter, and philosophy as the basis for thorough, group-wide implementation of measures corresponding to items in the Corporate Conduct Charter.

■ Linkage to CSR Policies

The Olympus Group Corporate Conduct Charter	CSR-Related Basic Policies, Charters and Philosophies
<b>INtegrity</b> Integrity in Society	<ul style="list-style-type: none"> <li>① Adherence to High Ethical Standards</li> <li>② Respect for Human Rights</li> </ul>
<b>INnovation</b> Creating Innovative Value	<ul style="list-style-type: none"> <li>③ Delivering Innovative Value</li> <li>④ Working Environments with Vitality</li> </ul>
<b>INvolvement</b> Social Involvement	<ul style="list-style-type: none"> <li>⑤ Harmony with the Environment</li> <li>⑥ Contribution to Society</li> </ul>
	<ul style="list-style-type: none"> <li>Information Disclosure Policy</li> <li>Information Security Policy</li> <li>Procurement Policy</li> <li>Personal Information Protection Policy</li> <li>Human Rights and Labor Policy</li> <li>Quality Philosophy</li> <li>Personal Information Protection Policy</li> <li>Human Rights and Labor Policy</li> <li>Environmental Charter</li> <li>Social Contribution Policy</li> </ul>

■ From Management Philosophy to Policies/Plans/Actions



## UN Global Compact

Olympus agreed with and joined the UN Global Compact in October, 2004.

The Global Compact (GC) is a voluntary initiative to create a global framework within which companies can contribute to good corporate citizenship and sustainable growth through responsible and creative leadership. GC signatories support and practice the ten GC principles, which relate to the protection of human rights, the elimination of unfair labor practices, protection of the environment, and the prevention of corruption, and are required to make continuing efforts, based on commitments

by their own chief executive officers, toward the achievement of the Millennium Development Goals of the United Nations.

The principles of the Global Compact are incorporated into our Corporate Conduct Charter and Code of Conduct and reflected in our business activities.

»WEB **United Nations Global Compact**  
<http://www.unglobalcompact.org/>



# CSR Management

Our initiatives toward the realization of the “Social IN” management philosophy and an increased emphasis on CSR include a review of our corporate governance systems, the establishment of the CSR Committee, and the improvement of our risk management structures. We are strengthening our corporate governance systems with the aim of preventing any recurrence of the financial improprieties.

(This section includes information about changes to corporate governance systems and steps taken to strengthen governance since March 31, 2012.)

## Corporate Governance Structure

By adopting an executive officer system, Olympus has established a governance structure which separates the functions of executive officers, who are responsible for the performance of business operations, and directors, who are responsible for management decision making and the supervision of the performance of operations. Based on lessons learned, Olympus has further clarified this separation of roles and strengthened its supervisory functions.

Six highly independent outside directors make up the majority of the 11-member Olympus Board of Directors. In principle, the Board of Directors meets once a month to allow timely decision making on important aspects of management, such as management strategies. It also effectively supervises the performance of business operations by executive officers. The Chairman, who cannot be the President, serves as Chairman of the Board of Directors. Independence and objectivity are key requirements for the nomination of outside directors. Individual directors apply their expertise to the management of Olympus through the decision making and supervisory activities of the Board of Directors. Upper limits have been set for the terms of

office and ages of the President and senior executive managing officers. In principle, the term of office for the President will be six years.

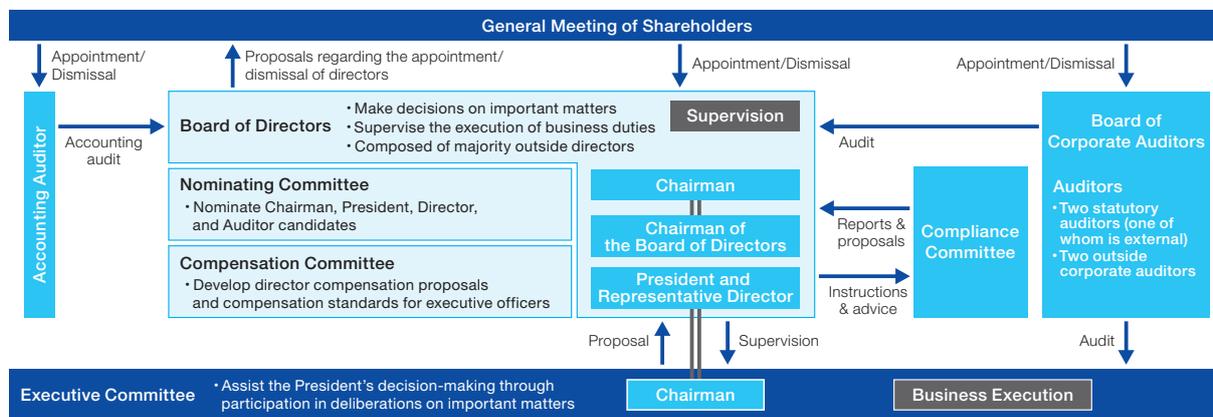
In addition, we have voluntarily established the Nomination Committee and Remuneration Committee as independent committees on which the majority of members are outside directors. These committees nominate candidates for the posts of chairman, president, directors and corporate auditors. They also set remuneration standards for directors and executive officers.

### Officers

Chairman .....	Yasuyuki Kimoto	Outside Director ....	Takuya Goto
Representative Director/ President .....	Hiroyuki Sasa	Outside Director ....	Shiro Hiruta
Director .....	Hideaki Fujizuka	Outside Director ....	Sumitaka Fujita
Director .....	Yasuo Takeuchi	Outside Director ....	Motoyoshi Nishikawa
Director .....	Shigeo Hayashi	Outside Director ....	Hikari Imai
		Outside Director ....	Kiyotaka Fujii

\*The six outside directors are independent directors as defined in the Securities Listing Regulations of the Tokyo Stock Exchange.

### Corporate Governance Structure (Extract)



## Strengthening the Functions of the Corporate Auditors and Board of Corporate Auditors

To ensure that audits are conducted fairly, Olympus has invited a person from outside the Olympus organization to become one of its two Standing Corporate Auditors, in addition to the two Outside Corporate Auditors. We have also created the Office of Auditors and assigned full-time staff to assist the Corporate Auditors in the performance of their duties.

Like the Board of Directors, the Corporate Auditors normally meet once a month. They attend important meetings, including board meetings, and have regular discussions with directors and executive officers. Of particular importance are their quarterly exchanges of views with the representative directors. The

Corporate Auditors also collaborate and share information with the accounting auditors.

### Corporate Auditors

Standing Corporate Auditor .....	Takashi Saito
Standing Corporate Auditor .....	Masashi Shimizu (non-Olympus)
Outside Corporate Auditor .....	Nobuo Nagoya
Outside Corporate Auditor .....	Katsuya Natori

\*The two outside corporate auditors are independent directors as defined in the Securities Listing Regulations of the Tokyo Stock Exchange.

## Improvement of Internal Control Systems

Olympus is improving various functions of its internal control systems.

- In addition to clarifying the roles of head office units, we have also strengthened internal checks and balances by revising decision-making regulations and rules concerning the submission of matters for approval or deliberations by the Executive Committee, and by taking steps to ensure the consistent application of these rules.
- We have established an integrated management structure for the supervision of subsidiaries and business investments and clearly identified the parties responsible for the administration of subsidiaries. We will conduct regular monitoring based on

these rules.

- To prevent inappropriate actions, we have established a clear demarcation of tasks in the relevant areas of activity, such as purchasing divisions and accounting and financial management divisions. We have also established rules requiring the regular rotation of staff to prevent situations in which the same people are responsible for the same tasks over long periods of time.
- We have strengthened the internal audit organization and reviewed procedures. In the current fiscal year, approximately 180 subsidiaries have been audited. We are also taking steps to facilitate information sharing between the corporate auditors and external auditors.

## Establishment of CSR Committee

Olympus has established a new CSR Committee to realize its "Social IN" philosophy by strengthening CSR company-wide.

The task of the CSR Committee is to spread and consolidate CSR activities throughout the Olympus Group by helping the President, who chairs the committee, to make decisions, and by promoting and monitoring the application of "the plan, do, check action" (PDCA) approach to all decisions.

Several promotion committees have been established under the CSR Committee. These work with the CSR Committee to study corporate policies, develop plans and promote their implementation in the functional areas for which they are responsible.

### CSR Committee and Promotion Committees



## Protecting Information

Olympus has adopted the Olympus Group Information Security Policy and established the Information Security Promotion Committee to provide a group-wide organizational framework for measures to ensure information security. Security measures are implemented from the human, material, organizational and technical perspectives. Specifically, access to Olympus facilities is controlled using IC card systems. Corporate servers and PCs are protected from viruses and unauthorized access by means of automatically updated antivirus software, firewalls, quarantine systems, and antispyware measures.

To raise employees' understanding of information security issues, we have used the intranet to publish a security handbook based on corporate rules, as well as educational materials, case studies and other information. We also provide e-learning programs for all executives and employees. Another initiative designed to raise awareness of information security is Information

Security Month. Lectures and other events are staged during this period to remind employees about the importance of information security. We also draw attention to information security through an active program of education and information activities during the year-end/New Year period.

Olympus handles stakeholders' personal information using appropriate methods and in accordance with the Olympus Group Information Security Policy.

### »WEB Information Security Policy (Extract)

<http://www.olympus-global.com/en/csr/olycsr/soundcorpo/protection/security.jsp>

### »WEB Olympus Personal Information Protection Policy (an excerpt, translation)

<http://www.olympus-global.com/en/csr/olycsr/soundcorpo/protection/privacy.jsp>

## Disclosure

Olympus is working to gain the understanding and confidence of all stakeholders, including shareholders and customers, by actively disclosing accurate corporate information in a fair and timely manner. Areas covered by disclosure include management

policies, financial data, the state of business activities, and CSR activities.

### »WEB Information Disclosure Policy

<http://www.olympus-global.com/en/csr/olycsr/soundcorpo/informationpolicy/>

## Ethics Committee

Olympus has taken advantage of synergies with other business areas, such as microscopes (cellular tissue observation technology) and surgical endoscopes (minimally invasive surgical equipment), to build an involvement in regenerative medicine and genomerelated business activities. Experts review activities in these fields from an ethical perspective at meetings of the Ethics Committee.

To improve transparency, we disclose the rules, membership list of the Ethics Committee, together with summaries of its deliberations.

### »WEB Ethics Committee (including summaries of minutes)

<http://www.olympus-global.com/en/csr/olycsr/soundcorpo/irb/>

### »WEB Rules of the Ethics Committee (Only in Japanese)

<http://www.olympus.co.jp/jp/csr/olycsr/soundcorpo/irb/rules/>

### »WEB List of Ethics Committee Members (Only in Japanese)

<http://www.olympus.co.jp/jp/csr/olycsr/soundcorpo/irb/member/>

## Encouraging Compliance

We are determined to ensure that Olympus never makes the same mistakes again by strengthening systems to encourage compliance and fostering a corporate culture based firmly on compliance. (This section includes the compliance promotion measures implemented since March 31, 2012.)

### Compliance Promotion Structure

In April 2012, Olympus appointed a Chief Compliance Officer (CCO) whose task is to clarify compliance-related responsibilities. The company also established a Compliance Committee chaired by an outside director to advise the Board of Directors on measures that can strengthen compliance activities on a global basis. The committee met for the first time on June 7, 2012. In principle, the committee will from now on hold four meetings per year.

On May 10, 2012, Olympus held a global compliance meeting for compliance officers from regional headquarters worldwide. The purpose of this meeting was to examine the global and regional implementation of compliance-related policies and measures, and to identify issues. In principle, we will continue to hold these meetings every quarter. Policies and measures put forward at the meetings will be implemented according to the organizational structure in each region. Within Japan, this role will be carried out by the Compliance Promotion Committee. Based on situations discussed and issues raised at the meetings, the CCO will regularly report to the Compliance Committee on the compliance situation of the Olympus Group as a whole.

#### Compliance Committee Members

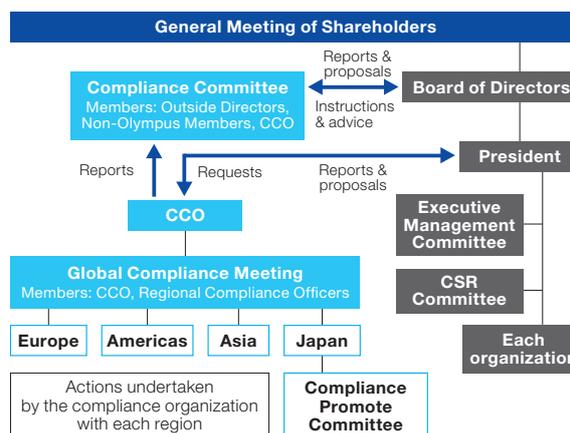
- Chairperson .....Motoyoshi Nishikawa (Outside Director)
- Member .....Kiyotaka Fujii (Outside Director)
- Member .....Yoichiro Hamabe (Outside Committee Member, Attorney-at-law)
- Member .....Masahito Kitamura (Chief Compliance Officer)



Compliance officers from Europe, the Americas, Asia and Japan attended the first global compliance meeting, which was held in Tokyo on May 10, 2012.



#### Compliance Promotion Structure



#### Compliance Committee Meetings (April–November 2012)

Date	Main Agenda Items
June 7, 2012	<ul style="list-style-type: none"> <li>• Election of Chairperson and Deputy Chairperson for the Compliance Committee</li> <li>• Review of compliance initiatives, planning of future initiatives</li> </ul>
September 10, 2012	<ul style="list-style-type: none"> <li>• Report on second Global Compliance Meeting</li> <li>• Review of compliance initiatives, planning of future initiatives</li> </ul>

#### Global Compliance Meetings (April–November 2012)

Date	Main Agenda Items
May 10, 2012 Tokyo	<ul style="list-style-type: none"> <li>• Global compliance policies</li> <li>• Global compliance management rules</li> </ul>
July 30/31, 2012 Pennsylvania, U.S.A.	<ul style="list-style-type: none"> <li>• Review of operation of whistleblower systems in each region</li> <li>• Review of compliance assimilation</li> </ul>
September 26, 2012 (Special meeting) Tokyo	<ul style="list-style-type: none"> <li>• Global distributor management rules</li> <li>• Compliance Focus Month events</li> </ul>
November 27, 2012 Hamburg, Germany	<ul style="list-style-type: none"> <li>• Third-parties Compliance Management</li> </ul>

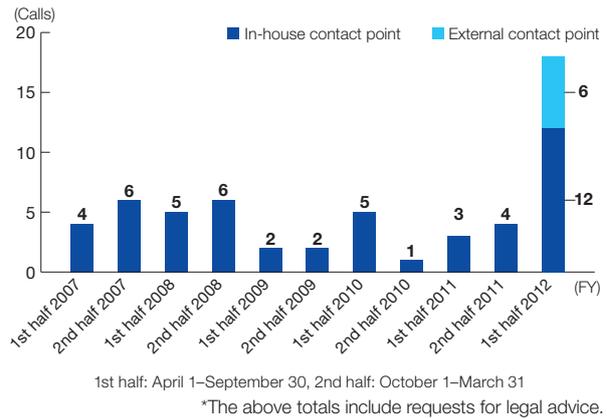
## Integrity Hotline Systems

In the past, employees wishing to report issues in Japan could submit their concerns via a point of contact within the company using the Compliance Hotline. In May 2012, an external point of contact was established to allow employees to speak to an attorney outside of the company. This new system provides greater assurance of anonymity, since the attorney providing the service will never, without the approval of the whistle-blower, divulge any information that could be used to identify the individual to staff within the company. We have further enhanced the scheme, including the addition of clearly defined rules to the corporate regulations requiring follow-up action on all matters reported, and efforts to report all matters of concern. As a result of these measures, the number of reports in Japan has more than quintupled compared with the average for the period up to fiscal 2011. We will continue to strengthen compliance through further improvements to the system, and through continuing efforts to create a system that will be both useful and trusted.

Olympus has also expanded access to this system to include employees of suppliers that deal directly with Olympus Group companies in Japan.

Note: Separate compliance and integrity Hotline Systems have been established in each region worldwide.

### Number of Hotline Reports and Inquiries



Compliance cards will be distributed to executives and employees in Japan.

### Litigation by Olympus Employee

An Olympus employee who claimed to have been transferred unfairly after using the Hotline Systems to report actions by a superior initiated a lawsuit seeking, among other things, acknowledgement that he was not obliged to work in the location to which he was transferred. On June 28, 2012, a supreme court appeal hearing resulted in the dismissal of an appeal lodged by Olympus. This ruling overturned the verdict of the Tokyo District Court,

which had dismissed the claim, and confirmed the judgment from a second hearing in Tokyo High Court, thereby bringing the series of legal actions to a conclusion.

As a company, we take the judicial ruling of the court very seriously, and we will apply the ruling to our future efforts.

\*This matter was included in this report because of the confirmation of the verdict.

## Compliance Education

We are further improving our compliance education as part of our ongoing efforts to transform Olympus into a company that will never again commit or overlook financial improprieties. Specific educational activities are being planned and implemented in each country and region.

The following descriptions refer mainly to initiatives in Japan.

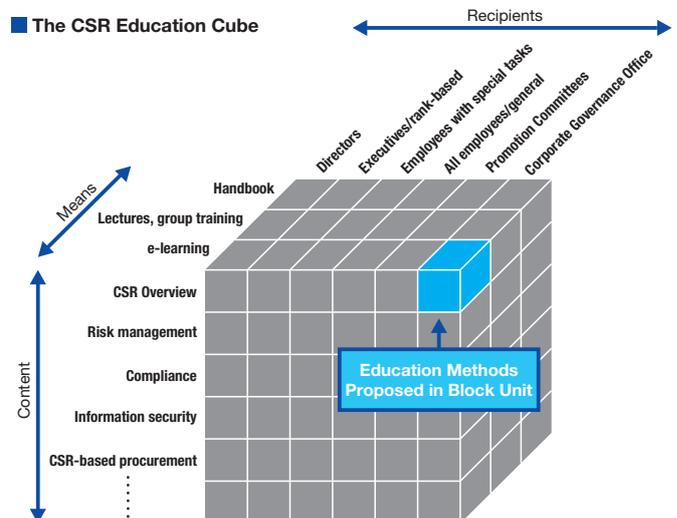
### CSR Education Cube

Olympus bases its CSR education, including compliance education, on a concept known as the “CSR Education Cube.” The three axes of the cube are content, means and recipients. We provide various forms of education, including the distribution of the CSR Guidebook and Compliance Cards, e-learning activities, and group training.

### Messages from and Dialog with Senior Management

The importance of compliance is a constant theme in the President’s speeches, intranet messages and messages from the CCO. Our efforts to ensure consistent compliance and create a free and open working environment also include regular town

### The CSR Education Cube



meetings for executives and employees. These events are also held regularly at affiliated companies and overseas subsidiaries.

#### ● Rank-Specific Education

In addition to its educational programs for all employees, Olympus also systematically implements training activities targeted toward personnel at specific levels, including educational programs for management and executive personnel, personnel who have been promoted, and new employees.

#### ● Function-Based Education

Specialized, function-specific training, including attendance at lectures by outside experts and group seminars conducted by external organizations, is being provided for corporate staff whose tasks require higher levels of knowledge and awareness, such as employees staffing the Hotline, and members of the Compliance Promotion Committee.

In addition, we have implemented ongoing training programs to educate relevant staff about laws and regulations relating to various aspects of our business, including CSR procurement, trade controls and the prevention of fraudulent transaction practices.

#### ● Education for All Employees

Olympus implements educational programs covering all aspects of compliance, with particular emphasis on the Olympus Group Corporate Conduct Charter and Olympus Group Code of Con-

duct. There are also programs for corporate officers and all employees concerning specific laws, regulations and social norms.

Specific aspects of laws and regulations have been identified for prioritized educational initiatives to strengthen knowledge and awareness.

#### ■ Laws/Regulations Targeted for Prioritized Compliance Reinforcement Efforts

Jurisdictional Category	Name of Law/Regulation, etc.
Japanese laws and regulations / Internal rules	<ul style="list-style-type: none"> <li>• Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act)</li> <li>• Unfair Competition Prevention Act</li> <li>• Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontracting Law)</li> <li>• National Public Service Ethics Act, code of ethics for public servants</li> <li>• Fair competition rules</li> <li>• Prevention of insider trading</li> </ul>
Overseas laws and regulations	<ul style="list-style-type: none"> <li>• Laws and regulations relating to bribery</li> <li>• Laws and regulations relating to unfair competition</li> <li>• Laws and regulations relating to antisocial elements</li> </ul>

Note: The above activity is limited to Japan. Local activities will be developed at each regional headquarters.

#### ■ Main Compliance Education Activities in Japan (April–November 2012)

Period	Attendees	Summary
As required from April onwards	All employees	President's message via intranet
April	Executives	President's presentation CCO's presentation on compliance organization
	Hotline contact point staff	Seminar for Hotline contact point staff
	Workplace representatives	Meeting between Corporate Conduct Charter formulation task team and CCO
Progressively from April onwards	Relevant divisions	Trade-related education (seminars for each division)
May	All employees	E-learning about mental health
	Compliance Promotion Committee	CCO's presentation
As required from May onwards	Relevant divisions	Divisional seminars about the prevention of fraudulent business practices
June	All employees	Environment-related e-learning (regulations on chemical substances) E-learning about the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors
	Executives	President's presentation
July	All employees	E-learning about compliance E-learning about information security/protection of personal information
	Executives	Lectures by outside experts Lecturer: Prof. Yoshinari Koyama of the Kanto Gakuin University College of Economics Theme: Corporate financial improprieties and compliance
As required from July onwards	Executives/ employees	Town meetings with President and CCO
August	All employees	E-learning about AEO system (special export declarations)
		E-learning about elimination of antisocial elements, prevention of insider trading, management of seals and signatures
September	All employees	E-learning on Antimonopoly Act
	New employees	Education about management philosophy, Corporate Conduct Charter (group training)
October	Management	Seminar presented by outside expert Lecturer: Yoichiro Hamabe, Aoyama Gakuin University Graduate School of Law Theme: Specific Legal Obligations of Corporate Officers—the Need for Internal Control Systems, the Era of CSR
November	All employees	E-learning on prevention of insider trading
	Executives	Compliance workshop for divisional managers
	Promoted employees	Education about management philosophy, Corporate Conduct Charter (group training)

## Special Feature

# The Olympus Response to the Great East Japan Earthquake

We wish to offer our sincere prayers for the speedy recovery of everyone affected by the Great East Japan Earthquake, and for an early return to normality in the disaster areas.

As a company involved in the healthcare field, our first priorities after the earthquake were to repair damaged medical equipment and resume supplies of medical equipment.

In addition to donations of money and products, we also recruited employee volunteers to help with recovery and relief efforts in the disaster areas.

## Disaster Recovery Efforts, Reinforcement of Business Continuity Systems

### Disaster Recovery Activities by the Olympus Group

#### At 14:46 on March 11, 2011 | Earthquake, Initial Response

Immediately after the earthquake, a central response headquarters with subsidiary functional teams and local response organizations was established under the leadership of the President. The initial priorities as this organization began to respond to the disaster were to ensure the safety and health of employees, prevent further damage, maintain business continuity, and gather and send out information. The headquarters organization confirmed the well-being of all employees in the Tohoku and Kanto regions through the safety confirmation system and directly traced some individuals.

In the Tokyo area, approximately 600 employees were unable to return to their homes. Therefore, stockpiled emergency food and water were distributed to them.

#### March 14, 2011 – Responding to Various Situations

On March 14, inspection began of buildings at the Shirakawa Plant, where there was substantial damage. Units responsible for the supply of parts to affiliated companies and repair and service divisions resumed operations on March 16. Steps were also taken to secure logistics channels to the disaster area, to ensure the safety of employees at manufacturing sites and sales offices in the Tohoku region and to help them rebuild their lives. As a measure to deal with power outages, flexible working arrangements were introduced.

#### April 11, 2011 – Full Operations Resumed

At the Shirakawa Plant, service divisions became fully operational on April 4 and production lines were progressively reinstated from April 5 onwards. By April 11, all operations had been fully restored. Meanwhile, it was necessary to cope with the effects of scheduled power cuts. Continuing interruptions to the flow of parts and other items from suppliers became a major business continuity challenge. Therefore, manufacturing sites made efforts to avoid the use of items affected by delivery interruptions. This was achieved by replacing outsourced parts with items produced in-house, by using equivalent alternative items, or by modifying designs. By the end of April, the resumption of full production operations was in sight.

#### May 13, 2011 – From Disaster Recovery to Business Continuity

Since Olympus was on track to the resumption of full production operations, the responsibility for disaster response initiatives was transferred from the central response headquarters to individual units. However, because the delayed parts supply continued to affect production operations, manufacturing sites implemented measures to achieve their production targets, such as rescheduling their summer holidays. New business continuity issues were also identified as a result of the March earthquake. We will continue to strengthen our business continuity planning, which we regard as a corporate social responsibility, while always giving first priority to the safety and health of our employees.

### Main Damage Suffered by the Olympus Group

We regret the inconvenience caused to our customers by the suspension of manufacturing and repair operations after the earthquake. Olympus continually issued information about the situation and did everything possible to minimize the impact. We will continue to do our utmost to meet the needs of our customers.

#### Human Losses

We regularly implement drills relating to employee safety, systems to confirm employee safety and whereabouts, and our business continuity plan (BCP). At all Olympus business sites throughout Japan, including the Shirakawa Plant Aizu Olympus in Fukushima Prefecture and Aomori Olympus in Aomori Prefecture, only one employee suffered a minor injury. However, there were fatalities among members of employees' families. We wish to offer our sincere condolences and prayers.

#### Damage to Facilities

There was partial damage to office buildings in the Sendai area. However, there was no interruption to services, including our capacity to respond to customer inquiries. Seven mobile phone shops in the ITX Group\* were damaged and subsequently closed. Damage to production facilities was especially severe at the Shirakawa Plant. Both buildings and infrastructure, including water and gas pipes and electrical systems, were affected. However, the value of ongoing disaster-prevention efforts was proven by the fact that only one manufacturing facility was destroyed.

\*The ITX Group was transferred to Japan Industrial Partners, Inc. on September 28, 2012.



Quake soil liquefaction damage in the parking lot at the Shirakawa Plant



A collapsed ceiling at the Shirakawa Plant

## Strengthening Business Continuity Systems

### Review of and Changes to Business Continuity Plan

Our efforts over several years to develop our business continuity plan (BCP) were very effective in minimizing damage to buildings and equipment. However, other issues were identified, including the disruption of supplies from parts manufacturers. As a result of the earthquake disaster, we are revising our BCP to ensure the early resumption of operations after disasters. There will be no change to our basic BCP policy, which is to give first priority to the prevention of loss of life and injuries, to fulfill our social responsibilities, and to give due consideration to corporate earnings and shareholder value. Our aim is to clarify the roles and responsibilities of disaster response teams and strengthen their functions.

We will also strengthen other aspects of the BCP, including the staging of simulation drills based on disaster scenarios, and assembly drills for disaster response teams based on scenarios in which disasters occur on holidays or at night.

Function	Changes (summary)
Common functions	We have established earthquake-resistance guidelines for company buildings from a BCP perspective. We will also implement safety measures, including measures to prevent ceiling collapses, in all new and existing buildings.
Procurement	We have implemented new procurement-related measures based on additional scenarios, in which supplies from suppliers are disrupted by disasters. Measures include the procurement of parts, etc., from multiple suppliers, and strategic stockpiling.
Manufacturing	We have confirmed the effectiveness of existing measures to prevent production facilities from toppling. Moreover, we will continue our efforts to strengthen these measures.
Logistics	We have taken steps to prevent items from falling in product storage facilities.

### Strengthening Disaster Preparedness Systems

Using the experience gained in dealing with the effects of the earthquake, we identified the types and quantities of stocks required at each plant and reviewed our disaster stockpiling standards. On this basis, we are redistributing stockpiles in readiness for future disasters.

Having established earthquake-resistance guidelines for company buildings from a BCP perspective, we are now conducting earthquake-resistance inspections at each site and taking the necessary steps, including the development of plans for antiseismic reinforcement, based on the results of these checks.

During the disaster we were able to confirm the effectiveness of our systems for checking the safety and whereabouts of personnel. Furthermore, we are determined to ensure all personnel have a thorough and consistent knowledge of the methods used so that the systems can be used and implemented reliably, and we will continue to hold disaster evacuation drills and other activities for this purpose.

### VOICE

#### Building Systems to Prevent Disruptions to Customer Services

Fortunately no Olympus employees suffered serious injuries in the Great East Japan Earthquake, and we were also able to minimize damage to our facilities and equipment. While these outcomes confirmed the effectiveness of our business continuity planning, we also became aware of areas in which improvements are needed, especially logistics, supplies of purchased items, and support for sales and service sites. In addition to our efforts to develop and strengthen systems within our facilities, we also need to establish structures to ensure the non-disruption of services. I believe that we can achieve this by fostering stronger relationships of trust with our suppliers, and by taking steps to ensure safety and business continuity at our sales and service sites. I see the improvement of our business continuity planning as essential to the fulfillment of our social responsibilities as a company capable of responding to the needs of all stakeholders.



**Tetsuo Kobayashi**  
General Manager,  
Risk Management  
Division  
Former Coordinator,  
Central Response  
Headquarters

### Responding to Electric Power Demand

In the summer of 2011, the government responded to power shortages resulting from the Great East Japan Earthquake by issuing restrictions on power use in the service areas of Tohoku Electric Power and Tokyo Electric Power under the provisions of Article 27 of the Electricity Business Act.

We implemented a range of measures throughout the Olympus Group in Japan, including curbs on air conditioner use and a review of temperature settings. The spacing between working light fixtures was expanded, and unnecessary lights were switched off, and we

also extended the summer vacation period to avoid the peak power demand period. Olympus companies also brought forward the start date and extended the finish date for the "Cool Biz" program, which allows employees to wear light clothing in summer. We replaced computers and multifunction printers with more energy-efficient models and adjusted settings to minimize power consumption. The numbers of elevators, drink vending machines, water heaters and tea machines in use were also reduced. Individual sites implemented additional measures based on their local situation.

## Earthquake Recovery Initiatives by Olympus Group Companies

### Support Activities in the Healthcare Sector

Widespread damage to medical institutions in the Great East Japan Earthquake had a serious impact on medical care for patients. Olympus Medical Science Sales Co., Ltd. (OMSJ), which is responsible for sales, repair services and customer support in the areas of medical equipment and life science and industrial equipment, helped facilities damaged by the earthquake to resume medical services as quickly as possible.

#### March 11, 2011 Earthquake

OMSJ branches and sales offices in Iwate, Miyagi and Fukushima Prefecture were damaged in the Great East Japan Earthquake. There was also damage to employees' homes, some of which became uninhabitable. The first priority for OMSJ was to check the status of its employees and their families and ensure their safety. The company next inspected damage to its facilities and started to gather information.

#### March 14, 2011— Start of Customer Support Activities

In addition to the disruption of lifeline services, including electric power, water and city gas, people in the disaster areas also experienced shortages of food and gasoline. This situation had a major impact on the company's business activities and the lives of its employees.

While the telephone became the main means of providing customer support, OMSJ staff improvised a number of other ways to improve services. For example, they checked the fuel tanks of all business vehicles and transferred gasoline into the vehicles with the most fuel remaining, which were then used to provide emergency support to users. Staff then began to visit medical institutions, always making safety their first priority.

#### March 22, 2011— Start of Visits to All Facilities

Road repair work continued, and gasoline shortages were also gradually alleviated. An 18-member team consisting of 10 field service personnel from the Tohoku Service Group and eight field service support workers from the Kanto region began to visit all of the more than 1,200 customers in the disaster areas. By the end of April all facilities in Miyagi and Fukushima Prefecture (excluding those in the exclusion zone) had been visited, while visits in Iwate Prefecture were completed by May 12. During these visits, staff checked equipment for damage and inspected endoscopes.



A medical facility and endoscopic equipment after inundation during the disaster

#### Support for Non-Medical Equipment

Special repair services were provided for repairable digital cameras, film cameras, digital recorders and other personal products. In the life science field, we visited customers in the Tohoku region that had purchased confocal laser scanning microscopes, which consist of large pieces of equipment requiring very precise adjustment. The equipment was inspected free of charge.

#### Results of Visits and Assistance to Disaster-Affected Facilities

Results: Endoscope systems totally destroyed at 25 facilities  
 Endoscope systems inundated at 16 facilities  
 Endoscope systems damaged (excluding systems destroyed or inundated) at one facility (23 buildings destroyed, 38 inundated)

As part of our efforts to maintain the availability of endoscopes in all areas, we lent replacement systems free of charge and carried out repairs at specially reduced prices. Normally we would not repair endoscopes that have been inundated in seawater. As an emergency measure, however, we inspected systems and provided a special free repair service for equipment that was deemed to be repairable, on condition that no further repairs would be carried out in the future. Other initiatives included the loan of microscopes to Shizukawa Hospital, which had resumed medical treatment at a temporary clinic.



A loan microscope in use at a temporary clinic

#### Establishment of System to Provide Customer Support after Earthquakes

As a result of our experience in visiting damaged facilities and inspecting equipment, we established customer support guidelines requiring the completion of visits to all affected facilities within one month after a disaster. We also prepared a manual containing procedures for the implementation of these guidelines, including the development of a plan for visiting customers, and the establishment of inspection and support systems.

#### VOICE

#### Lessons Learned from Customer Support Efforts

I experienced the Great East Japan Earthquake in Yokohama, where I was stationed at the time. Although I was not injured myself, I felt a profound sense of shock at television images that I saw. I was eager to contribute my limited abilities to recovery efforts in the disaster areas, so I went to the Morioka Sales Office and began to provide assistance as a field service worker. I saw medical facilities where staff continued to treat patients, even though their endoscopes had been crushed and water was leaking through the ceilings. The experience left me speechless. However, when people in the facilities thanked me for coming all the way from Kanto to check their equipment, I realized that I could contribute as a service person. Some of the medical professionals I met are still living in evacuation centers and temporary housing, yet despite their own difficulties, they are still working hard to help their patients. I want to do everything I can to support those people.



**Aguri Takasugi**  
 Osaka Service Group,  
 Service Division  
 Olympus Medical  
 Science Sales Co., Ltd.

## Recovery Support Activities by Employee Volunteers

Many Olympus employees took part in voluntary recovery support activities in areas affected by the Great East Japan Earthquake. A total of approximately 200 volunteers traveled to the disaster areas between May 16 and June 17, 2011, and between September 26 and October 28. Each group spent four nights and five days away, departing on Monday and returning on Friday. With the cooperation of the RQ Citizens Disaster Relief Network<sup>\*1</sup>, the volunteers helped clean up homes and farms, remove debris, and clear away vinyl greenhouses that had been wrecked by the tsunami in Ishinomaki City and Kesennuma City, Miyagi Prefecture. Other activities included participation in a project to restore Suisen (Daffodil) Road<sup>\*2</sup>. People in the disaster areas were very pleased to see groups capable of organized activities during periods when the number of general volunteers tended to decline, such as after the Golden Week public holiday period and after the end of school summer holidays.

Olympus provided employees with opportunities and places to participate in voluntary activities and granted special paid leave. It also arranged transport, accommodation and meals, supplied safety equipment, including dust masks and safety insoles, and organized orientation seminars to inform volunteers about safety and special precautions when dealing with victims. Olympus considered both the needs of victims and also the mental and physical health of the volunteers. For example, all volunteers underwent health checks by industrial physicians before and after the trips and were given opportunities for physical and mental recovery afterwards, including sessions at which volunteers recounted and shared their experiences.

On June 14 and 15, Olympus employees voluntarily ran Wakuwaku Science Workshops<sup>\*3</sup> for approximately 80 elementary and junior high school students at evacuation facilities and volunteer centers in Ishinomaki City. More Workshops were held between November 6 and 10 for the benefit of approximately 900 elementary and junior high school students evacuated from the exclusion zone around the Fukushima Daiichi Nuclear Power Station. These hands-on events had themes relating to light and lenses, which are fields in which Olympus has considerable expertise. Participants were able to experience the fun of science through activities that included the use of a camera obscura to learn how camera lenses work and the creation of kaleidoscopes using spectroscopy and diffraction. The students also studied and operated endoscopes and used microscopes to learn about the micro-level world.

\*1 RQ Citizens Disaster Relief Network

»WEB <http://www.rq-center.net/en/home-en>

\*2 The Suisen Road Restoration Project

Located in the Koizumi district of Motoyoshi-cho in Kesennuma City, Suisen Road (Daffodil Road) is approximately 1.5 kilometers long. A community development group planted daffodils along the road, which became a focus for community activities, and a daffodil festival was held. Sadly, the area was devastated by the tsunami. Local residents suggested that the restoration of Suisen Road would help to bring the community together, and the project was launched with the aim of revitalizing the community by restoring daffodil flowers to the area.

\*3 Wakuwaku Science Workshops (Only in Japanese)

»WEB <http://www.olympus.co.jp/jp/event/wakuwaku/>



Removing debris



Suisen Road after voluntary restoration work



Wakuwaku Science Workshop



A letter from a schoolchild

»WEB **Other support initiatives** <http://www.olympus-global.com/en/csr/social/contribution/disaster/>

### TOPICS

#### I TIE☆Aitai—“Oyako Day” Support Project for Disaster Areas

In addition to monetary donations and the arrangement of voluntary activities, Olympus is also contributing to recovery efforts in areas affected by the Great East Japan Earthquake through its support for NPOs involved in recovery initiatives.

Leading photographers, including Bruce Osborn and Taishi Hirokawa, wanted to use the power of photography to help families whose photo albums had been lost, parents and children trying to make a new start in the face of tragedy, and children separated from friends and family. They hoped that by sharing their knowledge with young people in the disaster areas they could help those affected to move forward to a new tomorrow. This led to the I TIE☆Aitai—“Oyako Day” support project for areas affected by the Great East Japan Earthquake. (“Aitai” is Japanese for “I want to see you,” while Oyako (parent-child) Day celebrates the bonds between parents and children.) This initiative consisted of photography workshops for junior and senior high school students who had experi-

enced the earthquake. Olympus support included the donation of 30 Olympus XZ-1 high-performance digital cameras. Olympus also donated digital cameras, digital recorders and used notebook PCs and loaned tents to various organizations involved in recovery support activities, including the international cooperation organization Peace Boat, Oxfam Japan and the RQ Citizens Disaster Relief Network.



»WEB **I TIE☆Aitai—“Oyako Day” support project for areas affected by the Great East Japan Earthquake** (Only in Japanese) <http://i-tie.jp/>

# For Customers



Olympus can only create value through its activities when its products and services are useful and provide value to its customers. Our commitment to group-wide quality assurance reflects our determination to provide products and services that will earn the confidence and trust of our customers.

## 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.

## Development-Stage Initiatives

We accurately assess the quality of all products using quality assurance systems that meet international certification requirements. This focus on product quality begins with quality assessments at the development stage, which is the starting point for manufacturing. Our products undergo various in-house checks, including electromagnetic compatibility (EMC) tests, safety tests, usability assessments, environmental tests, and materials analyses.

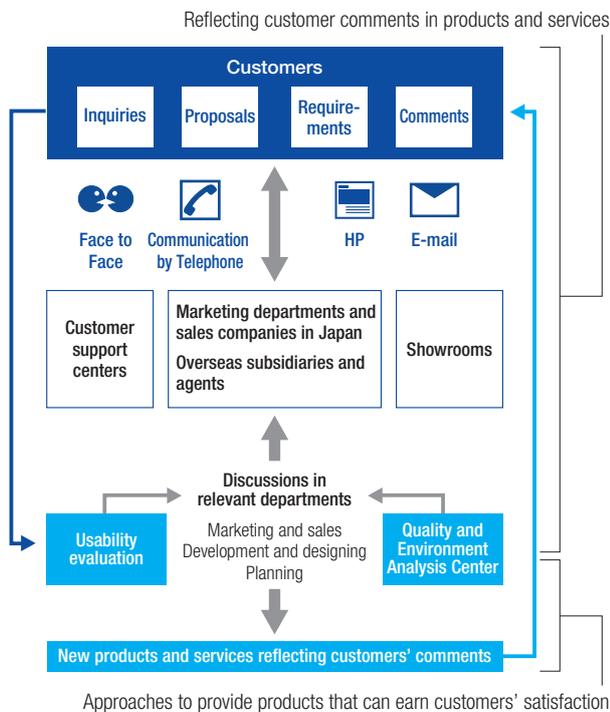


EMC testing in a 10 m wave anechoic chamber

## Customer-Focused Manufacturing

We gather information through marketing research and by listening to the comments and views of users of Olympus products. This customer input is then applied to our manufacturing activities.

### Design and Manufacturing Reflecting Customers' Comments



## Customer Support Systems

One of the ways in which we work to achieve customer satisfaction is by maintaining systems that allow us to respond promptly to inquiries and provide timely repair services on the rare occasions that faults occur. Olympus is continually improving its capabilities in this area. Another service that helps to build customer confidence in our products is the publication of important information for users on our website.

### Customer Support Systems by Product Category

<b>Medical systems</b>	<p>We help customers to use our products safely and with confidence by responding to technical inquiries, such as requests for explanations about operating methods and assistance with problems.</p> <p>We are continually enhancing our ability to provide prompt assistance. For example, when necessary we can send field service personnel to solve customers' problems in clinical facilities.</p>
<b>Microscopes</b>	<p>To ensure an efficient response to customer inquiries and the timely resolution of problems, all telephone and mail inquiries are managed centrally in our support center.</p> <p>Customers who make inquiries are advised about microscopy seminars provided by Olympus for customers. This information is also available on our website.</p>
<b>Imaging</b>	<p>Olympus responds to customer inquiries on weekends and public holidays during the same hours as on normal business days. This service is available every day except system maintenance days and the year-end/New Year period.</p> <p>In addition to training in communication skills and product knowledge for telephone staff, our efforts to raise customer satisfaction levels also include "mystery caller" surveys conducted by an outside organization.</p>

More detailed information can be found on our website.

» **WEB** **CSR Activities—For Customers**  
<http://www.olympus-global.com/en/csr/customer/>



Our approach to business is based on compliance with all relevant laws and regulations, respect for human rights and the environment, fair and open transactions, and the strengthening of partnerships with suppliers.

## The Olympus Group's Procurement Policy

### The Olympus Group's Procurement Policy (Extract)

1. Compliance with Laws, Regulations, and Social Norms
2. Green Procurement and Consideration for the Environment
3. Promotion of Fair and Impartial Trade
4. Selection of Suppliers
5. Reinforcement of Partnership with Suppliers
6. Prohibition of Acceptance of Private Interests

## CSR Procurement

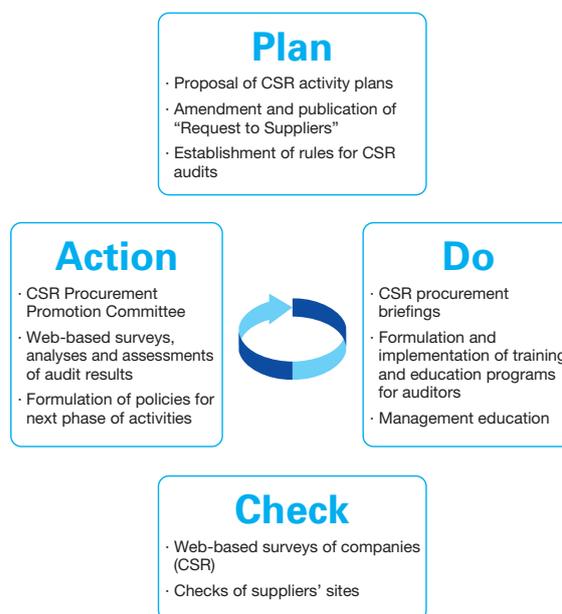
We held our first CSR procurement briefing for suppliers in fiscal 2010. With the cooperation of suppliers, we also commenced on-site checks focusing primarily on regulatory compliance but also covering such aspects as human rights, labor, safety and health and the environment. These activities continued in fiscal 2011, when we again held a briefing for suppliers and conducted on-site checks.

In addition, the CSR Procurement Committee continues to meet regularly to formulate activity policies and review activities relating to CSR procurement by the Olympus Group.

### Request to Suppliers (Extract)

1. Compliance with Laws, Regulations, and Social Norms
2. Health & Safety
3. Fair and Impartial Trade
4. Ensuring Quality and Safety, Delivery, Fair Pricing, and Stable Supply
5. Environmental Considerations
6. Ensuring Information Security and the Appropriate Protection of Information
7. Promoting Social Contributions
8. Promoting CSR Activities Internally and Among Suppliers

### PDCA Cycle for CSR Procurement



## Compliance Activities

All contracts relating to our supply chains include clauses prohibiting transactions with antisocial elements and unfair business practices. Furthermore, we regard the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors as key legislation in relation to our purchasing activities. We provide thorough training about this law as part of our efforts to ensure full compliance.

More detailed information can be found on our website.

»WEB **CSR Activities—For Suppliers**  
<http://www.olympus-global.com/en/csr/procurement/>

# For Employees and Their Families



Olympus aims to provide a good working environment for its employees by respecting human rights, and by creating workplaces in which individuals can work to achieve growth both for themselves and for the company. Our efforts to provide safe and amenable working environments include compliance with laws and regulations in Japan and other countries, and the application of our policies to overseas subsidiaries in ways that reflect local conditions.

## Human Rights and Labor Policy

Olympus is actively striving to create a working environment where every employee can realize his or her full potential. By respecting human rights, diverse values and individuality, we aim to develop vibrant human resources and maintain an organization with vitality.

In October 2004, Olympus joined the UN Global Compact by officially stating its determination to support and implement the universal principles regarding human rights and labor. In March 2005, the new Olympus Human Rights and Labor Policy was formulated for group-wide implementation to send a strong message of respect for human rights to all employees in the Group.

## Employee Skill Development

Based on this overarching policy, we have introduced the Management by Object system (MBO-S) of goal management and assessment. Under this system, each employee independently chooses a theme for his or her work and skill development activities, then plans and implements work goals based on that theme in consultation with his or her supervisor. This approach not only encourages growth, but also ensures that employees are treated fairly on the basis of a system that they understand and accept. We also help employees to develop their skills through the Olympus College educational system, as well as through training programs for advanced technicians and engineers.

## Safety and Health, Health Promotion

Workplace safety and health are a priority for Olympus, and we aim to provide workplaces in which every employee can work with confidence. We work in cooperation with the health insurance association to support employees' efforts to improve their health by offering a full range of health check options, as well as access to advice on lifestyle improvement and mental health.

### Number of Occupational Accidents

(Number of cases)

Item	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Work-related accidents resulting in lost work time	6	5	2	5	9
Work-related accidents not resulting in lost work time	15	20	17	11	9
Total	21	25	19	16	18

## Creating Motivational Working Environments

Olympus has established a range of leave and welfare programs to help employees to enjoy fulfilling lives with their families and in their communities. These include the Welfare Cafeteria Plan and the Refresher Plan for people in their seventh and 20th years of continuous employment. There is the Pension Life Plan (PLP) seminar scheme, under which employees who have reached the age of 55 have the opportunity to attend seminars about retirement lifestyles while staying in a resort hotel. Other welfare programs introduced by Olympus include paid leave for voluntary activities, childcare and family care support systems, as well as a system that allows employees to set their own reduced working hours during pregnancy.

### Childcare Support System

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) 39 employees used this system in FY2011.
	Reduction of working hours	2 hours until the end of April in the child's first year of elementary school 1 hour until the end of April in the child's fourth year of elementary school
	Exemption from overtime work	Until the child's third birthday
	Exemption from overtime and night-time work	Until the end of April in the child's fourth year of elementary school
	Nursing care leave	The following numbers of paid leave days until the end of March in the year when the child starts elementary school (adjusted according to the number of children) 1 child: 5 days per year 2 or more children: 10 days per year

## Diversity and Opportunity

Olympus provides equal opportunity for male and female employees. We also employ a wide range of nationalities and actively create job opportunities for people with disabilities. We have also introduced a reemployment scheme for retirees. In fiscal 2011, a total of 53 people opted to continue working after reaching retirement age.

Number of female executives	12 (at section manager level or higher)
Number of non-Japanese executives (as of June 2012)	Olympus Medical Systems Corporation: 2 Olympus Imaging Corporation: 1
Employment ratio for people with disabilities (as of March 2012)	1.82% (total for seven companies in the special-purpose subsidiary group)

More detailed information can be found on our website.

» WEB **CSR Activities—For Employees and Their Families**  
<http://www.olympus-global.com/en/csr/workplace/>



Olympus will continue to help people to enjoy better lives by using management resources gained through business activities, such as technology and human resources, in a variety of non-business situations.

## Olympus Social Contribution Policy

### Olympus Social Contribution Policy (Extract)

- Olympus will contribute to the enhancement of the quality of life on various levels, from local communities to the global environment, by actively utilizing its management resources, including technologies gained through business activities and human resources, in non-business areas.
- This Social Contribution Policy applies to all Olympus group companies globally.
- Olympus will strive to establish systems and develop a corporate culture under which individual employees can take pride in their status as members of the Olympus Group, while contributing as private citizens through their own voluntary activities.
- Olympus will actively contribute to society, especially in the four areas, namely, medicine and health, culture and the arts, the global environment, and natural science.

## Medicine and Health

In February 2007 Olympus launched the Brave Circle Campaign to eradicate colorectal cancer. The aim of the campaign is to encourage people in the target age group of 40 and older to undergo diagnostic checks. These activities are promoted by the Brave Circle Steering Committee, which in July 2009 became a special non-profit organization (NPO). The campaign has since grown into a public service initiative involving the participation of many companies and organizations. As a full member of the NPO, Olympus actively supports colorectal cancer diagnosis and educational activities in cooperation with government agencies.



A talk event organized as part of the Tokyo Health Walk

## Culture and the Arts

Olympus is using the power of photography in educational activities designed to spread awareness of the Millennium Development Goals (MDGs). These goals for the international community include the eradication of poverty and hunger.

In 2009 and 2010, we held photographic contests on the theme of the MDGs in collaboration with the United Nations Development Programme (UNDP) and the AFP Foundation. We also staged exhibitions of the winning entries in locations around the world. In June 2011 the photographs were also displayed at a follow-up meeting hosted by the Ministry of Foreign Affairs and the UNDP. In addition, a panel display of the winning entries was presented at various ports of call on

world cruises organized by Peace Boat, a non-governmental organization involved in international exchange.

## The Global Environment

Recognizing the vital importance of water to all living things, including wildlife and human beings, Olympus has created a voluntary environmental program focusing on water circulation in forests, rivers and oceans. We continually carry out a variety of theme-based programs throughout each year. In fiscal 2011, we launched the Oceans for the Future Project in collaboration with the Oceanic Wildlife Society (OWS), a non-profit organization. The aim of this initiative is to encourage elementary and junior high school children to think about the preservation of marine environments for future generations.



Children take part in the coastal photography and craft classes organized as part of the Ocean Legacy Project.

## Natural Science

Through the Wakuwaku Project (literally “exciting project”), Olympus is encouraging children to take an interest in science through science workshops. The workshops are run by volunteers, most of whom are Olympus employees. Olympus is also a co-sponsor of the Natural Science Observation Contest, which was first held over half-a-century ago in 1960. Organized by the Mainichi Newspapers and the Society of Scientific Photography, the contest helps to foster scientific curiosity by encouraging children to discover their own answers to questions that interest them.



A poster inviting entries for the 53rd contest

More detailed information can be found on our website.

»WEB **CSR Activities—For Society**  
<http://www.olympus-global.com/en/csr/social/>



Olympus respects the systems of nature and is working toward the creation of a sustainable society and a healthy environment through the technology development and business activities targeted toward harmony with the environment.

## Olympus Group Environmental Charter

### Olympus Group Environmental Charter (Extract)

#### Environment Protection Declaration

Olympus Group, respecting nature and the health and safety of mankind, has resolved through its technological development and through adopting ecologically compatible business practices to contribute to the reestablishment of a healthy environment and a society in which a sustainable development is possible.

#### Guideline for Environmental Action

In all business activities, 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 assess the environmental impact at each stage of our operations from development through to production and sales to realize continuous improvements.

#### 3. Protection of Natural Resources and Prevention of Pollution

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

#### 4. Compliance and Activity Support

We will comply with environment-related laws and regulations, and co-operate with environmental measures recommended by government bodies. We will actively participate in 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 in charge of environmental protection, we will make clear our responsibility to promote environmental protection. We will establish a structure through which we can take appropriate measures to deal with changes as they occur inside and outside Olympus.

## Compliance with Environment-Related Laws and Regulations

There were no environment-related lawsuits or fines in fiscal 2011. In October 2011, waste water discharged from Tatsuno Plant after washing the building exterior walls had temporarily exceeded the waste water standard value, on which we consulted the municipal government and completed necessary corrective actions. Although there was no penalty imposed from the municipal government, we have established procedures for washing and educating employees to prevent any reoccurrence. Meanwhile, we received 34 complaints about the noise and vibration caused by construction work in

Hatagaya. We held a briefing for residents of local communities and took necessary steps to reduce the noise and vibration, including changing the construction method.

## Product-Related Initiatives

Our efforts to supply environment-friendly products include the establishment of the Olympus Eco-Products Standards. These environmental design standards are used to assess products, packaging, manufacturing processes and logistics processes from the four perspectives of environment protection and safety, energy conservation, resource conservation, and information disclosure.

In fiscal 2010, Olympus added new environmentally responsible design standards that are even more rigorous than the Eco-Products Standards. Under these new standards, products that make significant contributions to the reduction of environmental loads are classified as "Super Eco-Products."

In fiscal 2011, 69 products were added to the list of Olympus Eco-Products, bringing the cumulative total to 418, including 13 Super Eco-Products. Sales of Eco-Products now account for 52% of total sales.

### ■ Key Products Certified as Super Eco-Products in Fiscal 2011



SZ-14 Compact Digital Camera  
(package weight\* approximately 42% lighter than earlier products)



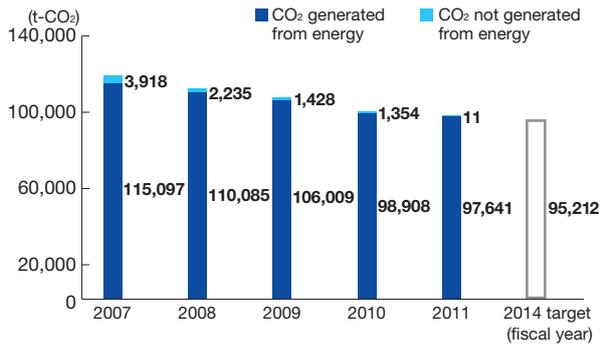
IPLEX Ultralite Industrial Videoscope (endoscope)  
(package weight\* reduced by 72% and CO<sub>2</sub> emissions by 82% compared with earlier models)

\*Package weight: the combined weight of the product, accessories and packaging

## Manufacturing-Related Initiatives

Olympus monitors and works to reduce environmental loads at all stages of product life cycles, including resource procurement, production, distribution, waste disposal and recycling.

## CO<sub>2</sub> Emissions Generated/Not Generated from Energy



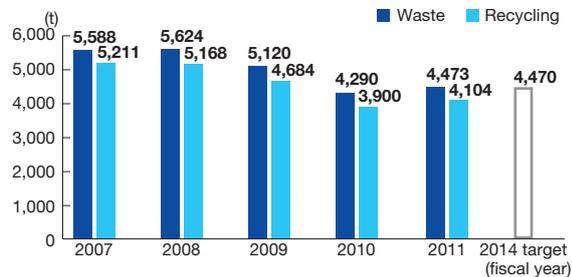
**Manufacturing-related CO<sub>2</sub> emissions: 97,652 tons, or a 18% reduction from the fiscal 2007 level**

FY 2014 target: A 20% reduction from the fiscal 2007 level

In addition to production cuts necessitated by the economic downturn and reductions in power consumption in response to a government directive resulting from power shortages in Japan, Olympus continues to implement day-to-day energy-saving activities, including the use of natural energy.

Another focus is the development of alternatives for non-energy greenhouse gases, such as HFC, PFC and SF<sub>6</sub>, which are used for cleaning, semiconductor etching and other processes. We are now working to accelerate initiatives to improve the environmental performance of our manufacturing operations. In March 2011, Olympus completely eliminated the use of HFC solvents for lens cleaning processes at the Ina Plant and reduced the use of these substances by 99% year on year.

## Waste Emissions

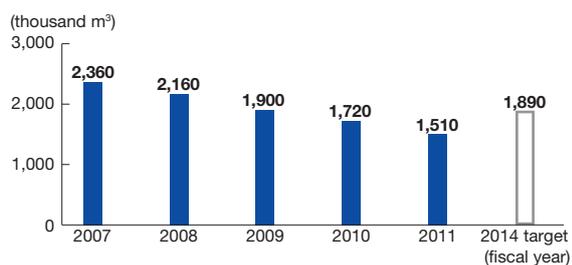


**Total waste: 4,473 tons (a 20% reduction relative to the fiscal 2007 level)**

FY2014 target: Reduce waste by 20% relative to the fiscal 2007 level

In addition to our efforts to reduce waste disposal at landfills and improve the recycling rate, we are working to minimize processing losses by developing production technologies, and by targeting waste reduction at the product design stage. Through these approaches, we are striving to enhance the resource productivity of our manufacturing operations.

## Water Use



**Water used: 1.51 million m<sup>3</sup> (a 36% reduction relative to the fiscal 2007 level)**

FY2014 target: A 20% reduction relative to the fiscal 2007 level

Water, which we use to wash products and in various other areas of our business activities, is also an extremely important resource for the maintenance of biodiversity. For this reason, we are continually developing production methods that require less water and inspecting equipment to prevent leakage. We are also working to minimize environmental impacts by maintaining and monitoring wastewater treatment facilities, and by monitoring the quality of wastewater.

## Logistics-Related Initiatives

Olympus Logistics Corporation discovered that the use of non-stackable packaging was responsible for an increase in the number of shuttle trips between the Tokyo Center and the Tatsuno and Ina Plants. In 2011, the company solved this problem by introducing returnable containers for the shuttle service. These containers were put into use in fiscal 2012 and are now helping to reduce logistics loads in Japan.



Wacapon returnable boxes allow items to be stacked for transportation.

## Protecting Biodiversity

In fiscal 2011, Olympus conducted a biodiversity field survey in cooperation with independent specialist organizations to assess the state of flora and fauna habitats and the environmental impact of plant operations within the Tatsuno Plant site and in surrounding areas. As a result of this case study, we formulated biodiversity protection guidelines as the basis for continuing efforts to alleviate factors that were identified as having a particularly serious impact on biodiversity.



A biodiversity field survey was carried out at the Tatsuno Plant.

More detailed information can be found on our website.

» **WEB** **CSR Activities—For the Environment**  
<http://www.olympus-global.com/en/csr/environment/>

# What does Olympus need to do now to restore its reputation?

Olympus is working to prevent recurrences of financial impropriety and restore its reputation by rebuilding its governance systems and strengthening compliance. In November 2012 we invited outside experts to Olympus headquarters to provide recommendations based on various perspectives about what Olympus needs to do now.

During the dialog, Professor Ishida and Ms. Kuroda expressed frank opinions and asked questions about the efforts made by Olympus to prevent financial improprieties and strengthen compliance. The discussion was based on various sources of information, including responses to a questionnaire survey about the special edition of the 2012 CSR Report (“Rebuilding Trust: The First 100 Days”).

Olympus CCO Masahito Kitamura responded to questions and provided specific numerical data about various subjects, including the factors that led Olympus management to defer reporting of massive losses and include falsified information in financial statements, as well as the operation of the company’s Hotline Systems.

There was also discussion about the difficulty of changing a corporate culture in which employees are still unable to express criticisms of the company freely and an organizational structure that has become rigid. Participants in the dialog shared their views on solutions to these issues, which were some of the causes of the problems.

As Chief Compliance Officer, Mr. Kitamura has been involved in the establishment of new systems and other efforts to rebuild Olympus since immediately after the establishment of the new management structure. He emphasized the importance of consolidating compliance by ensuring that all employees assimilate the redefined “Social



**Date:** Thursday, November 1, 2012  
Venue: Tokyo Office, Olympus Corporation

**Theme:** Initiatives to prevent recurrences of financial impropriety and strengthen compliance

**Participants:**

- |                          |  |
|--------------------------|--|
| <b>Hiroshi Ishida</b>    | Associate Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University<br>Executive Director, Caux Round Table Japan |
| <b>Kaori Kuroda</b>      | Executive Director, CSO Network Japan  |
| <b>Masahito Kitamura</b> | Executive Officer and Chief Compliance Officer, Olympus Corporation  |

IN” management philosophy and the new Corporate Conduct Charter. He said that Olympus management was strongly aware that their challenge now was to achieve the vital tasks of putting a new “soul” into systems and structures at Olympus. Mr. Kitamura also spoke about plans for future initiatives, including Compliance Focus Month activities and surveys about employee awareness. Professor Ishida and Ms. Kuroda both offered insightful advice about the involvement of employees in the administration of systems.

## Essential Future Initiatives

**Monitoring of administration of systems and compliance education** >>> “You should promote Compliance Focus Month activities and hold regular surveys about employee awareness.”

**Improving assimilation of new management philosophy and Corporate Conduct Charter throughout the organization, including overseas sites** >>> “You should create more opportunities to raise awareness, including town meetings at overseas subsidiaries, and workplace discussion sessions.”

**Revitalization of Hotline Systems** >>> “It is not enough simply to distribute compliance cards. Educational activities are needed to raise awareness of the system and encourage its use.”

**Putting “soul” into systems and structures** >>> “You need to devise mechanisms that allow not only management but also employees to participate in initiatives.”

## Recommendations to Olympus

What society wants to know about Olympus now is the extent of your commitment to the prevention of recurrences of these problems and the rebuilding of Olympus. For example, you've set up a Hotline Systems with an outside law firm, but you need to ensure that the system is administered transparently, including the disclosure of data about the use of the system and employee satisfaction with it.

In addition to its traditional strengths such as technology and quality, Olympus also has these basic ideals encapsulated in its "Social IN" philosophy. There is also an expectation that when those ideals are assimilated by the organization they will eventually be embodied in new products combining product quality with characteristics, which reflect the qualities and character of the company. As was also stated in "Rebuilding Trust: The First 100



Days," if you create a roadmap for your efforts to make Olympus not only a more successful company but also a socially trusted company, the result will be a virtuous circle that will help employees to better understand what you're trying to achieve while also facilitating feedback from stakeholders.

### Hiroshi Ishida

Associate Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University  
Executive Director, Caux Round Table Japan

Hiroshi Ishida was born in Tokyo in 1966. After graduating with a degree in economics from Seijo University, he worked for the Industrial Bank of Japan in market dealing, planning and other areas. He has been active in the Caux Round Table Japan since October 2000 and became the organization's Executive Director in 2006. Mr. Ishida is also an associate professor at Kwansei Gakuin University.

I am told that Olympus once had a free and open workplace environment. As the company grew larger, your organization became bloated and rigid. That situation led to the recent financial improprieties. It is not be easy to reestablish a company's corporate culture in which people are free to speak their minds. I believe that you should base your approach on the creation of mechanisms that would make it easy for employees to participate in the development and administration of new measures and systems. As far as the enhancement of the Hotline Systems is concerned, you obviously need to guarantee secrecy. All necessary steps should be taken to protect whistleblowers and guarantee their right to report problems.

I was very impressed by your decision to set up a task team consisting of 30 people selected from among your employees to review your management philosophy and



Corporate Conduct Charter. I also believe that the stakeholders who were probably most affected by the recent problems were actually your employees. I hope that within the next one or two years you will hold roundtable meetings for your employees and listen carefully to what they are saying about problems and issues in their workplaces.

### Kaori Kuroda

Executive Director, CSO Network Japan

After working for a private sector company, Kaori Kuroda went overseas to study and was employed in the Center on Japanese Economy and Business of Columbia University's Business School. She has also worked for the Asia Foundation in Japan. She has been employed by the CSO Network since April 2004 and was also involved in the formulation of ISO 26000 as an expert representing Japanese NGOs.

Ms. Kuroda has also been involved in the "New Public Commons" Promotion Conference. Other posts include membership of the Subcommittee on Economic Cooperation of the Trade and Economic Cooperation Committee of the Ministry of Economy, Trade and Industry's Industrial Structure Council.

## Response to the Recommendations >>>

Through this dialog, Professor Ishida and Ms. Kuroda contributed recommendations that offer valuable insights for Olympus, which has at last reached the starting point of its corporate rebuilding process. This dialog has also given me a very clear awareness of the importance of employees as stakeholders. The most important priority for Olympus in the short-term will be to instill a compliance culture throughout its organization. In the longer term perspective, Olympus will apply these valuable recommendations as it continues to put its "Social IN" philosophy into practice through its business activities.

### Masahito Kitamura

Executive Officer and Chief Compliance Officer, Olympus Corporation

Masahito Kitamura was born in Tokyo in 1959 and joined Olympus in 1982. He has previously served as General Manager of the Industrial Systems Group, the IT Strategy Development Dept. and as Division Manager of the Information Technology. His present post dates from April 2012. He also serves as Group President of the Corporate Governance Office.



### Full Record of the Stakeholder Dialog

The full content of the stakeholder dialog is included in the Olympus CSR activity website. The special edition of the 2012 CSR Report ("Rebuilding Trust: The First 100 Days"), which was published in August, also contains results from external monitoring surveys and in-house surveys.

>>> **WEB CSR Communication** <http://www.olympus-global.com/en/csr/cscommunication/>



**Olympus Corporation**

---

**CSR Department, Group Compliance Division**

Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Tokyo 163-0914, Japan TEL: +81-3-6901-9299 E-mail: [csr\\_info@ot.olympus.co.jp](mailto:csr_info@ot.olympus.co.jp)

---

Olympus Corporation Social Responsibilities Activities website <http://www.olympus-global.com/en/csr>