

CORPORATE SOCIAL RESPONSIBILITY REPORT 2019

Made For life

Made for Patients. Made for Partnerships. Made for You.

Index

About this Report

Editorial Policy

The report is compiled according to the framework of three priority themes defined by Canon Medical Systems, with emphasis on environmental issues.

Reporting Period

Business activities mainly in 2018 (from January 1, 2018 to December 31, 2018), including some efforts before the year and very recent activities.

Reporting Scope

Canon Medical Systems and Group companies in and outside of Japan

Publication Date

October 2019 (Previous report issued in August 2018 and next report scheduled to be issued in June 2020)

Referral Guidelines

The Japan's Ministry of the Environment's Environmental Reporting Guidelines 2018
The Global Reporting Initiative (GRI) Standards
ISO 26000 Guidance on Social Responsibility

Trademarks

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Interactive Buttons and Links

Category tabs and navigation buttons are provided on each page for easy access to the desired page. (This function is provided for viewing on a PC. These controls may not work when viewing on a tablet or smartphone device.)

Category Tabs

Corporate Philosophy

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President's Me

Navigation Buttons

Click to proceed to the next page.

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Link Buttons



Link to the webpage



Corporate Philosophy

Made For life

Made for Patients.

Made for Partnerships.

Made for You.

Our corporate philosophy, Made for Life, embodies our commitment to directly contribute to the improvement of human health.

Our Commitment

Based on a respect for life, Canon Medical Systems Corporation is always contributing to healthcare and social welfare by providing innovative and advanced products and solutions to its customers worldwide.

1. Improving the quality of life:

Offering technology that provides faster, more accurate diagnosis, improved treatment, and enhanced patient care.

2. Life-long commitment to innovation:

Producing reliable systems that offer maximum uptime, increased utility, and improved workflow for a lifetime.

3. Achieving lifetime partnerships:

A pervasive commitment to delivering customer-focused solutions for a lifetime throughout the world.

President's Message

As we strive to create a smarter, more connected, and environmentally conscious company, our commitment to providing the very best medical systems and solutions that help protect and sustain human life remains the same.

Welcome to a New Era of Quality and Healthcare Development

All over the world, healthcare environments are changing rapidly due to increased costs, a progressively aging society, and the advancement of Al. With this in mind, we have invested heavily in the creation of solutions that help optimize financial, operational and clinical outcomes across the board. In line with our "Made for Life" philosophy, which underpins everything we do, we have focused our attention on building global partnerships and developing intelligent technologies that support patients, partners and physicians in the ways that they need.





Towards a Healthier Work-Life

When it comes to building functional teams, we share many of the concerns voiced by our partners all over the world. Currently, we have a global staff of more than 10,000 employees, and we are equally challenged by high workloads, shrinking workforces, and an aging population.

As such, we have made it our mission to maximize workplace health and wellbeing with a range of initiatives, including Canon Medical's Labor-Management Joint Declaration on Work-style Reform, which aims to promote reform efforts by individual companies, offices, job positions, workplaces and employees. In line with this declaration, we will work to reduce long hours, improve productivity, and adopt diverse work styles that allow for a better work-life balance, which we hope will enhance our competitiveness.

Environmentally Conscious Business Activities

As a global company, we are responsible for providing solutions and systems that do not harm the environment. Climate change is a real and significant issue that affects every one of our markets, which is why we are committed to developing energy-efficient products and services. We've also worked to adopt proactive measures that reduce the environmental impact of our business processes, including development, manufacturing, sales, service, and disposal (recycling).

In addition, we have conducted a range of hearings on our corporate social responsibility (CSR) activities to disclose, over a mid to long-term period, our efforts to contribute to sustainability in the wider community. With this in mind, we are committed to cooperating with our suppliers to address social issues targeted by the United Nations' Sustainable Development Goals (SDGs) to create new value for the sake of healthcare and healthy living.



Acquisition of Vital Images, Inc.

Acquisition of Olea Medical S.A.

Acquisition of Karos Health Inc.

Toshiba Medical Systems

Corporation acquired by

2015

Corporate Information

About Canon Medical Systems Corporation

Under our corporate philosophy, Made for Life, we develop our business activities globally, strive to meet the needs of our customers with cutting-edge technologies, and contribute to the future of healthcare with a sincere dedication to the enhancement of human life.

In December 2016, we joined the Canon Group, with a renewed commitment to contribute to healthcare through partnerships with our many customers around the world and to be a "good corporate neighbor" working for a better society.

Corporate Profile Company name: Canon Medical Systems Corporation Founded: October 1930 Established: October 1948 Capital: 20.7 billion yen Headquarter: 1385 Shimoishigami, Otawara, Tochigi, JAPAN	History 1930 Foundation of Nihon Iry Denki Co. Ltd.	Business	ment of Medical Systems Unit of ilbaura Electric Co., Ltd.	1999 Establishment Toshiba Corpo Medical Syste Company	as Canon Medical
President and Chief Executive Officer: Toshio Takiguchi	1930s	1960s		1990s	2010s
	1950	5	1970s	20	000s
Activities: Development, manufacturing, sales, and technical servicing of medical equipment and systems (including diagnostic X-ray systems, X-ray CT systems, MRI systems, ultrasound systems, radiation therapy systems, diagnostic		ned to Toshiba	1972 Renamed to Toshiba Me	edical S	2003 Start of business operations as Toshiba
nuclear medicine systems, clinical laboratory systems and healthcare IT		enki Co. Ltd.	Co. Ltd.	I P	Medical Systems Corporation
solutions)		ned to Toshiba sen Co. Ltd.	1979 Start of operations at To Nasu Factory	oshiba	
		-			

Webpage

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Main Products

We provide products and services to a variety of medical facilities to support healthcare services around the world. In addition to the development, manufacturing and sales of diagnostic imaging systems, such as CT, MRI, and in vitro diagnostic (IVD) systems, we deliver healthcare IT solutions that facilitate collection, integration, analysis and processing of various types of information produced in healthcare settings.

Diagnostic Imaging / Treatment

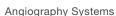
CT Systems

X-Ray Systems

MRI Systems

Ultrasound Systems







Nuclear Medicine Systems



Radiation Therapy Systems



IVD (In Vitro Diagnostics)

Clinical Laboratory Systems



Rapid Testing Solutions



Healthcare IT Solutions

Electronic Chart Systems and Medical Image Information Systems

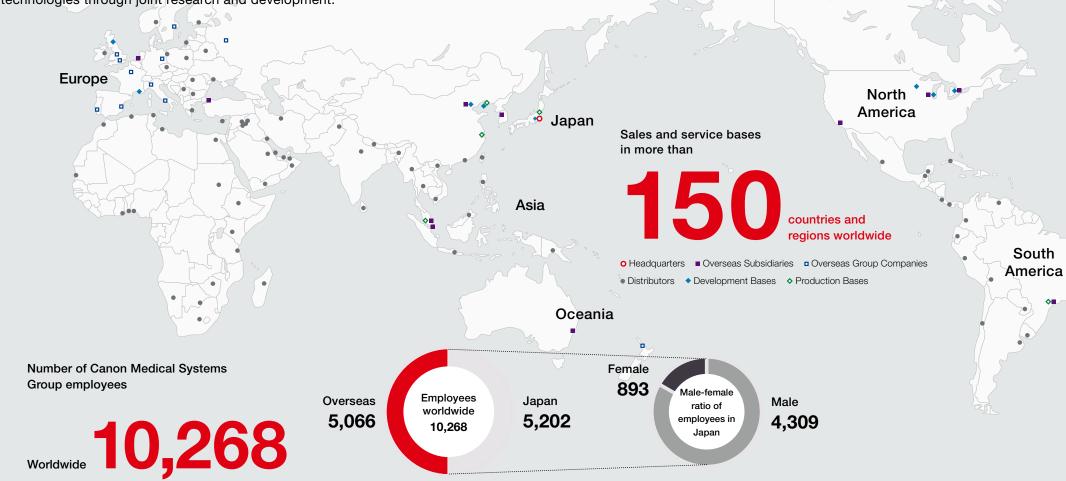


Molecular Testing Solutions



Global Network

We provide services to more than 150 countries and regions worldwide. In addition, we partner with expertise centers across the globe to create innovative technologies through joint research and development.



CSR

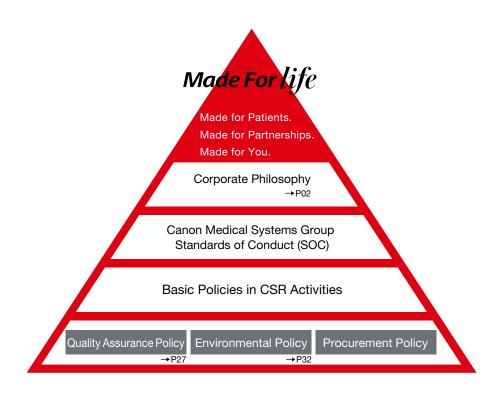
CSR at Canon Medical Systems

CSR Management

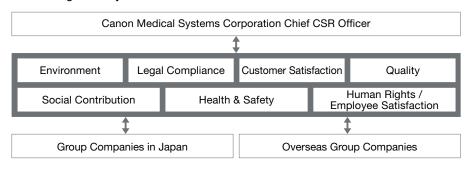
We work hard to ensure our business activities exemplify our CSR policies. As part of our CSR management, we require all employees across the business to comply with the Canon Medical Systems Group Standards of Conduct.

Basic Policies in CSR Activities

- We continue to earn the trust of society by respecting life and making a positive contribution to the world.
- We practice ethical management by complying with requisite laws and ordinances and nurturing the environment.
- We maintain clear and open communication with a variety of stakeholders, including customers, employees, and the community.

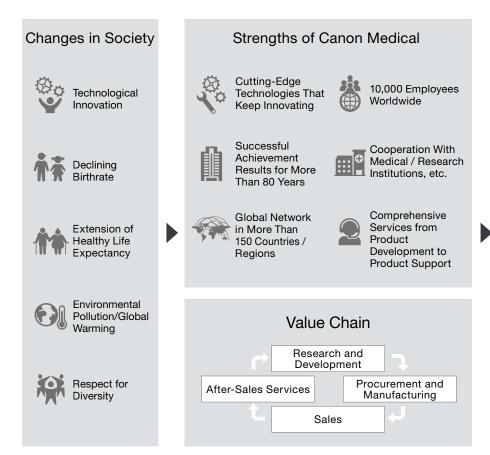


CSR Management System



Value Creation Process

We aim to provide products, services and solutions that reflect the needs and expectations of modern society. Creating value and resolving issues are essential to achieving a sustainable business model, which is why we continue to promote CSR activities that create new opportunities and are in line with the times.

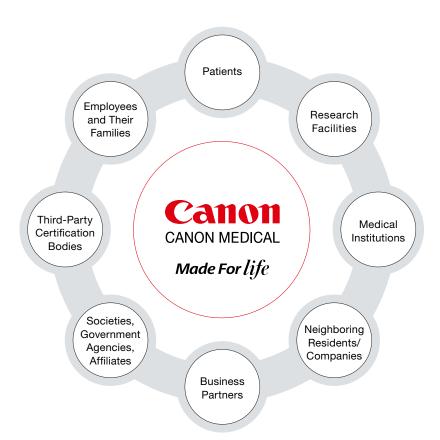






Realization of the Corporate Philosophy

Together With Stakeholders



Communication With Stakeholders

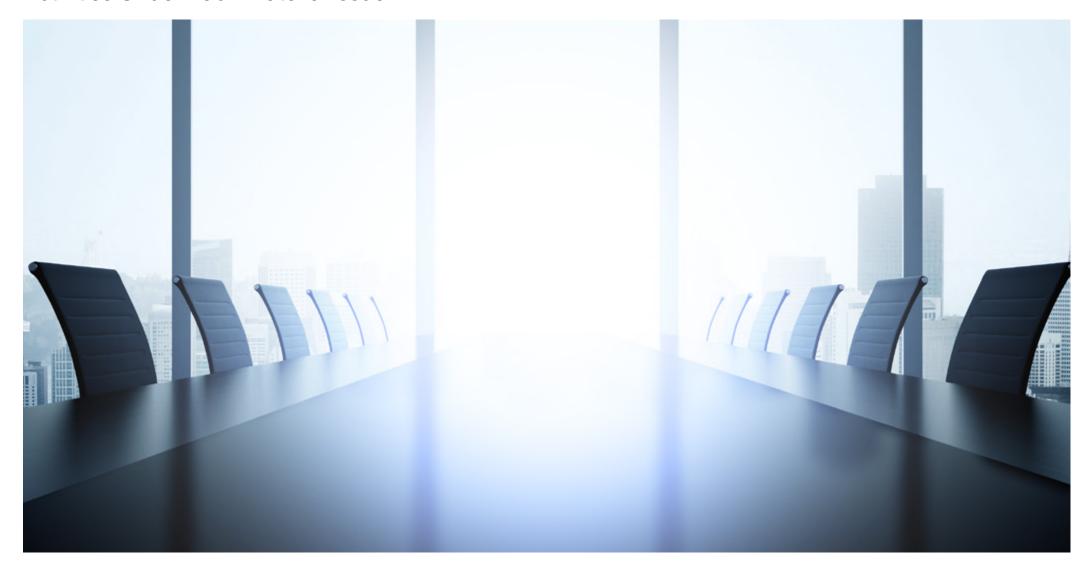
The objective of the Canon Medical Systems Group is to contribute to the development of medical systems and solutions under our corporate philosophy, Made for Life.

Since our business activities involve relationships with many stakeholders, we implement various measures to promote communication with individuals in order to actively incorporate their opinions and demands into our activities to ensure sustainable social development and improve corporate value.

Major Stakeholders	Communication Means
Patients	Online product information disclosure, receipt of inquiries, VOC*
Research facilities	Joint research, academic societies, acceptance of requests for office tours
Medical institutions	Exhibitions, workshops for users Online product information disclosure, receipt of inquiries, acceptance of requests for office tours
Neighboring residents/ companies	Responses in writing, invitation to events, agreements, acceptance of requests for office tours
Business partners	Education, meetings, acceptance of requests for office tours
Societies, government agencies, affiliates	Recognitions, submission of records, on-site inspections at offices, acceptance of requests for office tours
Third-party certification bodies	Audits
Employees and their families	Labor-management conference, e-TOPICS dedicated to employees (intranet), public relations brochure

^{*}VOC: Voice of Customers (collection of customers' opinions)

Activities Under Each Material Issue





Creating New Value and Solving Medical Issues



SDGs and Our Commitment



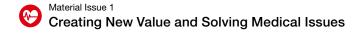
Goal 3: Good Health and Well-Being

Our business activities are focused on diagnostic imaging, healthcare IT and IVD (in vitro diagnostics), with consideration for the needs of medical institutions and patients.



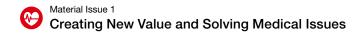
Goal 9: Industry, Innovation and Infrastructure

We promote joint development and open innovation with advanced research institutes, including universities, and other companies in and outside of Japan to develop products and services that meet various needs.



We develop technology that reduces the burden on patients and provides high-definition images that contribute to solving healthcare issues.

Concept As populations continue to age rapidly worldwide, needs have been increasing across the healthcare domain. These range from health improvement and disease prevention to advanced testing, diagnosis and treatment. To provide high-quality healthcare services, accurate diagnosis by doctors is essential To make an accurate diagnosis, it is necessary to make best use of the vast amount of information obtained in clinical settings. It is also significantly important to reduce the burden on healthcare providers in order to achieve a sustainable society. The Canon Medical Systems Group has been developing medical systems for almost 100 years, with an emphasis on the development of technology that both reduces the burden on patients and provides high-definition images. Our products include X-ray, CT scanners, MRI machines and ultrasound diagnostic systems. In 2018, we acquired all shares of ACTmed to make it a subsidiary, and thereby entered the business of cancer genetic testing. Made For life With a continuing focus on areas of diagnostic imaging, healthcare IT and IVD, we will provide new value and address health issues through business activities with consideration for the needs of medical institutions and patients.





Reduction of Burden on Patients

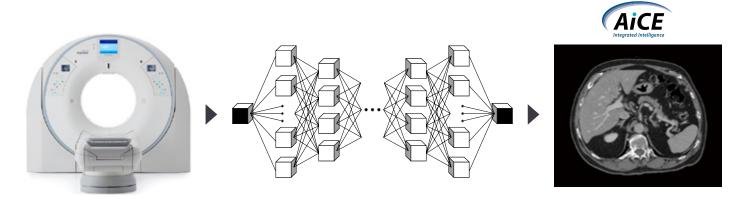
Commercialization of Artificial Intelligence into CT Products; Data Reconstruction Technology Using Deep Learning

Advanced intelligent Clear-IQ Engine (AiCE) differentiates signal from noise using a deep neural network, a model of artificial intelligence that simulates the mechanism of the human brain. This AiCE technology is applied to reconstruct CT images.

With enhanced spatial resolution and significant noise reduction, it has become possible to achieve stable high image quality even with low-radiation-dose CT scanning, which was not conventionally suitable for making diagnoses. One of the advantages of this technology is that we can reduce the radiation dose required to image patients.

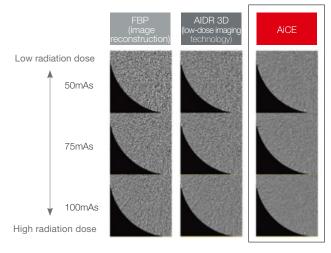
In April 2018, we commercially released Aquilion Precision, a CT system that includes AiCE technology. Subsequently, in November,

we added Aquilion ONE/GENESIS Edition, which also uses the technology, to expand the product lineup. We will continue to focus our efforts on higher performance so that patients can receive examinations in an anxiety-free manner.

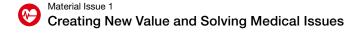


Acquisition of CT images Data reconstruction using deep learning

An image reconstructed by AiCE



High noise reduction and consistent granularity (texture of image)
in the low-close area



Efforts to Combat Infections

TOPICS: Development and Supply of Zika Virus RNA Detection Reagents

In response to the global trend of increasing temperatures in recent years, we need to be prepared for the risk of infectious diseases that have otherwise only been observed in tropical regions. We, in cooperation with the government, are conducting research projects on emerging and reemerging infections, such as mosquito-borne infections and Category I Infectious Diseases*1, and are developing detection reagents and promoting their practical application. Through these efforts, we contribute to combating infections around the world.

We developed the Genelyzer KIT, a Zika virus RNA*2 detection reagent, jointly with Nagasaki University. This reagent can detect Zika virus RNA in less than one third of the time required using a conventional method. In June 2018, we became the first to be authorized to produce and sell that in vitro diagnostic kits in Japan. A report on this joint development was presented at the 2nd Brazil-Japan Collaborative Research Workshop on Zika Virus held in July 2018. At the 5th Nikkei Asian Conference on Communicable

Diseases 2018 held in February 2018, we raised issues and proposed policies regarding infection control efforts informed by our actual experience in emergency support in response to the outbreak of Ebola hemorrhagic fever in the Republic of Guinea.

- *1 Category I Infectious Diseases: Ebola hemorrhagic fever, Crimean-Congo hemorrhagic fever, smallpox, South American hemorrhagic fever, Marburg disease, Lassa fever and plaque
- *2 RNA: Viruses are broadly classified into DNA and RNA viruses based on the nucleic acid sequences. Zika virus is an RNA virus.

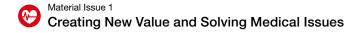




The President of Canon Medical Systems delivering a speech at the 2nd Brazil-Japan Collaborative Research Workshop on Zika Virus



Participants in the 2nd Brazil-Japan Collaborative Research Workshop on Zika Virus



Reduction of Burden on Patients

TOPICS: Rapid Influenza Testing Kit for Quick Detection

Influenza viruses are spread during the winter months every year in Japan. Recently, an epidemic of influenza known as "hidden influenza" that presents symptoms similar to the common cold has also been reported. There are cases where people infected with influenza come into contact with others without knowing that they are infected, leading to the spread of infection. The importance of influenza testing to determine infection status has thus been increasing.

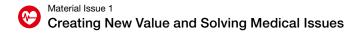
Rapiim Flu-AB, a rapid influenza testing kit marketed by our company,



uses our proprietary highly sensitive detection technology, enabling influenza to be detected even in a nasal discharge containing only a small amount of the virus. Conventionally, it takes eight minutes to make a definitive determination of influenza virus. Rapiim Flu-AB has an additional function that enables physicians to detect the influenza virus in as little as three minutes if there is a large amount of virus. This function helps provide treatment more quickly, not only reducing the burden on the patient but also improving the workflow of healthcare providers.









Reduction of Burden on Patients

Four-Dimensional X-Ray CT System Ensuring Advanced Diagnosis While Reducing Burden on Patients Contributes to Improving Healthcare Quality

Aquilion ONE developed by our company in 2007 is the first four-dimensional X-ray CT system in the world that offers clear, dynamic, stereoscopic images. Four-dimensional (three dimensions plus time) images of organ movements have enabled functional diagnosis based on the movements of organs and blood flow, in addition to conventional morphological diagnosis based on the morphology of organs and tumors.

high-quality images with a high-speed response, while improving usability and achieving miniaturization. In addition, the shortened scanning time, reduced radiation exposure dose (by the maximum reduction of 30%), and reduced amount of contrast media required help reduce the patient burden significantly. These features allow for the testing of elderly people and infants. The system has been highly recognized in healthcare settings around the world for its usefulness in emergencies where an immediate

response is required. As of December 2018, a total of around 1,500 systems have been sold worldwide.

In 2017, being recognized for contributing to diagnoses made by doctors through the system, we received the Minister of Economy, Trade and Industry Prize in the category of product and technology development at the 7th Monodzukuri Nippon Grand Award presented by the Prime Minister.



What Is the Monodzukuri Nippon Grand Award?

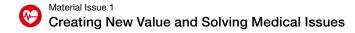
The Monodzukuri Nippon Grand Award, which is presented by the Prime Minister of Japan, recognizes people of all ages who have made a particularly outstanding contribution at the forefront of monodzukuri, the art of making goods, by embracing the monodzukuri concept, which has supported the development of Japanese industry and culture and contributed to the formation of the fulfilling lifestyle of the Japanese people, and by further developing the concept while flexibly adapting to new changes in the business environment.



"Aquilion ONE / GENESIS Edition" four-dimensional X-ray CT system



The 7th Monodzukuri Nippon Grand Award Ceremony (From left) Uebayashi and Gotanda from Canon Medical Systems; Seko, Minister of Economy, Trade and Industry of Japan; and Nishime, State Minister of Economy, Trade and Industry of Japan





Early Detection of Disease Lesions

TOPICS:

Development of Technology to Visualize Tissues Located Deep in the Body at High Resolution

A diagnostic ultrasound system uses ultrasound waves (echoes) reflected from the body to visualize tissues in the body in real time. The system is used for diagnosis in a wide range of clinical areas, such as cardiovascular medicine, obstetrics/gynecology, and orthopedics.

We developed technology to visualize tissues located deep in the body at high resolution, significantly improving the basic performance of ultrasound systems. The technology can provide

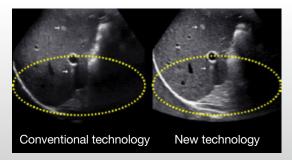


What is the National Commendation for Invention?

The National Commendation for Invention is sponsored by the Japan Institute of Invention and Innovation for the purpose of encouraging and promoting invention and contributing to the improvement of science and technology in Japan as well as to the promotion of industry. The commendation is awarded to inventions, devices or designs that led to outstanding achievements, or inventions and other works that are recognized for their excellence and are expected to produce outstanding achievements in the future.

clear, high-resolution images of the stomach, intestines and other digestive organs, as well as muscles and tendons, which cannot be visualized with conventional technology. This technology has helped establish new diagnostic methods, contributing to the early detection of lesions. Our technology is also applied to many ultrasound systems of other companies and has become an essential basic element for daily clinical practice.

Being recognized for this achievement, we were awarded the Minister of Education, Culture, Sports, Science and Technology Award and the Invention Achievement Award at the 2018 National Commendation for Invention awards.



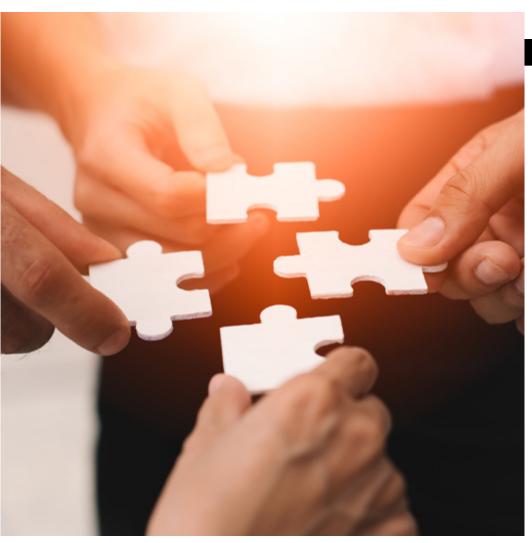
Ultrasonic images using conventional technology and the invention



Aplio i-series diagnostic ultrasound system



Building a Healthy Organization That Works Together With Society



SDGs and Our Commitment



Goal 3: Good Health and Well-Being

With the highest priority placed on life, safety and compliance in all business activities, we work to create a safe and comfortable work environment and to maintain and improve employees' mental and physical health.



Goal 8: Decent Work and Economic Growth

We take measures to ensure fair employment practices and treatment of employees in order to acquire excellent human resources around the world and motivate employees to exert their abilities in a continuous manner.



Goal 10: Reduced Inequalities

The Canon Medical Systems Group Standards of Conduct clearly describes the obligation to respect individuals and prohibits all discrimination. In line with the standards, the entire Group eliminates discrimination and harassment and ensures that human rights are respected.



Goal 12: Responsible Consumption and Production

Our efforts are focused on developing products that can be comfortably used by various customers without any anxiety whatsoever. We implement strict internal control procedures to ensure compliance with laws and regulations for the safety of our products.



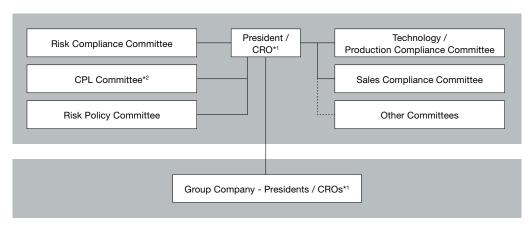
We have a sound and transparent business management system that aligns with the principles of the Canon Group and Canon Medical Systems Group.

Concept and System

We promote risk and compliance management policies and procedures to ensure compliance with laws and regulations, social and ethical norms, and internal rules as well as to promote fair business activities throughout our global operation.

Efforts to ensure ongoing compliance include education for all employees (e-learning and other compliance education on specific laws and regulations), creation of a compliance-focused climate (regular meetings on compliance issues at each worksite), and establishment of compliance implementation systems (namely, the Risk Hotline, an internal reporting system, and the Clean Partner Line, a reporting system for our business partners).

We also conduct surveys on CSR procurement at production sites in and outside of Japan as well as at overseas distributors in order to encourage the entire supply chain to implement CSR-oriented efforts with an emphasis on compliance, respect for humanity, the environment, and safety and security.



^{*1} CRO: Chief Risk Compliance Management Officer

^{*2} CPL Committee: CPL is an abbreviation combining CL (contractual liability) and PL (product liability). The CPL Committee, chaired by the Chief Quality Executive, is responsible for responding promptly to product accidents and quality issues.



Building a Healthy Organization That Works Together With Society

In order to conduct our business activities in a fair manner, we are committed to enhancing compliance with laws and ordinances.

Compliance Education for Employees

In order to cultivate compliance awareness, we provide level-specific training for new and management-level employees, as well as providing compliance training concerning individual laws. For the Canon Medical Systems Group Standards of Conduct, we continue to provide training for all employees using an e-learning system.



Establishment of Reporting Systems

To ensure employees are able to report important risk information directly to the Risk Management Department, we run an internal reporting system called the Risk Hotline. We also established a contact link with external attorneys to prevent compliance deviations. In May 2007, we set up "Clean Partner Line", a reporting system for our business partners, which enables them to report information directly to the Risk Management Department.



Strengthening Security Measures

We take our responsibility to protect our customers' personal information seriously, and strictly adhere to the Canon Medical Systems Privacy Policy. We also promote improved awareness among all employees and implement company rules based on our information security system. We continue to make efforts to protect company information, including technical and sales information and our customers' personal data.





We aim to create a safe working environment where each employee can maintain good physical and mental health.

Promoting Occupational Health and Safety

Canon Medical Systems Group considers safety to be a primary responsibility of management. Giving the utmost priority to life, safety, and compliance with laws and ordinances in all business activities, Canon Medical Systems Group promotes a safe, comfortable work environment and places the highest value on the mental and physical health of its employees.

Occupational Safety and Health Management System

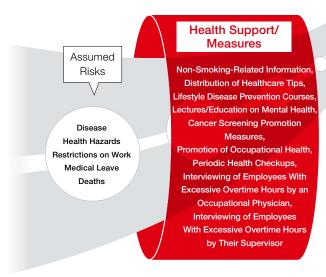
In 2008, Canon Medical Systems Corporation obtained the OHSAS* 18001 certification, the international standard for occupational safety and health management systems. Based on this certification, we are promoting a variety of occupational safety and health policies. All our employees participate in risk assessment activities, which helps to raise employee awareness of occupational safety and create a safer working environment.

Health Support for Employees

Based on the results of annual health checks and in cooperation with our medical staff, we provide individualized occupational health support to employees. We also provide our employees with various programs and support to minimize the health risks identified by the health check.

*OHSAS: Occupational Health and Safety Assessment Series, the international standards on occupational safety and health management

Safe and Secure Work Environment



Reducing Risks With Health Support Programs and Measures



Promotion of Occupational Safety and Health

Education for Employees on Occupational Safety and Health

We consider it important to provide ongoing education and training in order to ensure the safety and health of individual employees. In this regard, we provide a wide range of training programs for specific objectives and targets to motivate individual employees to be involved in achieving occupational safety and health.

Objectives	Programs	Targets	Number of participants
Preparation for Health and Safety Risks	Lecture on AED/First Aid	Employees at the Headquarter	95
	Delivery of Information on OHSAS*1 18001 to All Employees and General Education on Relevant Issues	Employees at the Headquarter	2,465
Occupational Safety	Special Training for Electricians	Employees Engaged in Specific Tasks	407
	Prevention of Health Hazards Associated with VDT Work*2	All Employees	4,850
Health Management	Education on Prevention of Lifestyle-Related Diseases	Employees at the Headquarter	144
	Lecture on Smoking Cessation	Smokers	373
	Training on Mental Health and Self-Care	Employees at the Headquarter	147
	Mental Health Education	All Employees	4,850
	Health Education by Age Group	Those Having Attained the Ages of 35, 45 and 55 Years	428
Compliance with Laws and Regulations	Program to Eradicate Drunk Driving	All Employees	5,466
Preparation for Disaster Risks	Comprehensive Emergency Drill	Employees at the Headquarter	2,465





^{*1} OHSAS: Occupational Health and Safety Assessment Series, the international standards on occupational safety and health management

^{*2} VDT work: Work using visual display terminals (VDTs) with a display screen, such as personal computers and monitors



Through educational and enlightenment activities, we strive to build organizations in which people from diverse backgrounds can actively work together.

Respect for Human Rights

The basic policies of Canon Medical Systems Group include respect for human rights, elimination of discriminatory treatment, and observance of laws and regulations. In the Canon Medical Systems Group Standards of Conduct, it is specified that diversity of individual values, personality, and privacy should be respected, and that discriminatory behavior concerning race, religion, sex, nationality, mental or physical disability, age, or sexual orientation, as well as behavior detrimental to human rights, such as violence, sexual harassment, or power harassment, should be eliminated. Through educational activities, we are promoting awareness of and respect for human rights.

Efforts to Address Issues Related to Conflict Minerals

Tantalum, tin, gold and tungsten mined in the Democratic Republic of the Congo (DRC) in Africa and its surrounding countries are widely distributed through global supply chains and used for many industrial products. These minerals are called conflict minerals because some of them are claimed to provide a source of funding for local armed groups involved in human rights violations, environmental destruction and illegal mining. The U.S. conflict minerals regulations, which were established and implemented in January 2013, require publicly listed companies in the U.S. to investigate whether conflict minerals that finance armed groups are used in their products and report the results. As a member of the Canon Group, we undertake an annual investigation to gather information necessary to prepare a Conflict Minerals Report, which is submitted to the U.S. Securities and Exchange Commission (SEC) by Canon. Based on the investigation, we summarize our efforts in addressing conflict minerals issues. In cooperation with our business partners, we will continue our efforts to avoid the use of conflict minerals that benefit armed groups so that customers can use our products with peace of mind.

Respect for Diversity

Employment of Non-Japanese People

We are actively promoting employment of non-Japanese people, not only at overseas subsidiaries but also at Group companies in Japan. We also provide education programs for them to create an organizational climate in which people from diverse backgrounds can work together effectively.

Encouraging Employment of People With Disabilities

Canon Medical Systems Group maintains its commitment to employ people with disabilities (maintaining an employment rate equal to or higher than the legally required rate of 2.2%) and to explore further opportunities in which they can be more active.





We strive to create a safe, comfortable work environment for all employees.

In cooperation with the Employees' Labor Union, we strive to foster a work environment that allows employees to have sufficient personal rest and relaxation time while maintaining an active role in the company. Employees can take maternity leave or child-care/family-care leave as necessary, and a system of reduced working hours is also available. We are also supporting diverse work styles outside Japan, to meet the needs of employees in each country.

Labor-Management Joint Declaration on Work-Style Reform

Canon Medical Systems released its Labor-Management Joint Declaration on Work-Style Reform under the names of the President/Chief Executive Officer and the Chairman of the Labor Union.

Canon Medical Systems Labor-Management Joint Declaration on Work-Style Reform (excerpts) We hereby declare that, in order to achieve the sustainable growth of the company and help employees to live a healthy life, we will achieve the work-style reform of companies, offices, job positions, workplaces and employees on an individual basis in terms of legal compliance, productivity improvement, and work-life balance, with more emphasis on our efforts in line with the corporate philosophy "Made for Life," which embodies our approach to human life and recognition of its precious nature.

- Goals of the Work-Style Reform
- 1) Achievement of goals of the medium-term business plan
- 2) Reduction of average total actual work hours of employees by 2020
- Company-Wide Efforts to Achieve the Work-Style Reform (Including Those Under Consideration)

We implement company-wide measures with an emphasis on achieving three goals—compliance, productivity improvement and work-life balance—as shown below:

- 1) Improvement of all employees' awareness to increase productivity
- Achievement of employment targets in the medium-term business plan (new graduates and mid-career professionals)

- Consideration of various work schedule systems (review of the flextime / discretionary working system, etc.)
- 4) Consideration of various work systems (employment extension system, etc.)
- 5) Establishment of systems that support various work styles and a diverse corporate culture, such as balance between work and child-rearing / family care / treatment
- 6) Achievement of long-term sustainable mental and physical health by ensuring health management
- Consideration of benefit programs to encourage employees to increase productivity and achieve a work-life balance that is suitable for Canon Medical's employees
- 8) Implementation of measures for each job category to ensure effective execution of tasks

Continuous Certification as a Company With Particular Emphasis on Supporting Employees' Child-Rearing

Since 2007, we have continuously been certified*1 with the "Kurumin Mark"*2 in recognition of our status as a company that supports child-rearing under the Act on Advancement of Measures to Support Raising Next-Generation Children. The certification is awarded by the Director of the Tochigi Prefectural Labour Bureau, which is under the Ministry of Health, Labour and Welfare.



- *1 Only applied to Canon Medical Systems Corporation.
- *2 Kurumin Mark Certification: Awarded to companies recognized as supportive for employees' child-rearing by Minister of Health, Labor and Welfare of Japan. It recognizes companies that plan and create a work environment where child-rearing by employees is supported, and meet the certification criteria, such as for the level of achievement of targets and the plan's goals.

Personnel Affairs-Related Systems Used by Employees in FY2018

Employees Who Used the Childcare Leave System

4 men/24 women

Employees Who Used the Reduced Working Hours System

(For the Purpose of Child-Rearing/Family Care)

4 men/129 women



Building a Healthy Organization That Works Together With Society

Quality Assurance

Basic Policy

Respect for human life is at the heart of everything we do. In addition to our obligation to strictly obey all laws and statutes that affect company operations, we strive to contribute to society by putting our customers first and provide safe, high-quality products and services with advanced features that earn customer satisfaction and loyalty.

Basis for Business Activities

- 1 We adopt the customer's point of view in our quality assurance efforts.
- While strictly observing all relevant laws and contracts, we respect the rights of customers and third parties.
- We encourage all divisions and all personnel to participate in company efforts to improve the quality of our products and our business activities related to those products.
- We establish, continually improve, and maintain a quality management system in compliance with global standards.
- We pursue the inherent improvement of our products by concentrating on underlying causes and issues.

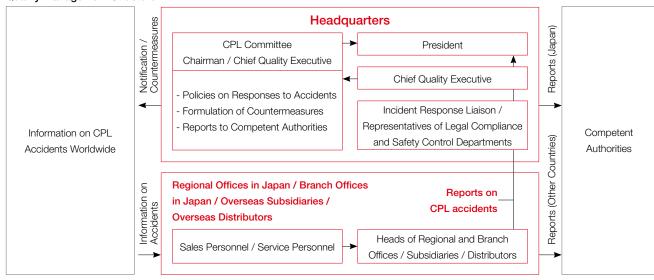
Swift Response to Product Safety Incidents

We established a quality management system to ensure that any employee who becomes aware of an accident or problem involving a Canon Medical Systems Corporation product must alert the quality management department immediately. Based on the information reported by employees, the CPL Committee* quickly determines how to act upon the matter. In the event of an accident attributable to a product that is likely to recur, we immediately inform customers of the danger, promptly report to the competent authorities, and

implement countermeasures as soon as possible. Information concerning a Canon Medical Systems Corporation product accident and countermeasures will be disclosed on the website of the Pharmaceuticals and Medical Devices Agency (PMDA) as well as on our own website.

* CPL Committee: CPL is an abbreviation combining CL (contractual liability) and PL(product liability). The CPL Committee, chaired by the Chief Quality Executive, promptly determines measures to deal with product accidents and quality issues.

Quality Management Structure



Issued: January 4, 2018



Building a Healthy Organization That Works Together With Society

Together With Communities

TOPICS:

Supporting the Treatment of Children With Heart Disease

Canada

To assist the activities of the Sainte-Justine au Coeur du Monde (Sainte-Justine at the Heart of the World) foundation, which is a volunteer organization consisting of doctors and healthcare professionals, Canon Medical Systems Canada (CMSCA) bought a table at a charity dinner organized by the foundation. Active since 2006, the foundation develops medical specialists and establishes a sustainable healthcare system in developing countries to ensure that children with heart disease can receive treatment. Some 150 medical specialists have so far been trained in Morocco, Egypt and Ethiopia, which has allowed more than 1,000 patients with congenital heart disease to receive care.



Employee Volunteer Day to Support Local Residents

USA

Vital Images, Inc. designated September 20 in 2018 as its employee Volunteer Day. More than 40 employees participated in various programs organized by five volunteer organizations to support people in local communities and children overseas who need assistance to live a healthy life.

- Helped local people needing assistance and elderly people to clean up their gardens.
- Participated in packing nutritious food packages that are delivered to local residents who are struggling financially.
- Participated in packing an amount of food equivalent to that sufficient for around 70 children for an entire year, to be delivered to children in need of food aid around the world.
- Helped injured veterans and their families repair their houses.







Building a Healthy Organization That Works Together With Society

Together With Communities

TOPICS:

Hands-On Experience Sessions for Pediatric Cancer Patients

Japan

As a joint program with the Children's Cancer Association of Japan (CCAJ), we invite children with cancer and their families to undertake a study tour of the company's headquarters in August every year. As part of the study tour, we provide children with an opportunity to touch and play with CT and MRI scanners and other medical equipment as if they were toys, on which children usually feel anxious or fearful.



Table Tennis Training Session

Japan

As part of our efforts to build communication with local communities, our company's women's table tennis team provides periodic training sessions. In 2018, in response to a request from the Kyoto Municipal Junior High School Athletic Federation, the table tennis team held a training session attended by 150 members of table tennis teams at 12 junior high schools in Kyoto City. The training sessions, at which participants can learn skills from active members of the corporate sports team, have been received well by local people.





Building a Healthy Organization That Works Together With Society

Together With Communities

TOPICS:

Providing Opportunities for Elementary School Students to Learn About Biodiversity and Recycling

Japan

We place emphasis on contributing to local communities by taking into account all kinds of stakeholders. As an effort in line with this approach, we invite local elementary school children to the recycling center at our headquarters and give them an educational tour.

In 2018, the 10th year of this educational tour program designed to help children learn about the environment, we provided participants with explanations about the natural environment around our company's plant, which is a habitat for vulnerable species, our efforts to conserve biodiversity,

and the importance of recycling. We also show them our facilities for sorting waste generated by the plant, compressing combustible waste, and other purposes related to recycling.



Children showing their surprise at the extremely fine substrate surface



Visit to a site where combustible waste is compressed



Protection and Conservation of the Global Environment



SDGs and Our Commitment



Goal 12: Responsible Consumption and Production

We promote sustainable consumption and production patterns through various efforts in green procurement and resource circulation.



Goal 13: Climate Action

Our activities to achieve this goal include measures to improve energy efficiency and reduce CO₂ emissions throughout the entire product life cycle, and assistance to help customers and society reduce environmental impacts.



Goal 15: Life on Land

To achieve a society in balance with nature, we take measures to conserve biodiversity and procure sustainable wood products.



Protection and Conservation of the Global Environment

Concept

Recognizing that the Earth is an irreplaceable asset, Canon Medical Systems Group strives to develop and provide environmentally conscious medical equipment and systems that contribute to the community and healthcare services. This is the responsibility and corporate philosophy of Canon Medical Systems Group, which is expanding its business worldwide. Based on this philosophy, and to the extent of technical and economic feasibility, we promote environmental activities in accordance with the Canon Group Environmental Charter and the Canon Medical Systems Group Standards of Conduct.

Environmental Policy

Canon Medical Systems Group considers environmental stewardship to be a primary responsibility of management. The Group specifies and periodically reviews its objectives and targets through assessment of the environmental aspects of its business activities, products, and services. All staff members work towards the goal of continuously improving the environmental management system and its performance, and preventing pollution.

Canon Medical Systems Group complies with all laws and regulations concerning the environment, agreements on pollution prevention, and its own stricter standards, taking effects on the environment and on biodiversity into consideration.

Canon Medical Systems Group specifies the following objectives to reduce the environmental impact of its products and business processes.

- 1 Developing and providing environmentally conscious products and services, which contribute to reducing environmental impact throughout their life cycles.
- 2 Reducing the environmental impact of all business processes, including design and development, manufacturing, sales and distribution, servicing, and disposal, with a focus on the prevention of global warming, the efficient utilization of resources, and the control of chemical substances.
- 3 Promoting biodiversity conservation activities in cooperation with communities.

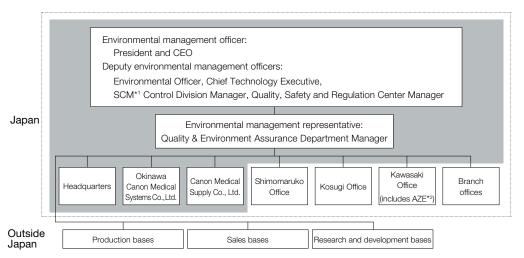
Maximizing disclosure and enhancing communication to facilitate mutual understanding with communities and customers.

> Toshio Takiguchi President and Chief Executive Officer Canon Medical Systems Corporation

Issued: January 4, 2018



Management System



- Scope of ISO 14001 integrated certification for Canon Medical Systems Group Scope of Canon Medical Manual in Environmental Matters
- *1 SCM: Supply Chain Management *2 AZE: AZE, Ltd. (a group company)

(As of January 2019)

The Canon Group has its own group-wide environmental management system that meets the requirements of ISO 14001, the international environmental management system standard. The system is designed to help offices in and outside of Japan to continuously improve their activities to ensure environmental conservation. Our production sites and sales companies in 40 countries and regions around the



world have attained the integrated ISO management systems certification (ISO 14001). In May 2018, our company received an inspection for the Canon global integrated ISO management systems certification and, based on the inspection result, obtained the certification. We will continue to promote environmental activities with an emphasis on maintaining employees' motivation and improving the quality of activities.

Environmental Education for Employees

We provide all employees, as well as employees of contracting companies working on-site, with environmental training every year with the aim of allowing all employees to be well informed of the

company's environmental policy and the goals of environmental activities, ensuring compliance, and sharing information on the environment to activate communication and improve environmental awareness.

In addition, training for specialists and internal environmental auditors, who need competence, is provided to enhance our training programs.



Internal Auditor Training

Global Environmental Meeting

The first Global Environmental Meeting was held in April 2018 to discuss the establishment of an environmental management system involving both our company's group companies in Japan and its overseas subsidiaries. Seven overseas subsidiaries participated in the meeting. The Canon Group Environmental Management Policy and the significance of our efforts in addressing environmental issues were explained to help participants improve their understanding.





Protection and Conservation of the Global Environment

Four Core Pillars of Our Environmental Strategy

According to the Canon Group's Environmental Assurance Philosophy, our environmental strategy has four major goals, as shown below.

The basic concept behind the strategy is that producing products and providing services with fewer resources (raw materials, energy) will not only contribute to reducing costs but also to increasing economic benefits for customers.

- · United Nations Framework Convention on Climate Change (UNFCCC) (Paris Agreement)
- · Montreal Protocol on Substances that Deplete the Ozone Layer
- EU Ecodesign Directive*1



- POPs Treaty*2
- EU REACH Regulation*3, EU RoHS Directive*4
- · Minamata Convention on Mercury



· Efforts to achieve the objectives of the COP10 Convention on Biological Diversity (Aichi Goals, Nagoya Protocol)



- · Policy for efficient use of resources
- · Waste Management and Public Cleansing Law
- EU Ecodesian Directive*1

Elimination of

Hazardous Substances

- EU WEEE Directive*5
- *1 EU Ecodesign Directive: Directive aiming to establish a framework for ecological design requirements applied to energy-related products
- *2 POPs Treaty: The Stockholm Convention on Persistent Organic Pollutants (POPs) specifies requirements related to POPs, which have high persistence in the environment, high bioaccumulation, high toxicity to humans and other organisms, and long-range transport potential, aiming to eliminate or restrict the production and use of POPs, reduce POPs emissions, and secure proper management of waste containing POPs.
- *3 EU REACH Regulation: Comprehensive regulation for registration, evaluation, authorization and restriction of chemicals

Performance

Goal

2020

Energy consumption at production site*6, Improvement rate of life cycle CO₂ emissions per unit of product

2018

improvement from the previous year

improvement from the previous year (annual

improvement from the previous year (production site*6)

improvement from the previous year (annual

Amount of hazardous substances discharged at production site*6

2018

2020

No change from the previous year

Total amount of discharged waste at production site*6

2018

2020

No change from the previous year

2018

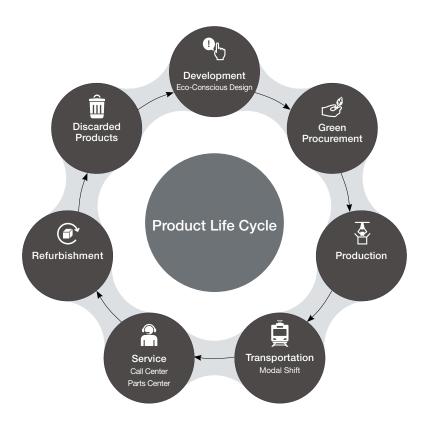
- · Maintenance of biotope at production site*6
- · Conduct of biological research at production site*6

2020

- · Reducing impact on biodiversity at our facilities
- · Contributing to the creation of a society that nurtures biodiversity
- *4 EU RoHS Directive: Directive adopted by the European Parliament and the Council concerning the use of certain hazardous substances in electrical and electronic equipment sold in member states of the Council of the European Union
- *5 EU WEEE Directive: Directive adopted by the European Parliament and the Council concerning the collection and recycling of waste electrical and electronic equipment
- *6 Production site: Headquarter of Canon Medical Systems Corporation located in Japan which is the main production site



Product Life Cycle



Promotion of Eco-Conscious Products

We send many new products to market each year while making efforts to meet challenging goals contribute to sustaining the global environment and reducing operating costs while achieving the clinical performance expected by customers. Based on our product development and design process, which complies with IEC 60601-1-9*, the international standard for environmentally conscious design of medical electrical equipment, products help save energy and resources and eliminate toxic chemicals over the course of their entire life cycle, from production to use and disposal. Our efforts are also focused on improving product use efficiency through improving customers' testing efficiency.

* IEC 60601-1-9: International electrical standard of requirements for environmentally conscious design to ensure compliance of medical devices with environmental regulations in different countries, which have become stricter every year

Participation in Global Environmental Activities by Industrial Associations

We play a leading role in the Environment Committee of JIRA*1 and participate in DITTA*2, its superior international organization.

In response to the EU Ecodesign Directive*3, we also participate in a voluntary activity to promote the eco-design of products led by COCIR*4. We, in cooperation with other member companies, proactively save energy and resources, and manage chemicals contained in products. Outcomes from these efforts are proactively reported and shared with the European Union (EU). Particularly in recent years, in response to the circular economy promoted in the EU, we place emphasis on exploring technology to identify and reduce the consumption of CRMs*5. We have also adopted proactive efforts to eliminate toxic chemicals in products.

^{*1} JIRA: Japan Medical Imaging and Radiological Systems Industries Association

^{*2} DITTA: International Congress of Diagnostic Imaging and Therapy Systems Trade Association

^{*3} EU Ecodesign Directive: Directive aiming to establish a framework for ecological design requirements applied to energyrelated products

^{*4} COCIR: The European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry

^{*5} CRMs: Critical Raw Materials



Protection and Conservation of the Global Environment

Effective Use of Resources

TOPICS: Refurbishment Efforts

To make effective use of resources consumed in our business activities, we recycle used products and reuse parts in the repair of products. We have established 3R centers in Japan, the United States and Europe to refurbish used products to promote the Secondlife refurbishment program, which complies with the GRP*1 as defined by COCIR*2. Experts stationed at the 3R centers examine used products collected

from medical facilities and, depending on their condition, replace parts as necessary to update their functions, which is followed by quality inspection to ensure that refurbished products meet high quality standards. The IEC*3 63077 international standard regarding the refurbishment of used products is expected to be issued by the end of 2019. We also reuse parts for repair. After undergoing cleaning and

inspection of appearance and function, parts collected from used products are sorted out based on inspection results, which is followed by quality inspection. These inspected parts will then be sent to parts centers to be used for repair.

- *1 GRP: Good Refurbishment Practice, the refurbishment process undertaken for the resale of used medical devices. It defines requirements for the selection of devices to be refurbished, replacement of parts on an as-needed basis, the testing of safety, function and performance based on the specifications of the original manufacturers, and the recording of details of refurbishment work.
- *2 COCIR: The European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry
- *3 IEC: International Electrotechnical Commission. An international organization which prepares and publishes International Standards for all electrical, electronic and related technologies.

Selection

Collection

Refurbishment

Installation

Maintenance









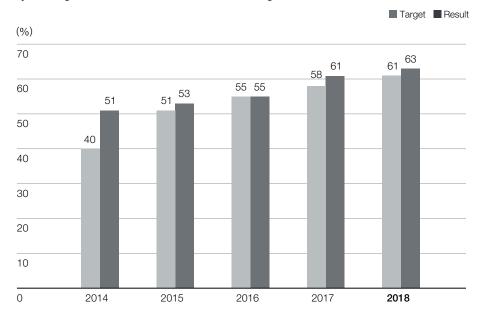
We strive to provide the best eco-conscious products in the industry.

In 2018, five new products were recognized as industry-leading eco-conscious products.

The production of environmentally conscious products starts at the development process. Among our products, those that can be rated as No. 1 in environmental performance are designated as industry-leading eco-conscious products*. We are expanding development of industry-leading eco-conscious products by setting an index rate for sales of such products as a proportion of total sales.

* Industry-leading eco-conscious products: An internal designation for products that, at the time of release, achieved excellent environmental performance in terms of "prevention of climate change," "efficient use of resources," and "management of chemical substances."

Industry-Leading Eco-Conscious Products as a Percentage of Our Total Sales







Industry-leading ecoconscious products: An internal designation for products that, at the time of release, achieved excellent environmental performance in terms of "prevention of climate change," "efficient use of resources," and "management of chemical substances."









Ultrasound Systems

Aplio a550, a450

Achievement of High Mobility with the Compact Premium System

 CO_2 Reduction



Annual Power Consumption

Product Life Cycle

Usage Stage

1.2 t reduction 0.064 t reduction

Saving

Resource

Product Weight

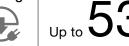
Space Saving



Installation Space

* Comparison with conventional model Aplio 500 (2011)

Power Saving



* Consumption per function

Key POINTS!

Installation Space Saving

- · Can be installed anywhere due to it having the smallest footprint of all systems in its class.
- ·The expanded movable range of the operational panel and monitor reduces the burden on the operator.
- 53% Reduction of Power Consumption
 - · Electric power saving while achieving high performance.
 - · Quick shift to sleep mode after completing examination.

Compact Body Weighing Less Than 100 kg, Allowing High Mobility

- · Good mobility allowing the system to be moved easily to an examination room, an operating room and a patient room.
- · Speedy recovery from sleep mode within about 15 seconds, allowing examination to start immediately after moving to another room.
- **Use of Probe Common to Different Systems** Allowing the Reduction of Operational Costs
 - · Many of the probes can be shared with the high-class Aplio Platinum series. A probe is used to send an ultrasonic wave to the test target and receive the waves reflected back. Sharing the same probe among different systems helps reduce operational costs.







Ultrasound Systems

Viamo SV7

High-Resolution Image Examination

Can Be Conducted Anytime, Anywhere.

CO₂ Reduction

21.

Product Life Cycle

Usage Stage

0.5 t reduction

Resource Saving Product Weight

Space Installate Saving



Installation Space

96% reduction

* Comparison with conventional model Viamo (2009)

Power Saving



Up to % red

Annual Power Consumption

Key POINTS!



- ·Testing can be performed at places without power sources.
- When making house calls, doctors can carry the system without worrying about battery time.
- **?** 75% Reduction of Power Consumption
 - •The use of a general-purpose tablet allows for a significant reduction in the electricity consumed by the system.

The 12-Inch Monitor, the Largest in Its Class, and High-Resolution Performance, Allowing Increased Testing Efficiency

- Easy-to-see images and easy operation, not only reducing the burden on the operator but also shortening the testing time.
- •The touch/command display allows users to operate the system intuitively and easily.







MRI System

Vantage Orian

Smallest Installation Space Required Among Large-Diameter 1.5 T (Tesla) Flagship Systems

 CO_2 Reduction

> Power Saving

Product Life Cycle

Usage Stage

Annual Power Consumption

Resource Saving

Product Weight

Space Installation Space Saving



* Comparison with conventional model Vantage Titan (2011)

Key POINTS!

The High-Performance Navigation Allows for a Wide Range of Testing Functions

·The advanced imaging assist function allows operators to achieve imaging with stability and high reproducibility regardless of their experience and skill level.

23% Reduction in Power Consumption

·The system is automatically switched to standby mode during intervals between examinations, reducing standby power consumption. In addition, the optimal running of the magnet cooling system helps significantly reduce power consumption during a non-operational state. These functions allow running costs to be reduced without the operator's involvement.

Smallest Installation Space Among Others in the Same Class

· In addition to easy selection of installation spaces, the time and cost required for installation can be reduced. When updating from an old system to the Vantage Orian system, fewer days are required compared to other systems, thus shortening the number of days during which MRI examinations cannot be performed, resulting in high profitability of customers.







X-Ray Angiography System

Alphenix

High-Resolution Imaging and Easy Operation Allows For Increased Efficiency

 CO_2 Reduction

Power

Saving

Product Life Cycle

Annual Power Consumption

Up to 6.5% reduction

Usage Stage Resource Saving

5.0_{t reduction} 3.6_{t reduction}

Space

Installation Space Saving



Product Weight

* Comparison with conventional model Infinix Celeve-i INFX-8000V (2009) biplane system

Key POINTS!



•The improved operability shortens the procedure time-from the initial fluoroscopy in cerebral aneurysm therapy to the completion of image transfer.

6.5% Reduction in Power Consumption

·The system automatically enters sleep mode during standby. This function allows running costs to be reduced without the operator's involvement.



8% Reduction in Installation Space

• The smaller space required for installation helps reduce installation costs, contributing to increased profitability.



Mitigation of Climate Change

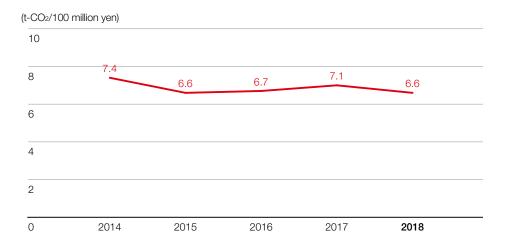
Efforts in Energy Saving

We implement energy-saving measures that use energy-saving items of the Canon Group to reduce energy consumption. Our energy-saving efforts include a change in the intake of outdoor air by the ventilation system at the headquarter from a new perspective and seasonal operational tunings.



Ventilation facility

Change in Energy Use in Business Activities per Production Unit (Headquarter)

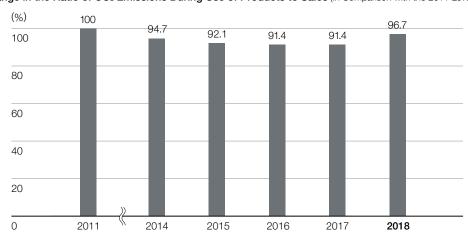


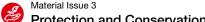
Reduction of CO₂ Emissions in the Use of Products

The majority of CO₂ emitted from large medical systems is generated during their operation. In light of this, we focus on reducing the power consumption of our products during use.

The bar chart below shows the yearly change in the ratio calculated by dividing the total CO₂ emissions during the use of all products shipped by our company by total sales. Despite the slight increase and decrease in the ratios that are associated with a change in the product composition of total sales, the ratios tend to decrease in general as a result of the incorporation of energy-saving technology into each product. There was a 3.3% reduction in 2018 from the base year of 2011. Although, when using a new system, the same examination can be performed with less energy and more efficiently, there has been a slight increase since 2017 because of the increase in the sales of large-sized products for which large inputs of resources are required.

Change in the Ratio of CO2 Emissions During Use of Products to Sales (In Comparison with the 2011 Level)





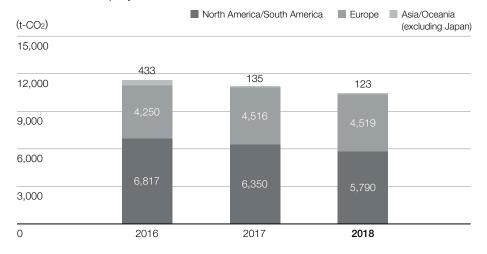
Protection and Conservation of the Global Environment

Mitigation of Climate Change

Reduction of CO₂ Emissions from Company Vehicles at Overseas Sites

The Canon Medical Systems Group implements measures to control CO_2 emissions from company vehicles used at its overseas sites. Efforts such as the adoption of hybrid and low-pollution vehicles have helped reduce CO_2 emissions. We will continue our efforts to reduce CO_2 emissions.

CO₂ Emissions from Company Vehicles at Overseas Sites



Lecture on Energy Saving

In March 2018, as part of our energy-saving activities, we held a lecture on energy saving, which was attended by 112 employees. In the lecture, explanations were provided about the business environment, energy trends, energy-saving activities involving all sites and business units, and examples of cost reduction activities in each of the energy procurement, manufacturing (conversion), and use phases.







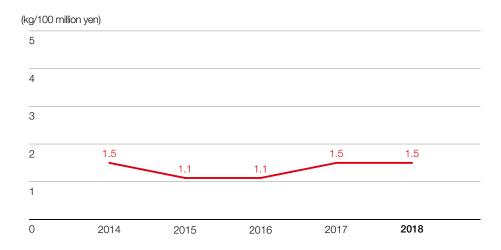
Elimination of Hazardous Substances

Elimination of Hazardous Substances

We focus increasing efforts on partially or completely eliminating from our products chemical substances that are potentially harmful to the environment and human health, and control chemical substances contained in products to ensure that customers can use our products safely and comfortably. In procuring parts and materials, we, in cooperation with business partners, collect data on chemical substances. To manage these data in a database, we have established a data management system.

Despite factors contributing to increasing emissions of hazardous substances, such as the full-scale launch of a new business and the transfer of manufacturing processes, the level of emissions of hazardous substances in 2018 remained the same as the previous year. We will continue our efforts to eliminate hazardous substances.

Change in Hazardous Substances Emissions per Production Unit



Green Procurement

We amended our Guidelines for Green Procurement in 2018 in line with the Canon Group's Green Procurement Standards. The guidelines define standards for cooperative efforts with business partners and the upstream supply chain in selecting safe parts and materials with fewer environmental impacts and manufacturing eco-conscious products. We also held an informational session on green procurement to explain legal requirements on chemicals, which have been becoming stricter every year in many countries. We will continue to focus on strengthening our relationships with business partners and taking various measures, such as the management of chemicals throughout the supply chain, reduction of CO₂ emissions, and resource recycling, to reduce extensive impacts on the environment. Through these efforts, we will provide safer products that can be used comfortably.

Frameworks	Environmental Management System	Performance					
Business Activities	A: Environmental management system for business activities	B: Performance of business activities - Compliance with environment-related laws and regulations					
	Construction and operation of an environmental management system for business activities	Compliance with other applicable legal requirements No use of prohibited substances Reduction in the use of substances targeted for reduced levels of use Preventative measures against soil and groundwater pollution					
Parts & Materials	C: Management of chemical substances in products	D: Performance of parts and materials					
	Constructing and operating of system for management of chemical substances in products	 No prohibited substances are contained No use-restricted substances are contained after a specified period 					
Evaluation per supplier (A-C) Evaluation per part and material (D)							

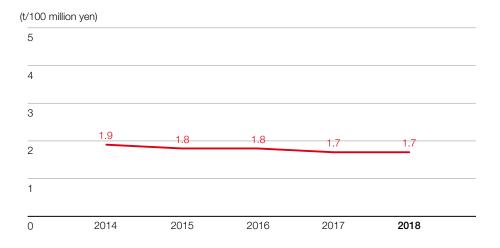


Resource Saving (At the Headquarters)

Reduction of Total Amount of Discharged Waste

We take various measures to reduce total waste volume, for example, by ensuring waste separation, reusing plastic pallets, and converting wood pallets into valuable resources.

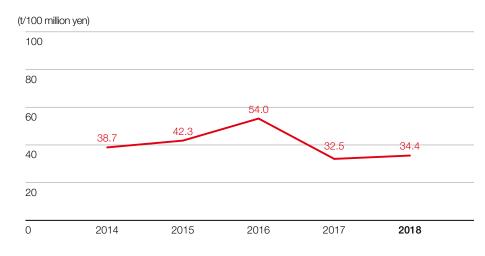
Change of Waste Volume per Production Unit



Reduction of Water Consumption

We have reduced water consumption by optimizing the amount of water to wash hands and flush toilets.

Change of Water Consumption per Production Unit





Resource Saving (Product Related)

Promotion of Efficient Use of Resources

In Japan, we have a trade-in process for upgrading medical equipment, reusing the old equipment for service parts. After 2016, we started collaborating with group companies overseas. By extending the process to markets outside Japan, we aim to further promote efficient use of resources on a global scale.

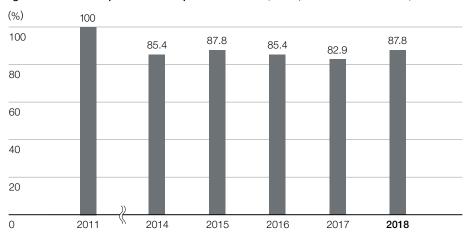


Reduction of Resources Used in Products

Our basic policy in developing new large-sized medical equipment is to downsize it in comparison with the size of the equipment currently used by customers so that environmental impacts caused by incidental work necessary to deliver and install the equipment can also be reduced. We have also reduced sizes and weights of products that are sold in large numbers, such as ultrasound systems.

The ratio of input resources per unit of sales was reduced by 12.2% in 2018 from the base year of 2011 but slightly increased from 2017 due to the increase in the sales of large-size products that require a large input of resources.

Change in the Ratio of Input Resources per Unit of Sales (In Comparison with the 2011 Level)





Resource Saving (Product-Related)

Reduction of Environmental Impacts Through Optimization of the Specifications for the Magnetic Shield of the MRI Room

MRI is a system that produces images using a strong magnetic field generated by a large magnet and the electromagnetic waves that are used for FM radio.

Magnetic shielding material made of special steel (silicon steel) is used to cover the wall, floor and ceiling of an MRI room to prevent leakage of the magnetic field and thereby avoid affecting people and equipment outside the room.

We recently performed a simulation of leakage of the magnetic field using the latest analysis software. Based on the analysis result, we have optimized the specifications for the magnetic shield. By avoiding the excessive use of magnetic shielding material, we have contributed to the effective use of resources. These efforts, which are also in place overseas, have been extensively contributing to reducing environmental impacts in and outside of Japan.







Conservation of Biodiversity

TOPICS:

Regular Flora and Fauna Observation Sessions Held at the Biotope Situated on the Premises of the Headquarter

One of the four core pillars of our environmental strategy is "conservation of biodiversity." We consider that, first of all, employees must understand the importance of conserving biodiversity in order for our company to be in harmony with all living things. In line with this idea, we have held flora and fauna observation sessions since 2013, in cooperation with an NPO, at the biotope situated on the premises of the headquarters. Sessions provide participants with an opportunity to observe plants, insects, amphibians, reptiles, birds and other creatures.

In September 2018, the fifth observation session was held with a total of 81 participants, including employees, their families and local elementary school children. With an insect catching net and cage in hand, participants caught and observed various kinds of creatures, such as grasshoppers and snakes, as well as mantis eggs.

Following the observation session, the participants enjoyed the hands-on experience of making a birdhouse. This program was created to raise participants' interest in birds as part of the Canon Bird Branch Project, which is one of the Canon Group's activities aimed at conserving biodiversity with a focus on birds. Using the birdhouses they made, the participants also learned how to hang them on a tree.

We will continue to provide employees and children with opportunities to experience nature and wildlife with the aim of increasing their awareness of biodiversity conservation.



Participants exploring the biotope



Young participants make a discovery



Crafting a birdhouse



Participants with the birdhouses



Conservation of Biodiversity

TOPICS: Lectures on the Environment

In August 2018, we organized a lecture on environmental issues at the headquarters, with the aim of helping employees better understand the biodiversity conservation activities promoted by the Canon Group and ensuring that our activities are in line with the Canon Group's objectives. The lecture covered two themes: "The Canon Bird Branch Project" and "Birds Observed in the Vicinity, Particularly Endangered Species" organized by the Tochigi Branch of the Wild Bird Society of Japan. Attended by 107 employees, the lecture served as a meaningful opportunity to learn about the ecology of birds and the importance of the natural environment.





Installation of Birdbaths

As part of the Bird Branch Project, we install birdbaths to provide fresh water for birds to bathe in in the green areas around the headquarters. This project helps create a biodiversity-friendly environment as well as a comfortable and relaxing work environment.





Environmental Accounting

Environmental Conservation Investment and Cost

(in thousand yen)

Category		Data the of March Astronomy	2018			
		Details of Key Activities	Investment		Cost	
1 Business Area Cost	a. Pollution Prevention Cost	Air, water, and soil pollution prevention, etc.	0		19,319	140,529
	b. Global Environment Conservation Cost	Mitigation of climate change, energy conservation, etc.	45,500	45,500	18,416	
	c. Resource Conservation Cost	Efficient use of resources and reduction, separation, and recycling of waste, etc.	0		102,794	
2 Administration Cost		Environmental education, environmental management system, tree planting, information disclosure, environmental advertising, personnel, etc.	0		116,844	
3 Social Activity Cost		Contributions to organizations, sponsorships, memberships, etc.	0		6,314	
4 Environmental Remediation Cost		Soil remediation	0		0	
5 Other		Other environmental protection-related costs	0		0	
Total		45,500		263,687		

Scope: Canon Medical Systems Corporation headquarter

Applicable period: January 1, 2018 to December 31, 2018

Calculated accordingly to the Environmental Accounting Guidelines (2005 edition) issued by the Ministry of the Environment of Japan.