



Canon
CANON MEDICAL

CORPORATE SOCIAL
RESPONSIBILITY REPORT **2020**

Made For life

Made for patients. Made for partnerships. Made for you.

Corporate philosophy

Made For life

Made for patients.

Made for partnerships.

Made for you.

Our corporate philosophy embodies our commitment to helping improve human life throughout the world.

Our commitment

Guided by our respect for life, Canon Medical Systems works to enhance healthcare and social welfare by providing innovative products and solutions to customers around the world.

1. Improving quality of life

Our technologies enable accurate diagnoses, improved treatment, and high-quality patient care.

2. A life-long commitment to innovation

We produce reliable systems that maximize uptime, increase utility, and improve workflow.

3. Achieving lifetime partnerships

We're committed to providing customer-focused solutions that deliver real value to clinicians.

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About this CSR report

Editorial policy

This report has been compiled in line with our framework of five materialities (material issues), and has a strong emphasis on environmental issues.

Reporting period

The CSR report outlines activities between 1 January 2019 and 31 December 2019, as well as certain initiatives from late 2018 and early 2020.

Reporting scope

Canon Medical Systems and Group companies in and outside of Japan.

Publication date

August 2020

Referral guidelines

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

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• Category tabs

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• Navigation buttons

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President's message

In line with our Made for Life philosophy, Canon Medical Systems is committed to delivering high-quality solutions that meet the needs of a rapidly evolving society.

Without a doubt, the impact of the novel coronavirus (SARS-CoV-2) pandemic has made its mark around the world. As such, we are now required to live according to a "new normal" in which our previously shared common sense is no longer sufficient, and a wholesale reevaluation of our core values, needs, and daily behaviors is required. The environment faced by healthcare facilities is only set to become more challenging, and further improvement in hospital management efficiency will be integral to their success.

Through the provision of new solutions that incorporate healthcare IT, AI, and IoT, Canon Medical Systems Corporation is contributing to the efficiency and quality of medical care and to supporting healthcare professionals working at the forefront of clinical practice. To this end, we will continue to support the front lines of medical care by offering rapid genetic testing systems for the novel coronavirus (SARS-CoV-2) and medical equipment that helps with the diagnostic evaluation of novel coronavirus infection, such as CT and ultrasound systems. We will also continue to be sensitive to society's ever-changing issues and needs, responding flexibly and swiftly, as this will allow us to create new value and contribute to the future of healthcare.

President and Chief Executive Officer

Solving issues by collaborating with stakeholders

With offices in more than 150 countries, and a workforce of more than 10,000 people, we believe it is our duty to have a positive impact on the world we live in. As such, we have collaborated with a range of stakeholders, including healthcare facilities, public authorities, NGOs, NPOs and employees to identify five materialities that can help us achieve this goal.

The development of an environmental promotion system

The Canon Medical Systems considers environmental stewardship to be a primary responsibility of all its employees. As such, we have adopted proactive measures that ensure our impact on the environment is kept to a minimum, both in Japan and overseas.

From educating our team about climate change to conducting a Global Environmental Meeting to discuss the establishment of an environmental management system, we are always working towards the development of a sustainable world, in line with the Canon Group Environmental Management Policy.

Strengthening of global compliance and information security

In early 2020, we conducted a survey on legal compliance and information security which confirmed that employees from our 12 overseas subsidiaries are fully compliant with both our Standards of Conduct and Privacy Policy. Moving forward, we will continue to promote the importance of these guidelines to ensure that our teams are properly educated about the risks involved with managing highly sensitive data.



Corporate information

About Canon Medical Systems

In line with our Made for Life philosophy, we strive to meet the needs of our customers and partners with cutting-edge technologies that contribute to the future of healthcare.

In December 2016, we joined the Canon Group with a renewed commitment to improving healthcare through global partnerships that help create a better society.

Corporate profile

Company name:	Canon Medical Systems
Founded:	October 1930
Established:	October 1948
Capital:	20.7 billion yen
Headquarters:	1385 Shimoishigami, Otawara, Tochigi, JAPAN
President and Chief Executive Officer:	Toshio Takiguchi
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 nuclear medicine systems, clinical laboratory systems, and healthcare IT solutions.

History

1930 Foundation of Nihon Iryo Denki Co. Ltd.	1967 Establishment of the Medical Systems Business Unit of Tokyo Shibaura Electric Co., Ltd.	1999 Establishment of Toshiba Corporation Medical Systems Company
1930s	1960s	1990s
1950s	1970s	2000s
1954 Renamed to Toshiba Iryo Denki Co. Ltd.	1972 Renamed to Toshiba Medical Co. Ltd.	2003 Start of business operations as Toshiba Medical Systems Corporation
1957 Renamed to Toshiba Hoshasen Co. Ltd.	1979 Start of operations at Toshiba Nasu Factory	
		2011 Acquisition of Vital Images, Inc.
		2015 Acquisition of Olea Medical S.A.
		2016 Acquisition of Karos Health Inc. Toshiba Medical Systems Corporation acquired by Canon Group
		2018 Start of operations as Canon Medical Systems Corporation Acquisition of ACTmed Co., Ltd.
		2020 Canon Lifecare Solutions Inc. joined Canon Medical Systems.



Our main products

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 the collection, integration, analysis and processing of data in a range of healthcare settings around the world.

Diagnostic Imaging / Treatment

CT systems



MRI systems



Ultrasound systems



X-ray systems



Angiography systems



Nuclear medicine systems



Radiation therapy systems



IVD (In Vitro Diagnostics)

Clinical laboratory systems



Rapid testing solutions



Molecular testing solutions



Healthcare IT solutions

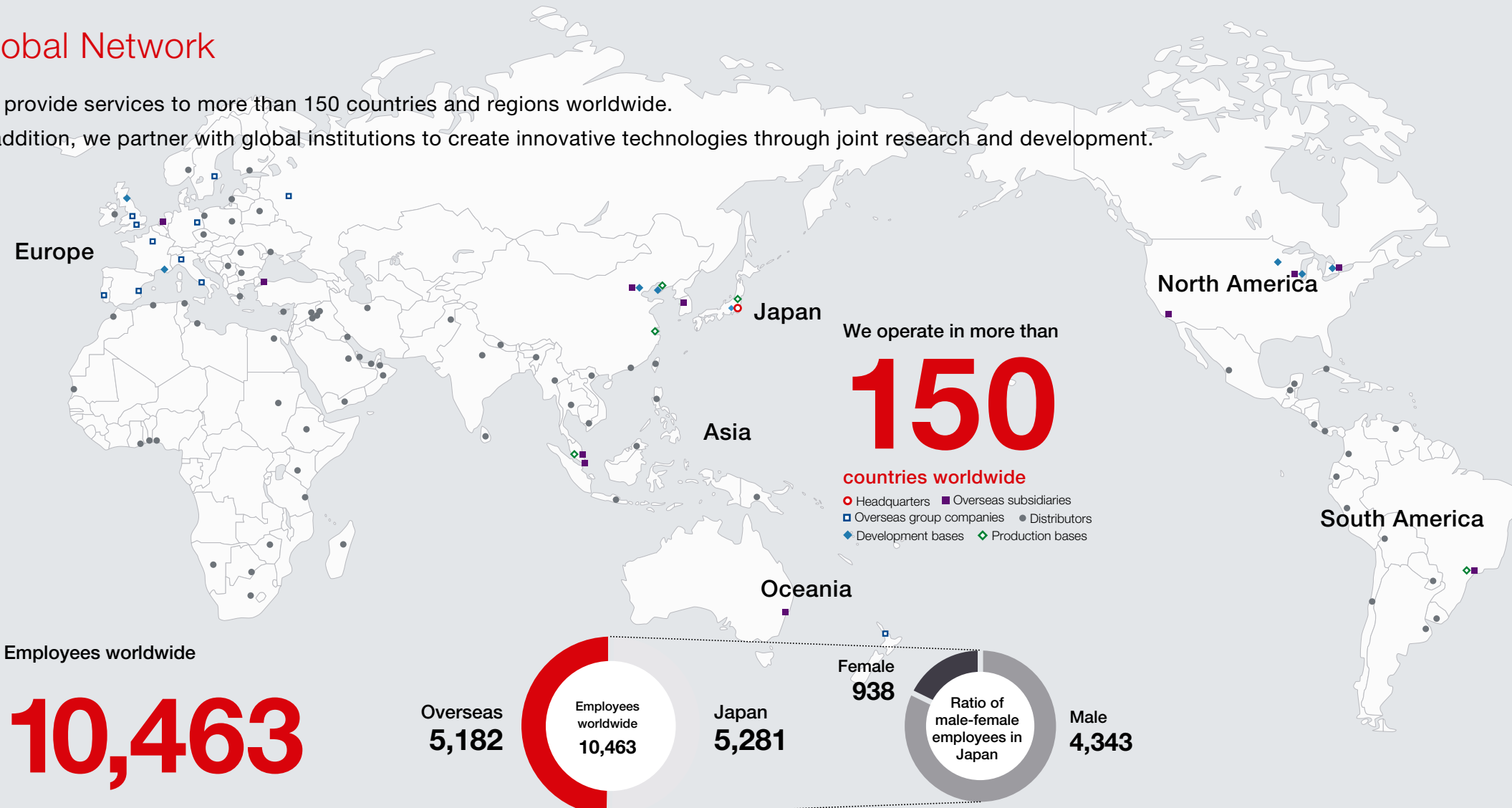
Electronic chart systems and medical image information systems



Global Network

We provide services to more than 150 countries and regions worldwide.

In addition, we partner with global institutions to create innovative technologies through joint research and development.



CSR

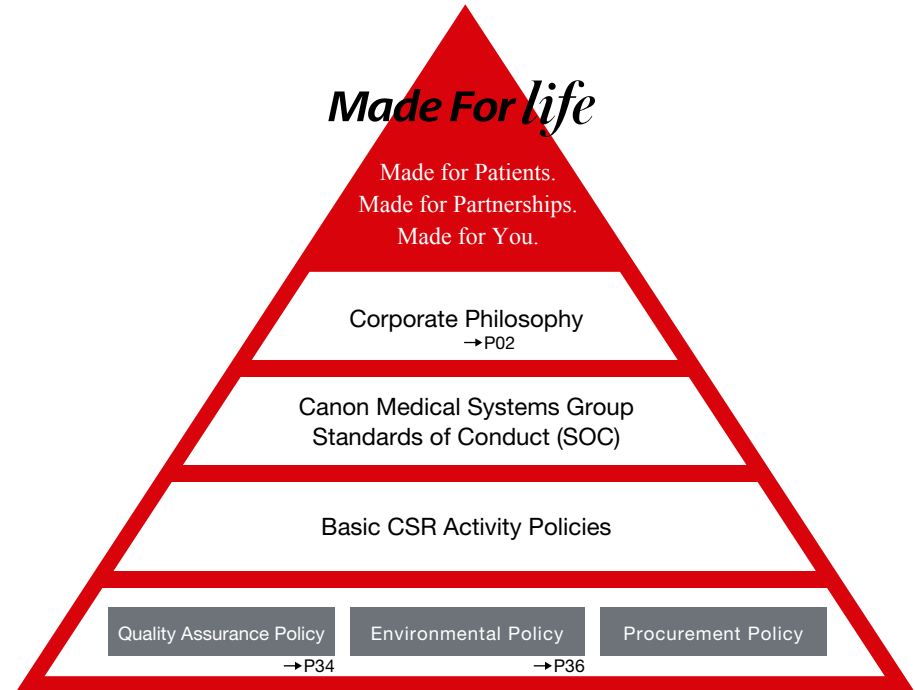
CSR at Canon Medical Systems

CSR management

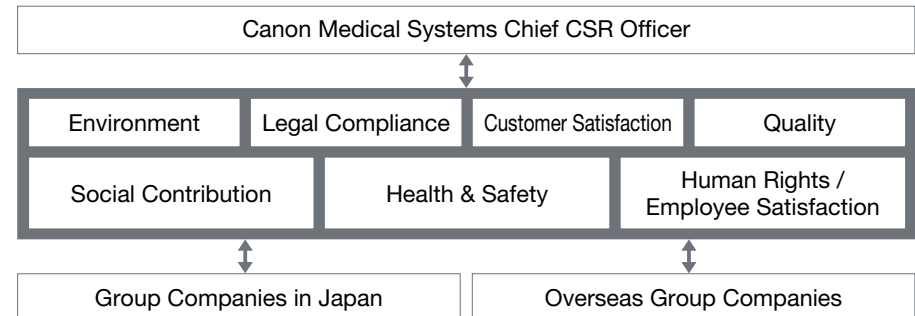
We work hard to ensure our business activities exemplify our CSR policies. As part of our CSR management, we require all employees across the business to comply with the Canon Medical Systems Group Standards of Conduct.

Our CSR activities:

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

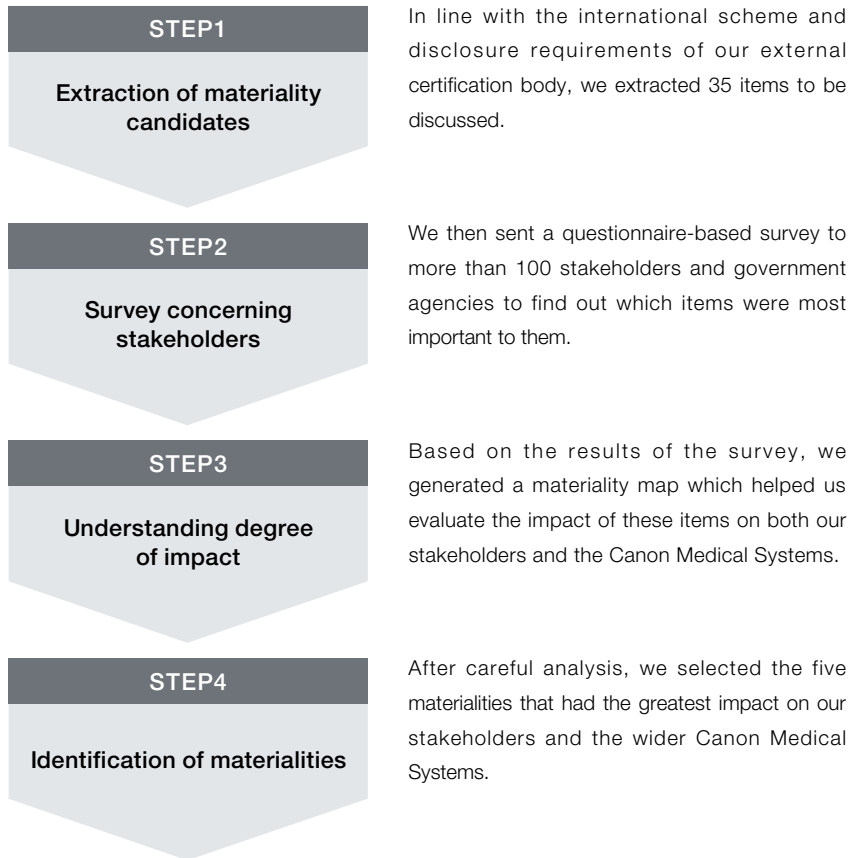


Our CSR Management System

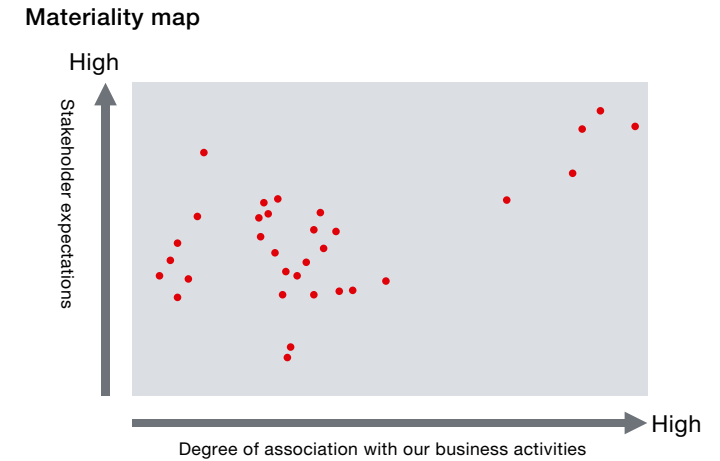


Identifying materialities: A step-by-step approach

Canon Medical Systems has determined five priority materialities, which have been reviewed in accordance with the business’s strategic plan and environmental changes.



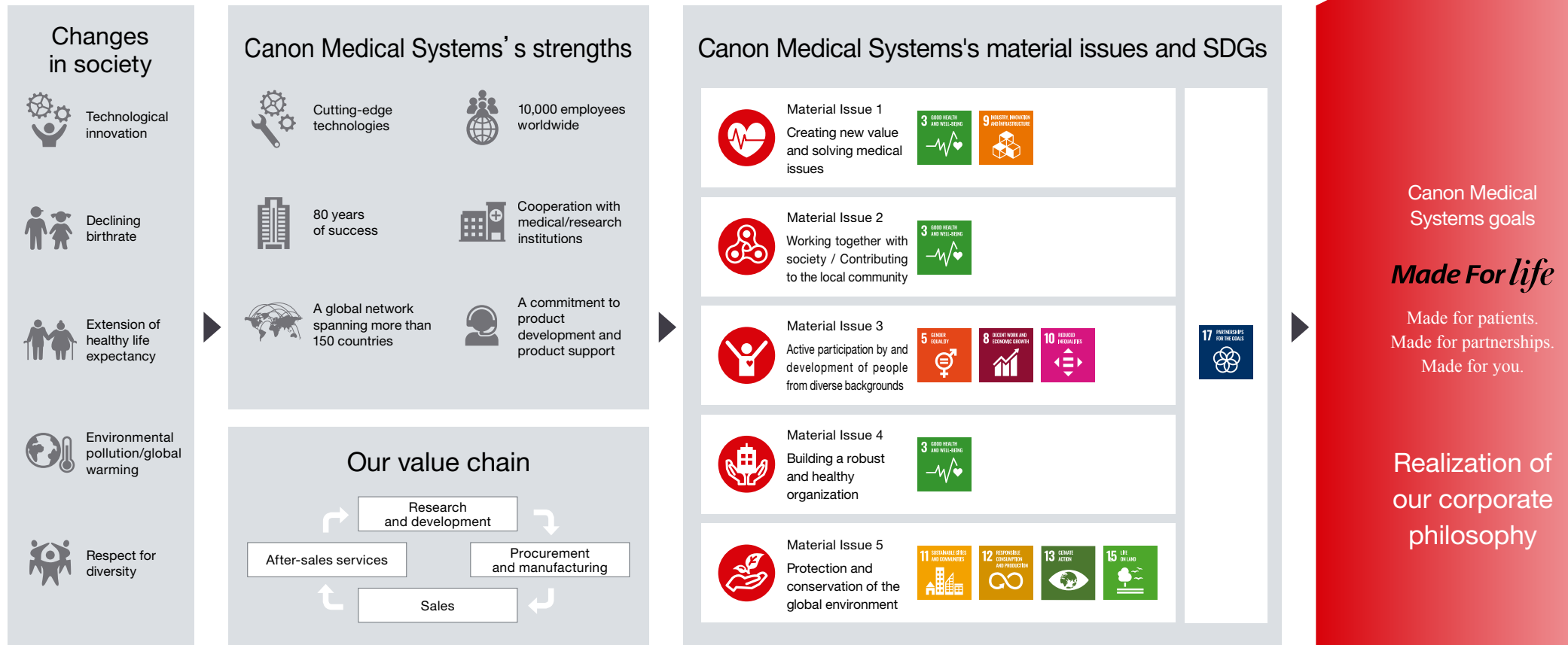
Candidates of Materialities (Extracted)
Promotion of workstyle innovation in healthcare
Provision of high-quality medical care
Responding to new medical needs
Provision of environmentally friendly products and services
Reduction of energy use
Solving social issues working together with our stakeholders
Creation of a comfortable working environment for everyone
Fostering of human resources
Efforts to ensure compliance (with requisite laws and ordinances)
Strengthening and maintenance of information security



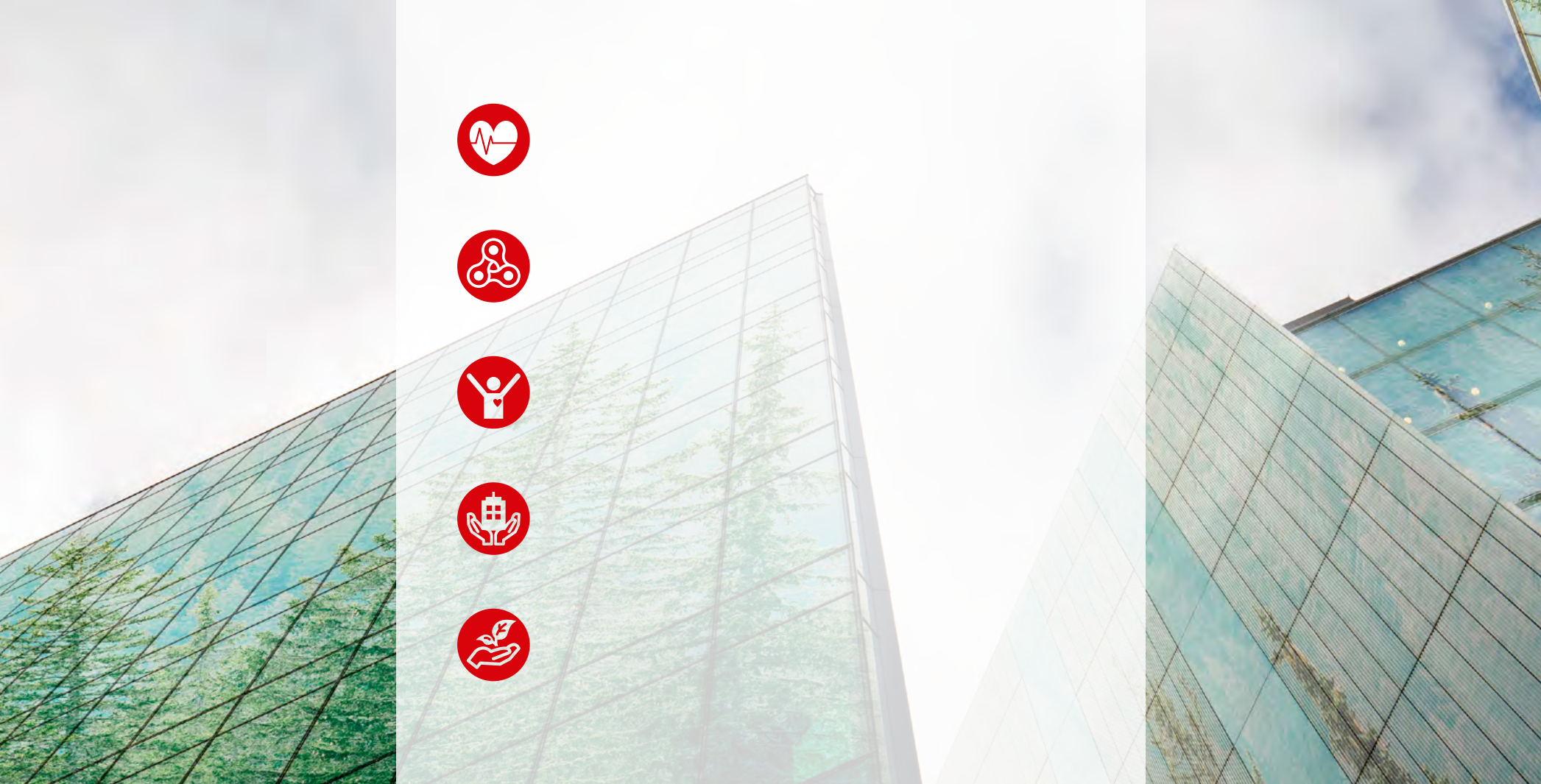
- Canon Medical Systems’s top five materialities:**
- Creating new value and solving medical issues
 - Protection and conservation of the global environment
 - Working together with society / Contributing to the local community
 - Active participation by and development of people from diverse backgrounds
 - Building a robust and healthy organization

Our goals

We aim to provide products 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 that are in line with the times.



Activities under each material issue





Material Issue 1

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), to provide real value to medical institutions and patients around the world.



Goal 9 : Industry, innovation and infrastructure

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



Goal 17 : Goals-based collaboration

By strengthening our global partnerships, we contribute to solving medical issues in more than 150 countries and regions.



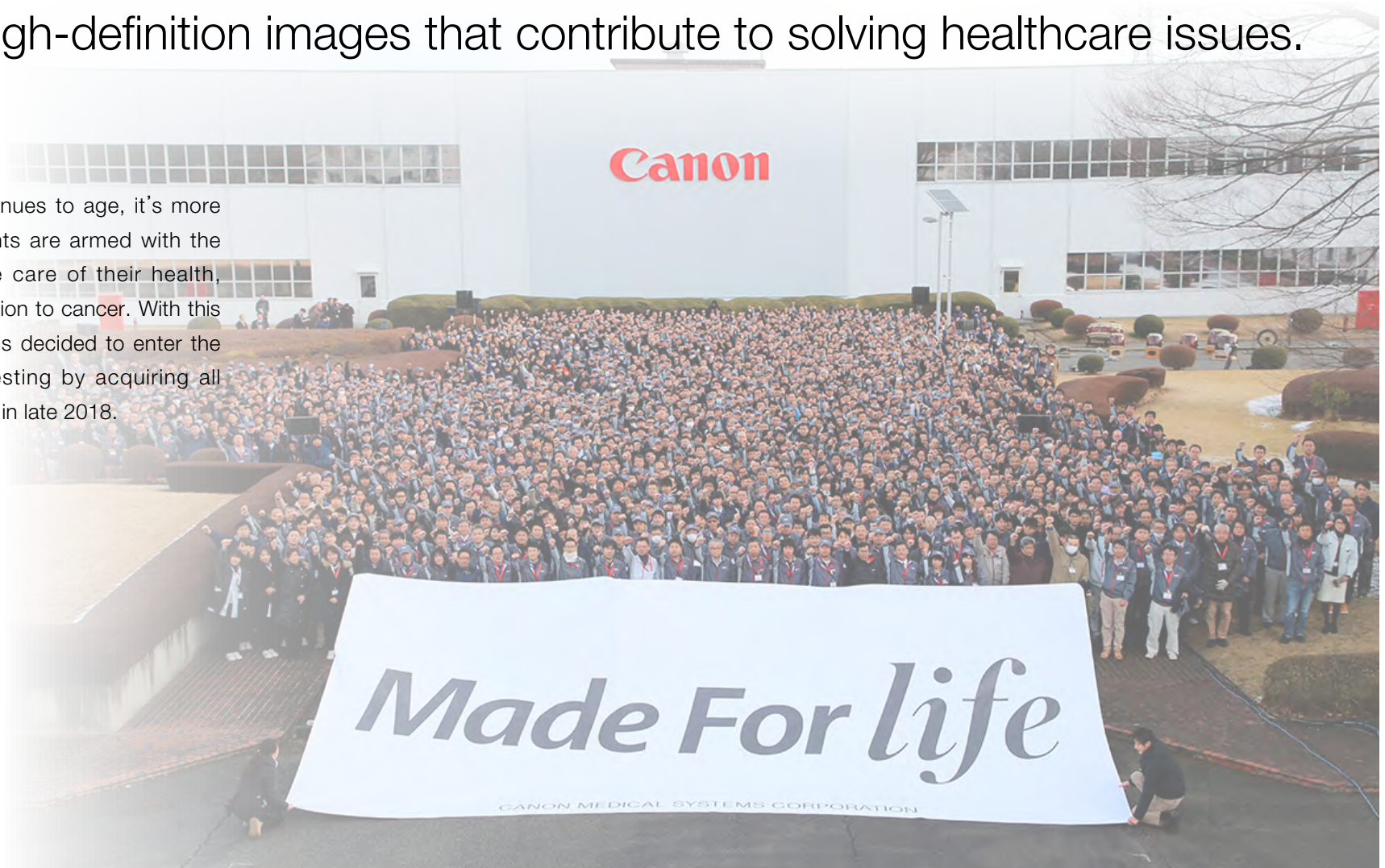
Material Issue 1

Creating new value and solving medical issues

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

Concept

As the world's population continues to age, it's more important than ever that patients are armed with the information they need to take care of their health, including any genetic predisposition to cancer. With this in mind, Canon Medical Systems decided to enter the business of cancer genetic testing by acquiring all shares of the company ACTmed in late 2018.





Material Issue 1

Creating new value and solving medical issues

Joint research with institutions around the world

The Canon Medical Systems is conducting joint research with institutions around the world to promote innovation in healthcare and respond to evolving medical needs.

Austin ICU SMI Project (Australia)

The aim of this project is to offer a qualitative and quantitative evaluation of the tissue/end-organ flow of hypotensive or shocked patients. If the ability of SMI to provide such an evaluation is confirmed, it may attribute to radical changes in the management of critically ill patients.

Joint research on the application of deep learning reconstruction in MRI: Bordeaux University and Kumamoto University (France, Japan)

This research is being conducted to help further reduce noise, achieve ultra-high resolution, and minimize reconstruction time for MRI imaging.

Joint research on regenerative medicine with Center for iPS Cell Research and Application: Kyoto University (Japan)

We aim to contribute to the development of regenerative medicine through achieving improvement of the quality of autologous iPS cells.



Material Issue 1

Creating new value and solving medical issues

Training sessions for healthcare professionals

Canon Medical Systems offers a range of training programs for healthcare professionals to support their continued professional development.

TOPICS: **System optimization courses (Australia)**



To help our customers get the very best out of our latest ultrasound systems, we invited them to attend a hands-on training day where senior technologists were on-hand to demonstrate the features and benefits on offer. Participants were also encouraged to explore the machines themselves and engage with content that was relevant and useful for their clinical practice.



Material Issue 1

Creating new value and solving medical issues

Addressing the world's evolving medical needs

TOPICS:

Contributing to the development of regenerative medicine through joint research aimed at realizing high-quality autologous iPS cells

Regenerative medicine is a field that involves such techniques as transplanting cells and tissues cultured outside the body to restore organ and tissue function lost through illness or injury. The field is expected to yield remedies for diseases that, until now, have had no effective treatments. iPS cells* are the key to success for regenerative medicine.

In 2019, together with Canon Inc., Canon Medical Systems started joint research with the Center for iPS Cell Research and Application of Kyoto University with the aim of contributing to the field of regenerative medicine through the realization of higher-quality induced pluripotent stem (iPS) cells for autograft purposes, or "my iPS cells."

Because my iPS cells are cultured using iPS cells made from the patient's own cells, there are fewer risks of immune rejection after the cells are transplanted. It is expected that if production of my iPS cells in a short period of time and at a low cost was possible, regenerative medicine would be available for many people. In order to achieve this, it is integral to create new technology wherein a stable supply of iPS cells with guaranteed quality can be produced in a short period of time and at a low cost. This joint research between Canon and CiRA will utilize the core technologies of the Canon Group--optical technology, measurement technology and diagnostic imaging technology--to develop a low-cost examination method as well as

investigate markers to determine cell differentiation.

Furthermore, through the use of the quality control technology and production technology the Canon Group has developed, the research aims to identify and control the factors that affect the quality of iPS cells to achieve iPS cell production at a low cost and with a shorter lead time while maintaining high quality and safety.

* iPS cells (induced pluripotent stem cells) are a type of stem cell with almost indefinite capacity to multiply that can be cultured to become almost any kind of cells in a body.



Material Issue 1

Creating new value and solving medical issues

Addressing the world's evolving medical needs

TOPICS:

Professor Hiroyuki Fujita, Director of Advanced Research Laboratory of Canon Medical Systems is the first Japanese recipient of the Robert Bosch Micro and Nano Electro Mechanical Systems Award

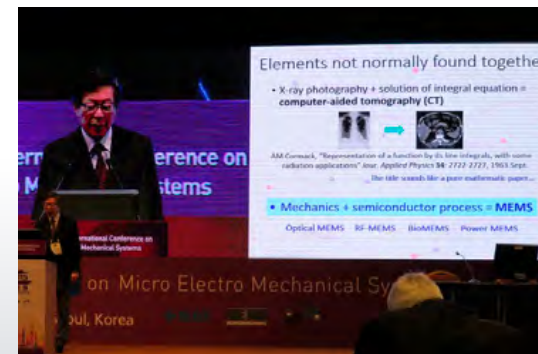
Professor Fujita has received the Robert Bosch Micro and Nano Electro Mechanical Systems Award*, established by the Electron Device Society of the IEEE, for his pioneering contribution to microactuators, optical-MEMS, and bio-nano-MEMS.

MEMS (micro-electromechanical systems) is a collective term for devices that integrate mechanical

components, such as sensor actuators and electronic circuits with silicon substrate, glass substrate, and organic material of the semiconductors. They are often used in the acceleration sensor and microphone of smartphones, as well as the airbag system of a car, but may also offer significant benefits to the world of radiology. Moving forward, Canon Medical Systems is

extremely excited to address a range of medical issues by employing these cutting-edge technologies into our systems and solutions.

* Robert Bosch Micro and Nano Electro Mechanical Systems Award is a globally recognized award in the field of MEMS which is the basic component technology for car technology and IoT.





Material Issue 1

Creating new value and solving medical issues

Addressing the world's evolving medical needs

TOPICS:

We're contributing to the field of genomic cancer medicine by providing cutting-edge, high-quality clinical DNA sequencing services

ACTmed Co. Ltd, a subsidiary of Canon Medical Systems, has recently established an analysis laboratory, known as Shonan Health Innovation Park Laboratory, to offer consignment-based genetic analysis services, such as clinical DNA sequencing*1 to clients in Japan. It is also contributing to the development of genomic cancer medicine*2 by providing cutting-edge, high-quality clinical DNA sequencing services to meet the growing demand from medical facilities.

Shonan Health Innovation Park Laboratory, established in Shonan Health Innovation Park*3, is equipped with the latest genetic testing equipment, including a next-generation sequencer*4, to enable the facility to perform quality checks and conduct extremely accurate and reliable analysis of clinical specimens sent from clients. The clinical DNA sequencing services offered by ACTmed will include the provision of reports created based on clinical databases of genetic information specifically for

Asian populations, as well as other clinical information derived from the cumulative clinical analysis tests performed at the facility.

*1 Clinical DNA sequencing: Genetic testing to determine the most effective therapy for each individual patient based on a comprehensive analysis of the genetic factors related to diseases such as cancer.

*2 Genomic cancer medicine: Medical care in which treatments are personalized and offered based on the patient's physical conditions that are identified through simultaneous testing of many base sequences of DNA to identify genetic mutation.

*3 Shonan Health Innovation Park: A private enterprise-based science park established by Takeda Pharmaceutical Company Limited.

*4 Next-generation sequencer (NGS): DNA sequencing system that can simultaneously read many base sequences of DNA.





Material Issue 1

Creating new value and solving medical issues

Preventing the spread of infectious diseases

TOPICS:

Development of new testing system for infectious livestock diseases that uses DNA chip technology

Canon Medical Systems is developing a new testing system for livestock infectious diseases that uses DNA chip technology to enable the simultaneous detection of multiple microorganisms quickly, accurately, and correctly in an easy manner and at a lower cost.

In November 2019, Canon Medical Systems received

the Chairman's Award from the Agriculture, Forestry and Fisheries Research Council as part of the Commendations for Outstanding Achievement in Private Sector R&D in Agriculture, Forestry and Fisheries, for the system's contribution to strengthening the competitiveness of the farming industry.

* DNA chip card: Tool for analyzing genes



 Material Issue 2
Working together with society / Contributing to the local community



SDGs and our commitment



Goal3 : Good health and well-being

By strengthening our global partnerships, we're working to support healthy living and improve access to medical care.



Goal17 : Goals-based collaboration

By strengthening our communication with stakeholders, we are contributing to a more harmonious society.



Material Issue 2

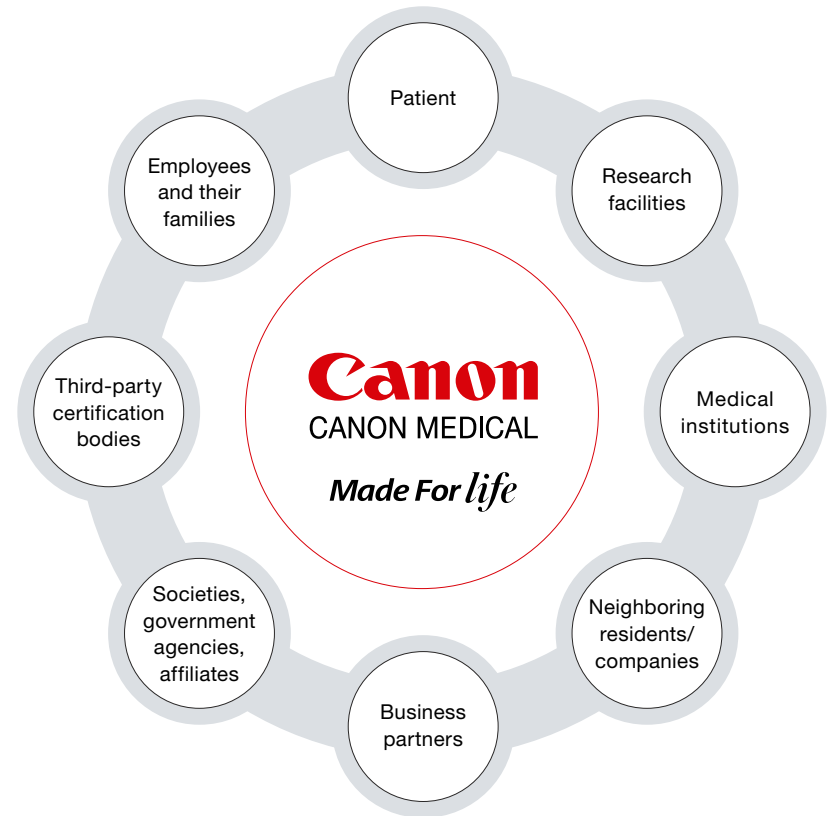
Working together with society / Contributing to the local community

Concept

Because our business activities involve relationships with many stakeholders, we take various measures 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 and workshops for users Online product information disclosure, receipt of inquiries, and 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 Customer





Material Issue 2

Working together with society / Contributing to the local community

Communication with stakeholders

Together with our stakeholders,
Canon Medical Systems is committed to addressing social issues in all parts of the world.

Supporting the activities of Feed My Starving Children (USA)


Feed My Starving Children (FMSC) is an organization dedicated to providing nutritious meals to hungry children around the world. Each year, 15 to 20 employees from Canon Medical Systems USA volunteer with the organization to pack and send food boxes to families in need. This year, we helped the organization pack 30,000 meals into 143 boxes, which will feed up to 84 children for an entire year.



Hands-on experience sessions for children with cancer (Japan)

In collaboration with the Children's Cancer Association of Japan (CCAJ), we invited a range of children living with the disease to undertake a tour of the company's headquarters. Throughout the experience, participants were encouraged to touch and play with CT and MRI scanners, as though they were toys, with the hope that this would alleviate any fears associated with diagnostic examinations.



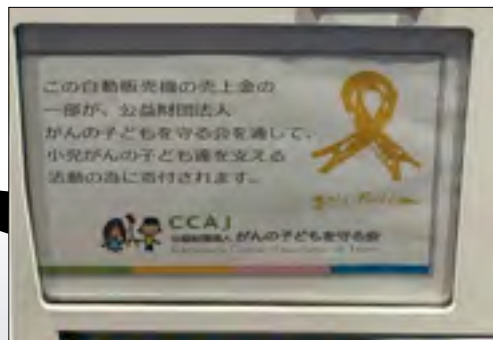
 Material Issue 2
Working together with society / Contributing to the local community

Collaborating with communities

Supporting children with cancer



In 2019, we installed vending machines throughout our Kawasaki and Nasu offices to help raise funds for the Children's Cancer Association of Japan.



Welcoming local students

In December 2019, we invited a party of fourth-grade students from Ishigami Elementary School to visit the factory and learn about our environmental and manufacturing facilities. During the introduction session, which was given in a quiz-like manner, we discussed the importance of conservation and explained how our plant has become a habitat for vulnerable species. We then moved on to the recycling center, where we described the importance of reusing materials and allowed students to explore the environment and ask questions.





Material Issue 3

Active participation by and development of people from diverse backgrounds

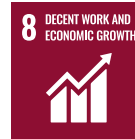


SDGs and our commitment



Goal 5 : Gender equality

We are supporting our female employees to thrive in their roles and exercise leadership at every level of the business.



Goal 8 : Decent work and economic growth

We take measures to ensure fair employment practices and treatment of employees in order to acquire the best possible human resources around the world.



Goal 10 : Reduced inequalities

In line with the Canon Medical Systems Group Standards of Conduct, we work to eliminate discrimination and harassment, while ensuring that all human rights are respected.



Goal 17 : Goals-based collaboration

We strengthen our global partnerships to achieve sustainable development goals in every country and region we operate in.

Material Issue 3 Active participation by and development of people from diverse backgrounds

Concept

With our business activities expanding globally, we work hard to promote the importance of diversity and respect, in order to create a safe work environment in which everyone can thrive. What's more, in cooperation with the employees' labor union, we are striving to foster a work environment that allows employees to have sufficient personal rest and relaxation time while maintaining an active role. 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.

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.

■ 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

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

- 1) Improvement of all employees' awareness to increase productivity
- 2) Achievement of employment targets in the medium-term business plan (new graduates and mid-career professionals)
- 3) Consideration of various work schedule systems (review of the flextime / discretionary working system)
- 4) Consideration of various work systems (employment extension system)
- 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
- 7) Consideration of benefit programs to encourage employees to increase productivity and achieve a work-life balance that is suitable for Canon Medical Systems's employees
- 8) Implementation of measures for each job category to ensure effective execution of tasks

Results from FY2019

			Japan	North America	Europe	Oceania
Number of new employees	Total number	Male	237	152	114	39
		Female	191	108	69	27
			46	44	45	12
	Up to 29 years of age		158	12	29	4
	30 to 50		71	96	66	29
51 and above		8	44	19	6	
Number of outgoing employees	Total number	Male	207	113	86	25
		Female	185	78	60	13
			22	35	26	12
	Up to 29 years of age		21	5	10	2
	30 to 50		19	45	52	16
51 and above		167	63	28	7	
Training programs related to human rights	Total hours	(Unit: hour)	219	2300	214	860
	Percentage of employees who have received the training	(Unit: %)	5.76	91.33	-	100%

Material Issue 3
Active participation by and development of people from diverse backgrounds

We strive to build an organization in which people from diverse backgrounds can actively work together.

Respect for diversity

The employment of non-Japanese people

We actively promote the employment of non-Japanese people at each of our offices, both in Japan and overseas. We also offer a range of training programs to help our Japanese managers create a professional and welcoming environment for employees from all over the world.



Employing people with disabilities

Canon Medical Systems maintains its commitment to employing people with disabilities, maintaining an employment rate equal to or higher than the legally required rate of 2.2%.

We are certified as a "company supporting childcare".

Since 2007, we have consistently 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

*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 that meets the certification criteria, such as for the level of achievement of targets and the plan's goals.

Working systems and number of participants (FY2019)	
Employees who used the childcare leave system	Employees who used the reduced working hours system (for the purpose of child-rearing/family care)
8 men/ 24 women	2 men/ 114 women



Material Issue 4

Building a robust and healthy organization



SDGs and our commitment



Goal 3 : Good health and well-being

We work hard to create a safe and comfortable work environment, and to maintain and improve our employees' mental and physical health.



Goal 17 : Goals-based collaboration

We work to establish a healthy organization that fulfills the expectations of our various stakeholders.



Material Issue 4

Building a robust and healthy organization

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

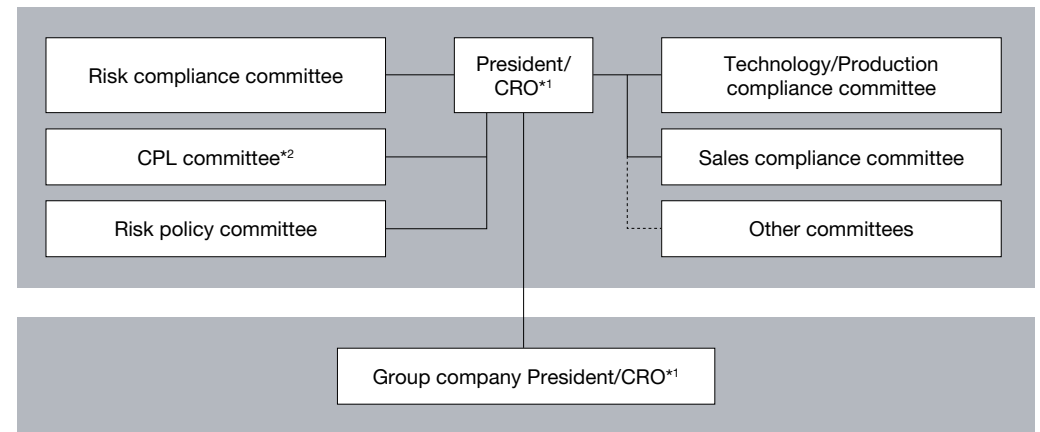
Concept and system

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

Currently, we provide continuous education for all employees (e-learning and compliance education concerning specific laws), working to create an organizational climate that focuses on compliance (periodic meetings on compliance topics at each workplace), and making every effort to ensure compliance with applicable laws and regulations.

To ensure compliance with laws and regulations throughout the entire business operation of the Canon Medical Systems Group, we are also conducting surveys of our overseas subsidiaries. According to the results of the survey for FY2019, we can confirm that all our subsidiaries are conducting their business activities in accordance with laws and regulations.

Moving forward, we will 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, promptly determines measures to deal with product accidents and quality issues.



Material Issue 4

Building a robust and healthy organization

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

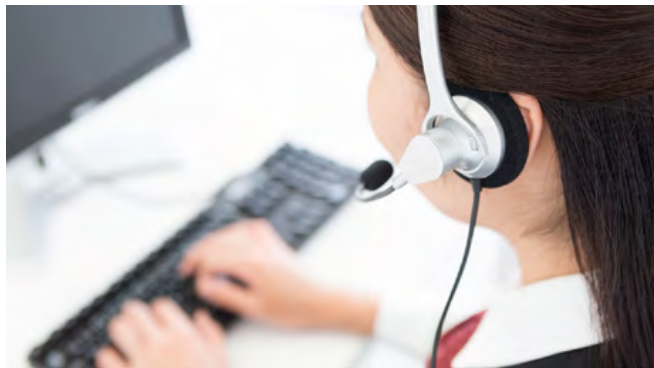
Compliance education for employees

In order to cultivate compliance awareness, we provide law and level-specific training for new management-level employees. We also conduct surveys on the observance of regulations at our overseas subsidiaries and provide training to all employees through a validated 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 have 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 our 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.





Material Issue 4

Building a robust and healthy organization

In order to promote healthcare innovation and respond to evolving medical needs, Canon Medical Systems provides various education programs to all employees.

TOPICS: **Employee education (Netherlands)**

Fysicon* has a clear mission to create medical solutions that empower healthcare professionals to treat their patients faster and more cost effectively. In 2019, the Fysicon Academy was established to facilitate a better understanding of the needs of healthcare professionals among our employees, including sales, development,

RA, QA, finance, and HR.

As part of this, external healthcare professionals, including physicians, technical nurses, and consultants were invited to give lectures on anatomy, physiology, pathology, and diagnostics, as well as the role of our systems and devices in their work.

In addition to improving our quality management system, we will continue to enhance our employees' level of understanding of the medical aspects of our systems and raise awareness of product quality and requisite regulations in order to enable our employees to provide better services to our customers.

* Consolidated subsidiary of Canon Medical Systems

Activities: Development, manufacturing, and sales of cardiac function analysis test systems and medical information management applications





Material Issue 4

Building a robust and healthy organization

Promoting occupational health and safety

Educating employees about occupational health and safety

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

Objectives	Programs	Targets	Number of participants
Preparation for health and safety risks	Lecture on AED/first aid	Employees at our headquarters	179
	Delivery of information on OHSAS*1 18001 to all employees and general education on relevant issues	Employees at our headquarters	2,620
Occupational safety	Special training for electricians	Employees engaged in specific tasks	407
	Prevention of health hazards associated with VDT work*2	All employees	4,960
Health management	Training on mental health and self-care	Employees at our headquarters	299
	Lecture on mental health	Managers	420
	Mental health education	All employees	4,960
	Health education by age group	Employees aged 35, 45 and 55	388
Preparation for disaster risks	Comprehensive emergency drill	Employees at our headquarters	2,871

*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





Material Issue 4

Building a robust and healthy organization

We promote educational and enlightenment activities to ensure our organization is one that enables people from diverse backgrounds to work together successfully.

Respect for human rights

The basic policies of the Canon Medical Systems include respect for human rights, the elimination of discriminatory treatment, and observance of laws and regulations. In our Standards of Conduct, it is specified that diversity of values 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 that's detrimental to human rights, such as violence, sexual harassment, or power harassment, should be eliminated.

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 the necessary information 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.



Material Issue 4

Building a robust and healthy organization

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 providing safe, high-quality products 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.
- 2 We respect the rights of customers and third parties, while observing relevant laws and contracts.
- 3 We encourage all divisions and personnel to participate in the company's efforts to improve the quality of our products and our business activities related to those products.
- 4 We establish, continually improve, and maintain a quality management system in compliance with global standards.
- 5 We pursue the inherent improvement of our products by concentrating on underlying causes and issues.

Issued: January 4, 2018

Swift response to product safety incidents

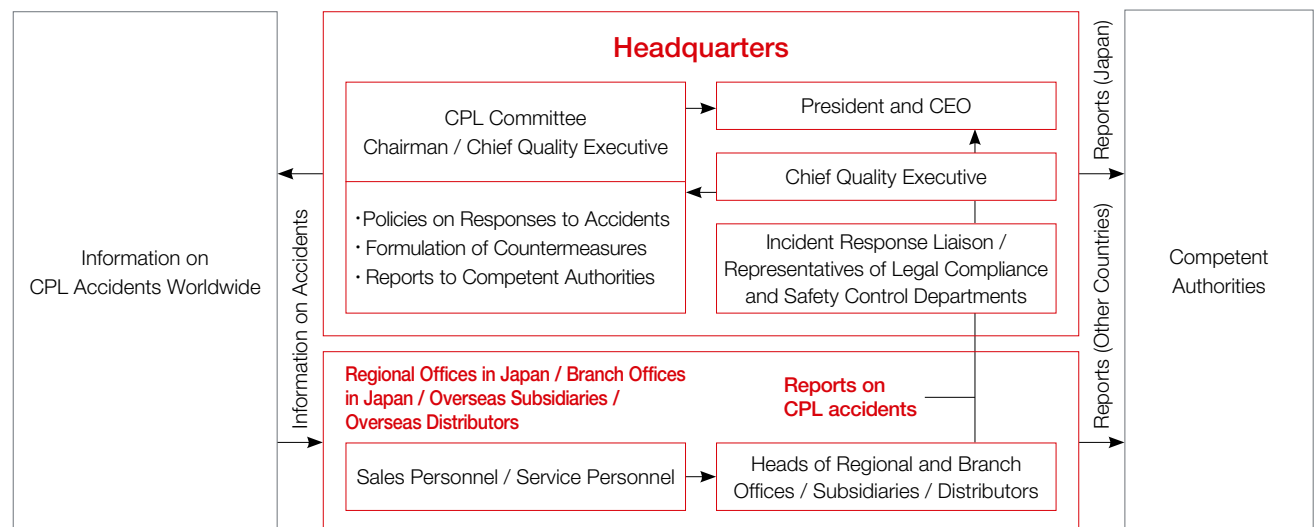
We have established a robust quality management system to ensure that any employee who becomes aware of an accident or problem involving a Canon Medical Systems product can alert the quality management department immediately.

Based on the information reported by an employee, the CPL Committee* will quickly determine 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 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





Material Issue 5

Protection and conservation of the global environment



SDGs and our commitment



Goal 11 : Sustainable cities and communities

We work hard to solve a range of community-based issues using the insight of our people and the capabilities of our technologies.



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

We continue to improve our energy efficiency, while reducing CO₂ emissions throughout the lifecycle of our products and solutions.



Goal 15 : Life on land

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



Goal 17 : Goals-based collaboration

By strengthening communication with all our stakeholders, we contribute to a more harmonious coexistence with society and the vitalization of our local community.



Material Issue 5

Protection and conservation of the global environment

Concept

Recognizing that the Earth is an irreplaceable asset, Canon Medical Systems 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, 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 periodically reviews its objectives and targets by assessing the environmental aspects of our business activities, products, and services. Furthermore, we comply with all laws and regulations concerning the environment, agreements on pollution prevention, and our own stricter standards, which take into account our impact on the environment and biodiversity in general.

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

- 1 Developing and providing environmentally conscious products and services, that contribute to reducing their 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

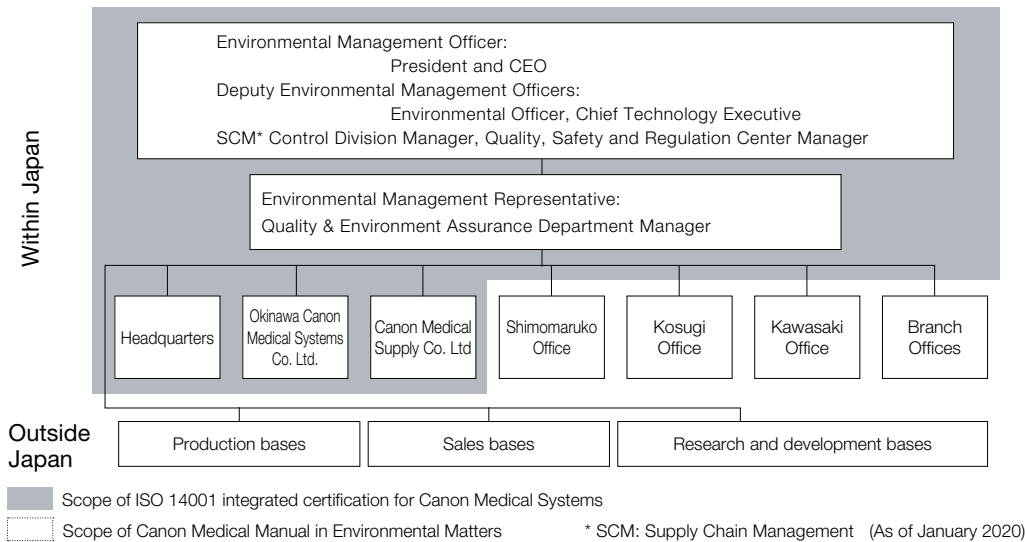
Issued: January 4, 2018



Material Issue 5

Protection and conservation of the global environment

Management system



The Canon Group has its own 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 our employees, including those from contracting companies, with environmental training to ensure they remain compliant with our environmental policies and activities. In addition, we provide training for specialists and internal environmental auditors to help them achieve maximum adherence within their teams and departments.



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 companies in Japan and its overseas subsidiaries. The Canon Group Environmental Management Policy and the significance of our efforts in addressing environmental issues were explained to help participants improve their understanding.



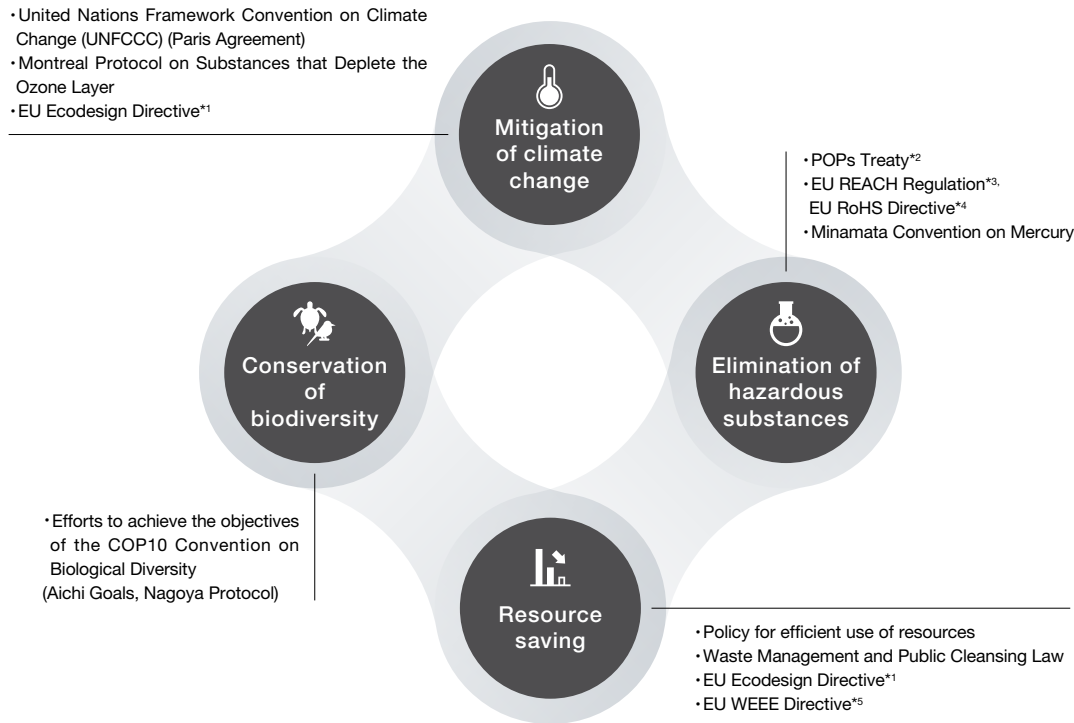


Material Issue 5

Protection and conservation of the global environment

Four core pillars of our environmental strategy

Canon Medical Systems’s environmental strategy has four major goals, as shown below. The basic idea behind the strategy is to produce products and provide services using fewer resources (raw materials/ energy) to reduce costs and increase economic benefits for customers.



*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.
 *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: Headquarters of Canon Medical Systems located in Japan.

Performance

Goal

Energy consumption at production site*6, Improvement rate of life cycle CO ₂ emissions per unit of product	
2019	2020
8.8% improvement from the previous year (production site*6)	1.2% improvement from the previous year (production site*6)
1.05% improvement from the previous year (annual average of all products)	3% improvement from the previous year (annual average of all products)
Amount of hazardous substances discharged at production site*6	
2019	2020
21% improvement from the previous year	1.0% improvement from the previous year
Total amount of discharged waste at production site*6	
2019	2020
Total amount of discharged waste at production site*6	1.0% improvement from the previous year
<ul style="list-style-type: none"> • Maintenance of biotope at production site*6 • Biological research conducted at production site*6 	<ul style="list-style-type: none"> • 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: Headquarters of Canon Medical Systems located in Japan.



Material Issue 5

Protection and conservation of the global environment

Product life cycle



Promotion of eco-conscious products

While our goal is to send many new products to market each year, we do so with the intention of contributing to a sustainable global environment. 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, we are implementing various measures to reduce our energy consumption and use of resources. We are also making an effort to promote the eco-conscious design of our products, focusing on improving product efficiency, as well as providing our customers with environmental information concerning our products when requested.

* IEC60601-1-9: International Electrical Standard of requirements for environmentally conscious design to ensure compliance of medical devices with environmental regulations in different countries.

Participation in global environmental activities by industrial associations

We participate in the Environment Committee of JIRA*¹ and DITTA*², its superior international organization. In response to the EU Eco-design Directive*³, we also directly 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 carefully reported and shared with the European Union (EU). Particularly in recent years, in response to the circular economy promoted in the EU, we place an emphasis on exploring technology to identify and reduce the consumption of CRMs*⁵. We have also adopted proactive efforts to eliminate toxic chemicals in our products.

*1 JIRA: Japan Medical Imaging and Radiological Systems Industries Association Japan Medical Imaging and Radiological Systems Industries Association
 *2 DITTA: International Congress of Diagnostic Imaging and Therapy Systems Trade Association
 *3 U Eco-design Directive: Directive aiming to establish a framework for ecological design requirements applied to energy-related products

*4 COCIR: European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry
 *5 CRM: Critical Raw Materials



Material Issue 5

Protection and conservation of the global environment

Effective Use of Resources

TOPICS: Refurbishment efforts

In line with the IEC63077* international standard regarding the refurbishment of used products, we restore and refurbish equipment that's been well maintained and has a consistently documented service history. Upon receipt, we disassemble used equipment and transport it to one of our 3R Centers in Japan,

Europe or the US, where we clean and sterilize it with ozone gas. We then repaint the housing, replace its mattress, confirm rating and warning plates, and remove all personal information from the equipment. After that, we perform a safety inspection, confirm the voltage and conduct a comprehensive assessment. We then

package, transport and install refurbished equipment with the same attention to detail that goes into installing our new systems.

* IEC63077: International standard regarding the refurbishment of used products specified by the International Electrotechnical Commission. The standard was issued in November 2019 and referred to as "Good refurbishment practices for medical imaging equipment".





Material Issue 5

Protection and conservation of the global environment

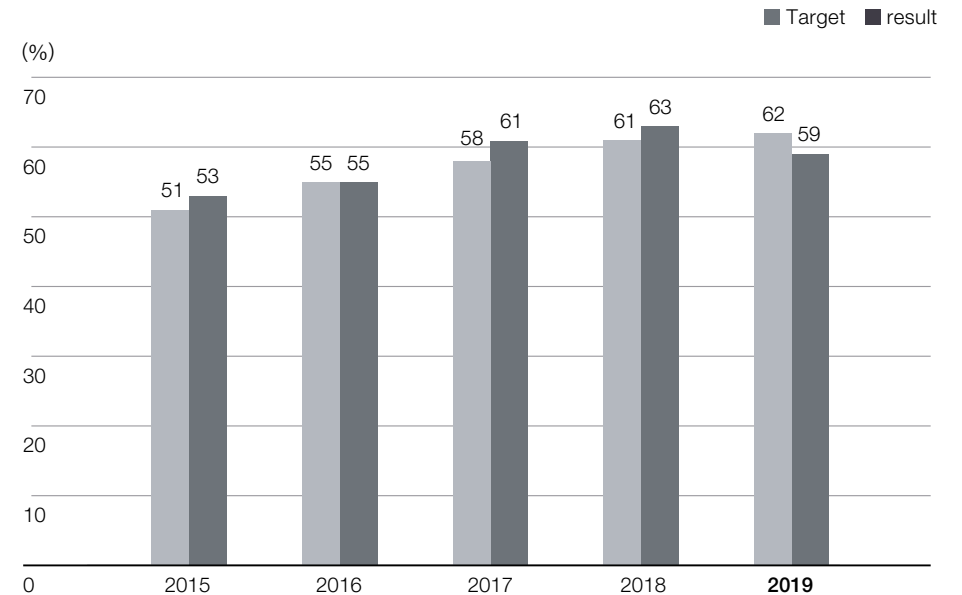
We strive to provide the best eco-conscious products in the industry.

The production of environmentally conscious products starts at the development process.

Among our products, those that can be rated as number one in environmental performance are designated as industry-leading eco-conscious products*. We are expanding our 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





Material Issue 5

Protection and conservation of the global environment

Mitigation of climate change

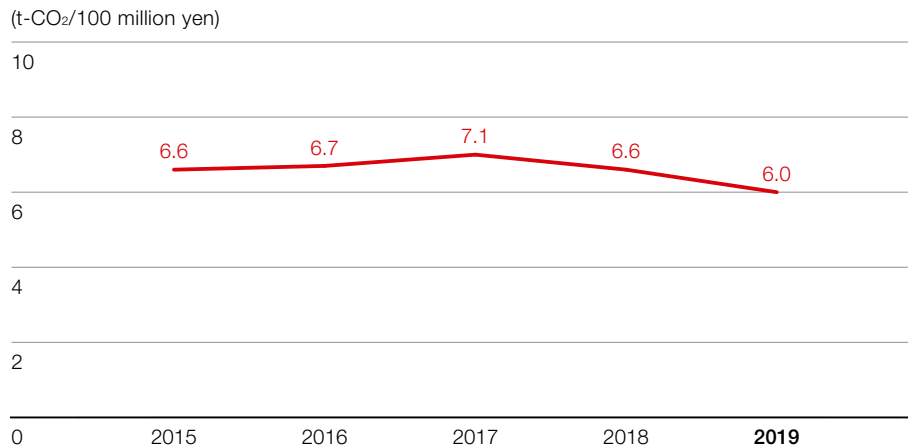
Efforts to save energy

With our Energy Conservation Project, launched in January 2013, we have been promoting company-wide energy conservation activities. In 2019, in addition to the departments in charge of energy control and manufacturing, a member from the development department joined the project, enabling an omnidirectional expansion of activities concerning the reduction of energy use.



Ventilation facility

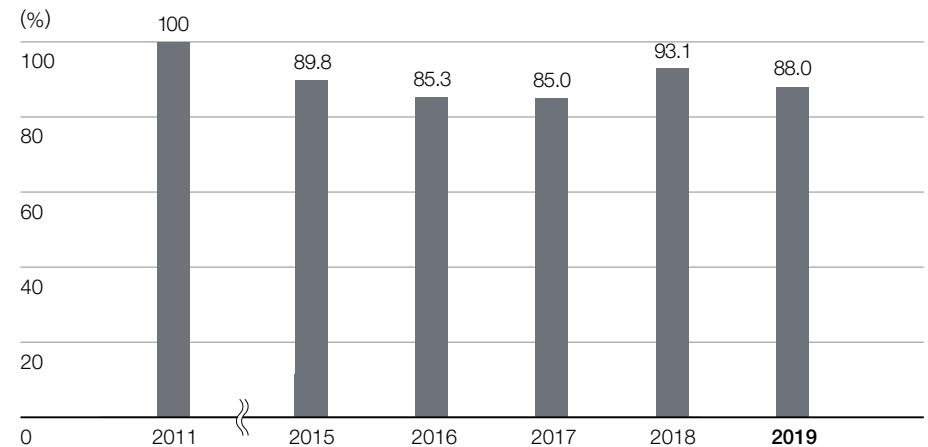
Energy use changes per production unit (Headquarters)



Reduction of CO₂ emissions in the use of products

The majority of CO₂ emitted from large medical systems is generated during operation. In light of this fact, we have placed our focus on reducing the power consumption of products during use. The bar chart below shows the yearly change in ratio, calculated by dividing the total CO₂ emissions of all products shipped by our company by total sales. Despite the slight increase and decrease in 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. In 2019, there was a 12% reduction compared to the base year of 2011.

Change in the ratio of CO₂ emissions during product use





Material Issue 5

Protection and conservation of the global environment

Mitigation of climate change

The Kanto Local Commendation for Invention was awarded to our MRI systems that incorporate the energy-saving function, ECO mode.

Achievement of energy saving for MRI systems

Because MRI systems require a power supply 24/7, their overall power consumption is relatively high compared to other diagnostic imaging systems. However, with the introduction of ECO mode, we have made it possible for our systems to automatically enter standby between examinations, minimizing their power consumption significantly.

The technology used to create ECO mode received the Invention Encouragement Prize and the Product Realization Accomplishment Prize as part of the FY2019 Kanto Local Commendation for Invention.

What is the Local Commendation for Invention?

The commendation was established in 1921 to encourage and promote science innovation in each of Japan's eight blocks: Hokkaido, Tohoku, Kanto, Chubu, Kinki, Chugoku, Shikoku and Kyushu. Naturally, it's a great honor to receive the commendations as it implies outstanding invention, promotion of product realization, or contribution to invention through guidance, promotion, or education.



Photo of the FY2019 Kanto Local Commendation for Invention Award Ceremony
From left to right: Mr. Yokoi, Mr. Takiguchi (President and CEO of Canon Medical Systems), Mr. Kawajiri, and Mr. Obuchi



Material Issue 5

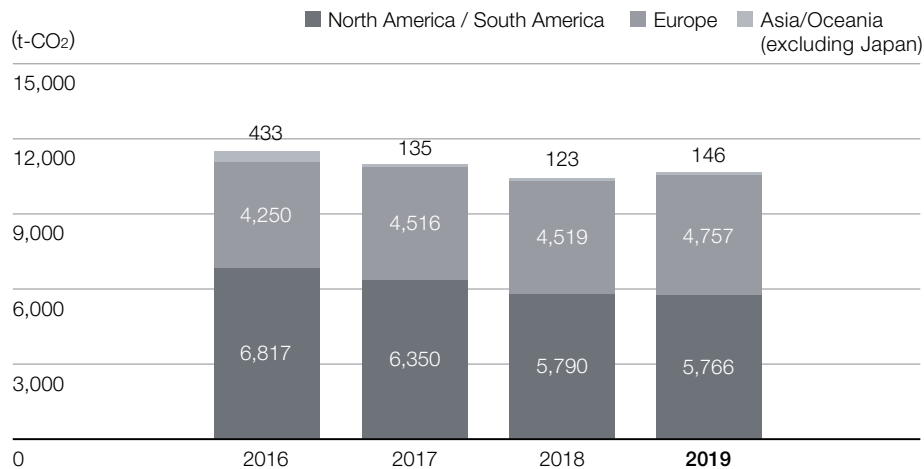
Protection and conservation of the global environment

Mitigation of climate change

Reduction of CO₂ emissions from company vehicles at overseas sites

The Canon Medical Systems implements measures to control CO₂ emissions from company vehicles used at its overseas sites. Efforts such as the adoption of hybrid and low-pollution vehicles have helped reduce our emissions significantly and we aim to continue these activities moving forward.

CO₂ emissions from company vehicles at overseas sites



Lecture on energy saving

In February 2019, we held a lecture on energy saving, which was attended by 127 employees. An environmental counselor delivered the lecture and provided explanations concerning the current status of energy trends, viewpoints, and tips for efficiently implementing energy-saving activities. The importance of corporate managerial interest toward energy-saving activities was also discussed.



Lecture on SDGs

In June 2019, we invited Ms. Makiko Imai, the President of Yukikazet Inc., who participated in the SDG formulation process and also developed the SDG concept, to deliver a lecture entitled "Solution for Creating a Sustainable Society Interpreted from SDGs: Thoughts on the Roles and Potentialities of the Company". The lecture was attended by 122 employees.





Material Issue 5

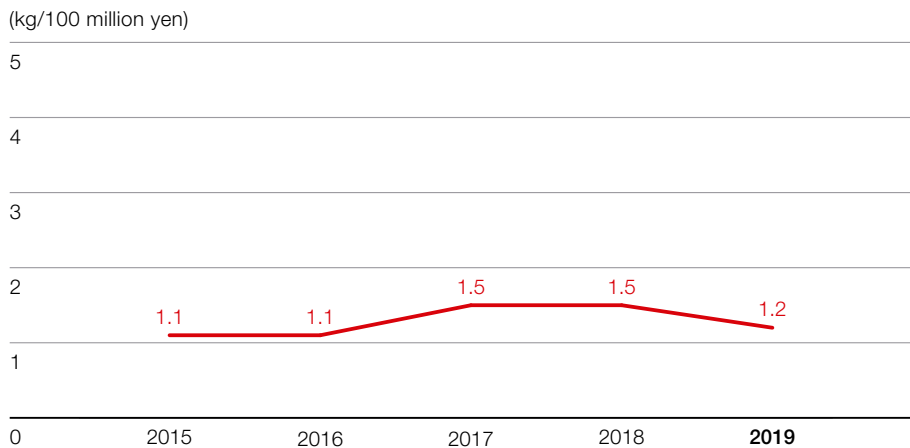
Protection and conservation of the global environment

Elimination of hazardous substances

Improving safety for everyone

We're working hard to eliminate any chemical substances that are potentially harmful to the environment or human health by collecting data on chemical substances and inputting it into our data management system. In 2019, we reduced the amount of discharged chemical substances to 79% of that from the previous year, an achievement we hope to repeat in the future.

Change in hazardous substance emissions per production unit



Green procurement

We recently issued our Guidelines for Green Procurement to ensure all employees and partners are aware of the standards we adhere to when selecting safe parts and materials. To support this, we also held an information session on green procurement to explain the strict legal requirements involved with using chemicals. As ever, 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 our impact on the environment.

Principles behind the requirements of green procurement standards

	Environmental Management System	Performance
Business activities	<p>A: Environmental management system for business activities</p> <p>Construction and operation of an environmental management system for business activities</p>	<p>B: Performance of business activities</p> <ul style="list-style-type: none"> - Compliance with environment-related laws and regulations - 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 and materials	<p>C: Management of chemical substances in products</p> <p>Construction and operation of systems for the management of chemical substances in products</p>	<p>D: Performance of parts and materials</p> <ul style="list-style-type: none"> - 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)



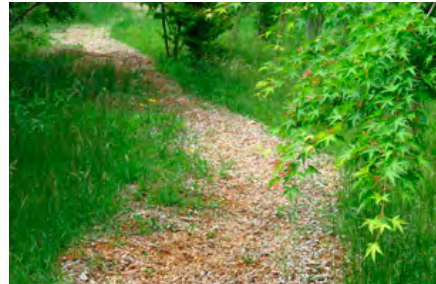
Material Issue 5

Protection and conservation of the global environment

Resource saving (at our headquarters)

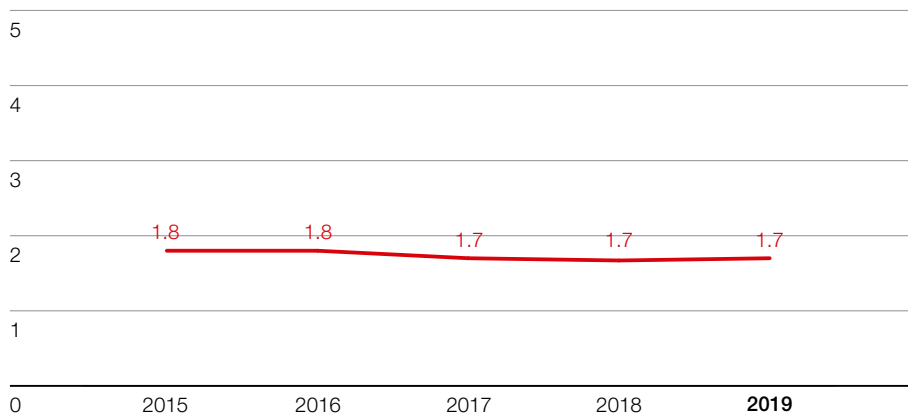
Reducing our total discharged waste

In a bid to reduce total waste volume, we now separate and convert our wood pallets into wood chips that cover the walkways of our headquarters' green areas and biotope.



Change of waste volume per production unit

(t/100 million yen)

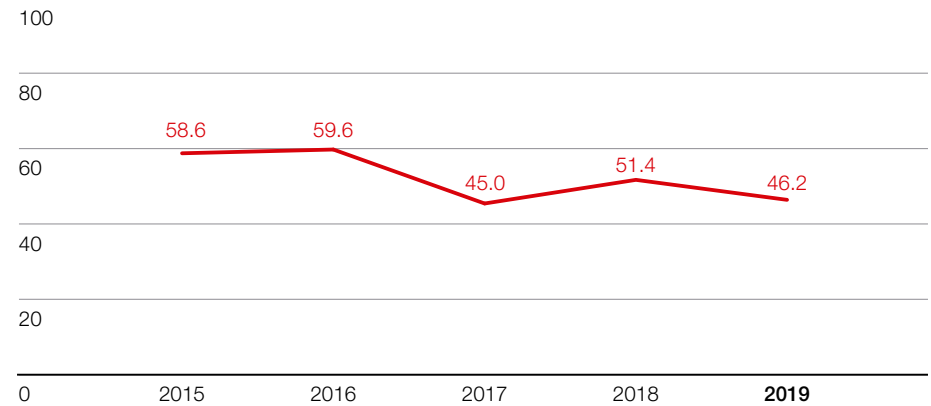


Reduction of water consumption

In addition to the measures implemented in 2018, which included optimizing the flow rate of washbowls and toilet bowls, we have automated the flushing intervals of our urinals to further reduce water consumption.

Variation in water consumption

(t)





Material Issue 5

Protection and conservation of the global environment

Resource saving (product related)

Promotion of efficient use of resources

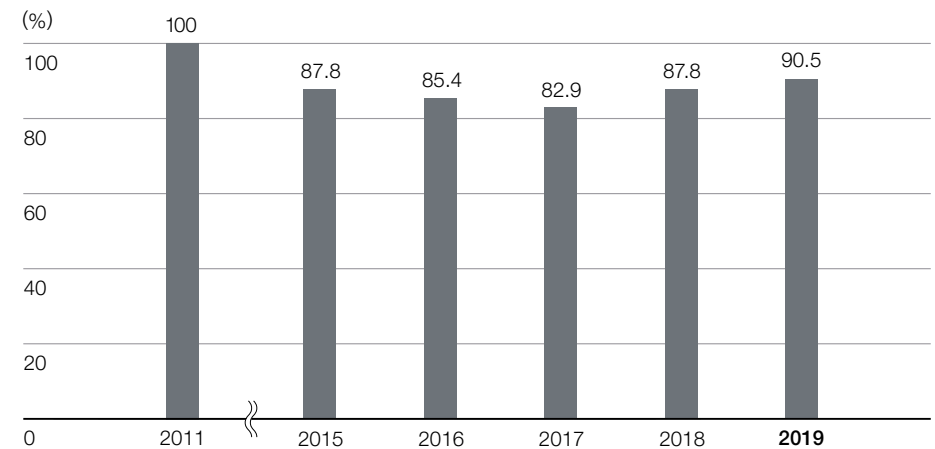
For some time now, we've offered Japanese customers the chance to trade-in their old systems when upgrading, so our service team can utilize the parts. In 2016, we began collaborating with group companies overseas to promote this scheme and increase our recycling activities on a global scale.



Reduction of resources used in products

Our basic policy when developing new large-sized medical equipment is to downsize it as much as possible to minimize the environmental impact caused by delivery and installation. In 2019, the ratio of input resources per unit of sales was reduced by 9.5% compared to the base year of 2011.

Change in the ratio of input resources per unit of sales





Material Issue 5
Protection and conservation of the global environment

Resource saving (product-related)

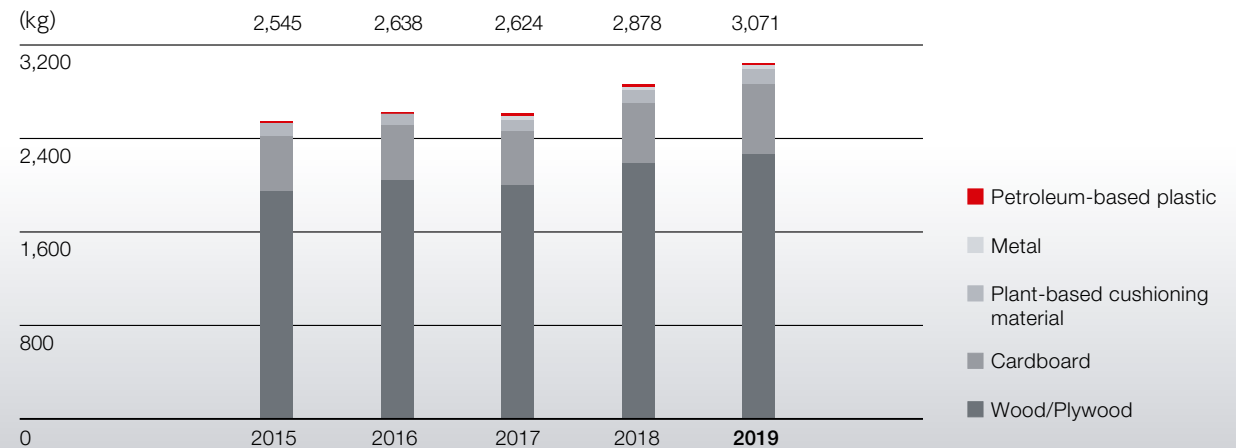
TOPICS: A reduction of packaging materials

We are working to reduce the amount of packing materials used during the transportation of new products by simplifying the packing process and cutting down the number of units for each system. For equipment being transported in Japan, we are utilizing dedicated shipping containers, in addition to plant-based plastics and FSC-certified wood, to minimize single-use materials. Reassuringly, the proportion of petroleum-based plastic used since 2015 sits between 0.5 and 0.7% of our total use of plastic materials.

Proportion of recyclables

99.4 %

Change in amount of packing materials used





Material Issue 5

Protection and conservation of the global environment

Conservation of biodiversity

TOPICS: **Flora and fauna observation sessions**

In 2014, we installed a biotope in the northwest area of our headquarters to provide a thriving habitat for a range of birds and insects. Since then, we have conducted multiple flora and fauna observation sessions to help children learn about biodiversity and the importance of environmental conservation. In June 2019, we invited 80 participants, including employees, their families and local elementary school children to our sixth flora

and fauna session so they could explore early-summer nature and receive a lecture on the ecology of insects.



Participants attentively listening to the lecturer



Material Issue 5

Protection and conservation of the global environment

Biodiversity conservation activities (at our headquarters)

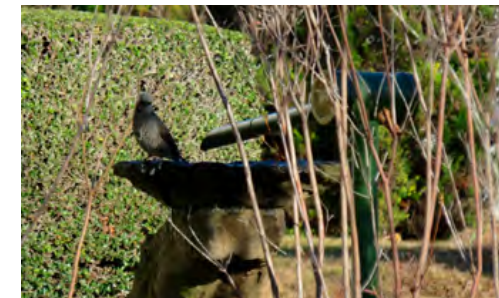
TOPICS: **Tree-planting activities**

After the flora and fauna observation session, we worked with the children to plant and tag a variety of fruit and sap-producing trees that would attract a range of insects to the biotope.



Installation of birdhouses in the biotope

As part of Canon Medical Systems's Bird Branch Project, which promotes biodiversity with a focus on birds, we have installed two birdhouses under the careful guidance of the Wild Bird Society of Japan.





Material Issue 5

Protection and conservation of the global environment

Environmental accounting

Environmental Conservation Investment and Cost (2019)

(in thousand yen)

Category		Details of Key Activities	Investment		Investment	
1 Business area cost	a.Pollution prevention cost	Air, water, and soil pollution prevention.	14,881	204,554	23,095	161,702
	b.Global environment conservation cost	Energy conservation and mitigation of climate change.	189,673		23,052	
	c.Resource conservation cost	Efficient use of resources and reduction, separation, and recycling of waste.	0		115,555	
2 Administration cost		Environmental education, environmental management system, tree planting, information disclosure, environmental advertising, and personnel.	0		111,473	
3 Social activity cost		Contributions to organizations, sponsorships, and memberships.	0		0	
4 Environmental remediation cost		Soil remediation.	0		0	
5 Other		Other environmental protection-related costs.	0		0	
Total			204,554		273,175	

Scope: Canon Medical Systems Headquarters

Applicable period: 1 January 2019 – 31 December 2019

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