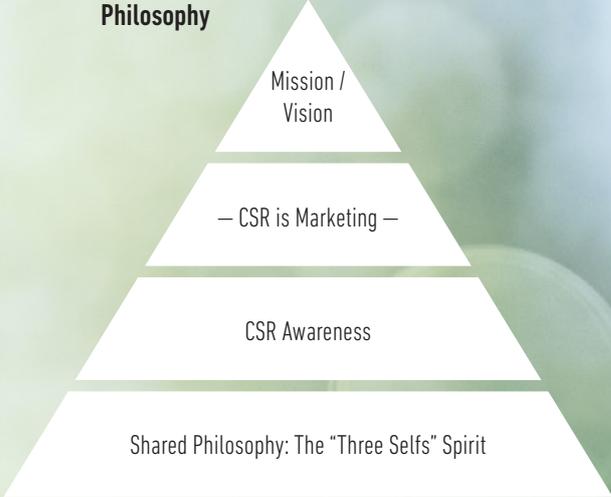


SUSTAINABLE MANAGEMENT

The Canon MJ Group undertakes CSR activities to help resolve social issues while harnessing the power of marketing to create economic value. In keeping with Canon’s corporate philosophy of *Kyosei* (which means living and working together for the common good), we will continue to pursue synergistic progress for the Group and for society and enhance the corporate value and brand by benefiting society through business. We will also contribute to sustainable social development by making CSR central to corporate management.



CSR Awareness

Our participatory approach to CSR is based on the sharing of the Canon MJ Group's CSR philosophy and values by all employees, and on a commitment to accurate knowledge. Our efforts to foster CSR awareness in our employees are coordinated by the CSR Promotion Division.

The "Three Selves" Spirit

Our "Three Selves" spirit is a central guiding principle that dates back to the founding of Canon and is part of our corporate DNA. The principle states that employees should proactively take the initiative (self-motivation), conduct oneself responsibly and with accountability (self-management), and know one's position, roles, and circumstances (self-awareness). The Three Selves spirit is the foundation of our CSR activities.

Sustainable Development Goals (SDGs) Initiatives

The Canon MJ Group endeavors to attain the internationally accepted SDGs of the United Nations through its business activities, resolving social issues and delivering new value to contribute to social sustainability. For example, we are reusing and recycling products to contribute to a circular economy, using carbon offsets to contribute to a low-carbon society, and undertaking cybersecurity measures so that we can use ICT safely.



External Assessments

Selected as a Health and Productivity Stock in 2019

Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select the stocks of outstanding companies listed on that exchange that engage in a program to strategically maintain and enhance the health and productivity management of employees and thereby improve corporate earnings.

Canon MJ was selected for the second consecutive year in 2019,

reflecting high ratings for its business philosophy and policies, organizational structure, systems and policy implementation, and evaluations and improvements. We will continue to undertake employee health management efforts to remain attractive among investors focusing on companies that enhance corporate value over the long term.



Indices

Canon MJ has been included in the FTSE4Good Index Series for 15 consecutive years. In 2018, we were part of FTSE Blossom Japan and the SNAM Sustainability Index for the second consecutive year, and were also included in the MSCI Japan ESG Select Leaders Index.



CSR Policies

We produced the Canon MJ Group CSR Activity Policy to enable all Group employees to practice CSR in their work. We will contribute to sustainable social development by sharing and applying the policy throughout the entire Group.

CSR Activity Policy

- We will contribute to the creation of an enriched social environment in which people can live in safety and with peace of mind.
- We will provide dependable quality through all of our business activities.
- We will contribute to the development of human resources capable of contributing to the improvement of society.
- We will conduct our business activities fairly and in good faith, with particular emphasis on dialogues with stakeholders.
- We will strive to develop safe, healthy working environments.
- We will contribute to the conservation of the environment and biodiversity.
- We will respect human rights.

Environmental Management

The Canon MJ Group seeks to contribute to social progress by enhancing lifestyles and safeguarding the environment by deploying in-house measures to prevent global warming and reduce waste while pursuing distinctive initiatives as a marketing enterprise.

> Deploying Green Ratios (FY2016–2020)

The Canon MJ Group formulated the following three Green Ratios as medium-term environmental benchmarks for monitoring annual progress.

Annual improvement in CO₂ emissions intensity

Targets for 2016 through 2020	1.2% (year on year)
2018 results	6.3%

Contributions to reductions in customer CO₂ emissions

Targets for 2016 through 2020	More than 150,000 metric tons
2018 results	128,071 metric tons

Ratio of customer CO₂ emissions reductions divided by the Canon MJ Group's own reductions

Targets for 2016 through 2020	More than triple
2018 results	2.2-fold

> Participating in the Plastics Smart Campaign

The Canon MJ Group participates in this initiative of Japan's Ministry of the Environment. Its campaign website showcases initiatives. Ours include recycling and plastics usage reduction efforts and initiatives to educate about the environmental impacts of plastics.

Registration examples

Recycling classes that highlight the environment's importance

MFP remanufacturing

Collecting and recycling ink cartridges

Closed-loop recycling through automated toner cartridge recycling system



> Product Collection and Recycling Activities

We set up a program to efficiently collect used Canon MFPs, LBPs, and those cartridges from customers and dealers and to recycle valuable

resources within the Group, thereby contributing to the creation of a recycling-driven economy.

Group member Canon Ecology Industry Inc. recycles used cartridges, disassembling and cleaning reusable parts and crushing and pelletizing other parts for use in new cartridges.

Social Contributions

As a good corporate citizen, the Canon MJ Group contributes to society through business and activities that help to create a society in which all people can enjoy fulfilling lives.

1. Furusato Project

The Canon Group embarked on the Furusato (meaning "hometown") project to promote educational efforts to help communities around Japan to foster biodiversity in



keeping with its Biodiversity Policy, thereby bequeathing a better world to future generations.

2. Smile for the Future Project

In January 2012, we launched the Smile for the Future project to contribute to reconstruction in disaster-stricken areas following the Great East Japan Earthquake through the concept of enjoying photography and nature. Our photography and nature programs help people to communicate with each other and contribute to children's upbringings.



3. School Building Memorials Project

We joined hands with writing instrument maker Pentel to support this project, which contributes to enduring memories of aging elementary school buildings that are to be demolished and replaced. Through the project, children write down their memories and thanks on the walls and windows of school buildings slated for demolition. The children then document the drawings with a SLR camera for creating photo albums or posters for decorating new school buildings.

Pentel donates art materials and photo frames for the project

while we lend cameras and produce and donate large posters and photo albums. A total of 21 schools have taken advantage of this project since we launched it in June 2014.

• TOPICS

Our School Building Memorials project received a special Ministry of Culture Agency Prize in Mecenat Awards 2018, sponsored by the Association for Corporate Support of the Arts, a non-profit organization. The prize recognizes efforts to collaborate with external organizations and create opportunities for social participation, including among residents and children, while contributing to cultural and creative progress and helping to promote Japanese culture overseas.



Respecting Human Rights and Diversity

The Canon MJ Group endeavors to prevent employee discrimination and harassment and fosters a corporate culture that values diversity.

> **Preventing Discrimination and Promoting Diversity**

The Canon Group aims to ensure that all executives and employees alike understand and adhere to the Canon Group Code of Conduct, which encourages respect for individuals and individuality and prohibits discrimination, including in terms of race, religion, nationality, gender, and age.

Within the Canon MJ Group, we utilize email magazines sent to all employees and compliance meetings for all work units to raise awareness among executives and employees about discrimination issues.

> **Combatting Harassment**

Canon MJ engages in various awareness-building initiatives to prevent sexual and power harassment.

Harassment issues are part of the agenda for training new employees and managers. Compliance meetings also position

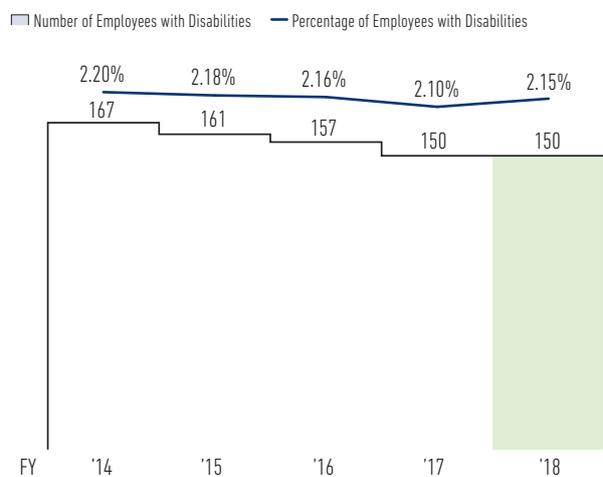
harassment as an issue for discussion within work units.

We make it easier for employees to seek advice about harassment by offering consultations and by enabling the sharing of concerns by email or telephone.

> **Initiatives to Employ People with Disabilities**

The Canon MJ Group is committed to employing people with disabilities, and accordingly endeavors to create a barrier-free work environment.

Employees with Disabilities (Non-Consolidated Basis)



As of June 2018, 2.15%* of Canon MJ's employees were people with disabilities, exceeding the Japanese government's mandatory rate of 2.0%. The Group will continue pushing ahead with new graduate and midcareer hiring of individuals with disabilities.

*Calculated according to prescribed working hours, disability degrees, and other factors in keeping with the Ministry of Health, Labour and Welfare standards.

> **Reforming Work Practices**

The basic policy of the Canon MJ Group's Long-Term Management Objectives Phase III is to become a corporate group in which its people can shine, and we are undertaking work practice reforms as part of that approach. We are helping our people to work more efficiently so they can complete their tasks during regular work hours, notably by instituting days without overtime, using satellite offices and teleworking, encouraging the use of IT tools, and leveraging AI and RPA.