

Environmentally friendly logistics at Canon

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CANON'S CORPORATE PHILOSOPHY

***Kyosei* – “all people, regardless of race, religion, or culture, harmoniously living and working together into the future”**

- Canon U.S.A. proudly supports America's future generations by protecting its most valuable resources - the environment
- All Canon businesses strive to minimize environmental impact in all phases of our operations

Environment Promotional Organization



Environmental Policies

- Harmonize environmental and economic interests in all business activities
- Deliver “green products” via innovative improvements in resource efficiency and conservation
- Eliminate activities that threaten the environment, health and human safety

Environmental Sustainability:

3 Pillars of Environmental Strategy

- Energy Conservation
 - Utilize environmentally-oriented logistics
 - Minimize energy consumption in products and operational sites
- Resource Conservation
 - 3R's of production – Reduce, Reuse, Recycle
 - Promote recycling in all business activities
 - Reduce waste – Targeting “Zero Landfill Waste”
- Elimination of Hazardous Substances
 - Eliminate hazardous substances contained in products
 - Eliminate generation of hazardous substances in operations

Environmental Sustainability: Manufacturing Guidelines

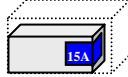
- Harmonize environmental and economic interests in all business activities
 - Environmental issues are key considerations in all business decisions
- Incorporate environmental considerations into full product life-cycle
 - Product development through end-of-life planning
- Eliminate activities that threaten the environment, and health and human safety

Environmentally Friendly Logistics Opportunities



Supplier

Packing Design



Reduce packing volume by intelligent package design



Manufacturing site



Canon Inc W/H



Export Facility

Drayage for Export



Vessel

Backhaul of Ocean container



Canon Sales Co. W/H



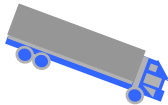
User

Purchase Logistics

Manufacturing Logistics

Domestic Transport

Sales Logistics



Manufacturing site

Improvement in loading efficiency

Shift to intermodal Rail and/or Ferry

- Shift to intermodal
- ① Kanto area ⇒ Fukuoka W/H by Ferry
 - ② Kanto area ⇒ Osaka W/H by Rail

Direct Delivery

Utilize Eco-friendly operating vehicles

Joint Logistics Improvement in packaging

Development of new container for rail



<Point of Issue>

■ Inner dimension of current container = Smaller than international standard, because it is designed for domestic use only (especially height and width)

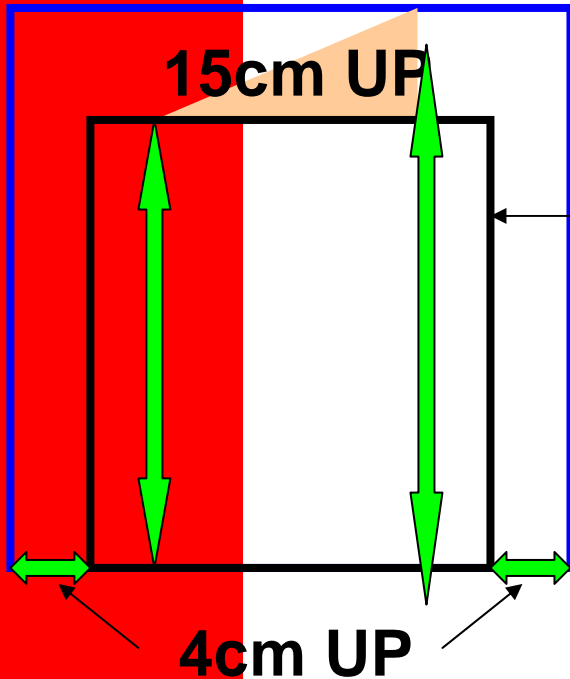
Packing Design of Canon = Designed for ISO standard 40ft ocean container

⇒ **Ratio of rail use from Kanto to Osaka (number of truck basis) = about 40%** ⇒ physical limit

<Solution>

■ Compose the project team by 「Nippon Express co.」 「Nittsu Shoji co.」 「Japan Freight Railway co.」 「Canon」 and develop the new container which has the same height and width as ISO ocean container

(Sectional view of current/new container)



Inner dimension(cm)	Length (L)	Width (W)	Height (H)
New Cont.①	924	235	236
Current Cont.②	924	231	221
①-②	0	4	15

Based on this size-up, target ratio of rail use to Osaka will be 80% from current 40%、

BIG ECO LINER 31 Trademark

■ size 1/4 (165mm x 165mm)

Red:PANTONE 485C

Yellow:PANTONE Yellow C

Canon Logo:
PANTONE 485C

White

Blue(all):PANTONE 288C

Glaz: PANTONE Cool Glaz 8C



New Container <Big Eco-Liner>

This project was a collaboration of **Nippon Express, Japan Freight Railway and Canon** and acquired authorization from Japan's Ministry of Land, Infrastructure and Transport in the government to demonstrate **“Actual proof experiment for small environmental load distribution system in 2003.”**



Cartridge Return Program

- Since 1990, approximately 110,000 tons returned for recovery
- Diverts mass quantities of plastics and other materials from landfills
- U.S. recovery facility located in Virginia



Canon has developed a worldwide recycling collection system for used cartridges.

EPA Programs

ENERGY STAR®

- Canon 1st office imaging equipment manufacturer to participate
- Canon leads the industry with the highest number of qualified products – more than 370 including copiers, fax machines, printers and multi-function devices
- **Canon has won three EPA/DOE ENERGY STAR® Partner of the Year – Product Manufacturers Award 2001, 2002, 2003**



EPA Programs

WasteWise

- WasteWise encourages partners to reduce municipal solid waste through waste prevention, recycling and buying/manufacturing products with recycled content.
- **Canon has received four WasteWise citations for implementing a comprehensive waste reduction program. 2000, 2002, 2003, 2004**



EPA Programs

SmartWay Transport Partnership

- The SmartWay Transport Partnership is a collaborative effort among freight-haulers, retailers and manufacturers with the objective to reduce fuel consumption within the transportation sector, and reduce emissions affecting human health and greenhouse gas emissions.
- **Canon is a Charter Partner of the SmartWay Transport Partnership and the only participating camera and copier manufacturer.**



Our Environmental Objective

- Strategic Objective
 - 2010 Vision Program
 - Halve the burden our business activities place on the environment relative to sales during the decade from 2000 to 2010
- Logistics Operating Objective
 - Reduce CO2 emissions from logistics operations 20% by 2006

Green Logistics Operating Strategy

- Canon U.S.A. Inc.
 - Maximize the use of SmartWay Partner carriers
 - Maximize use of intermodal services
 - Eliminate idling at Canon locations
 - Improve operating efficiency

A Message from Canon's President

Environmental responsibility is an issue close to the heart of Canon. As a corporate leader in environmental matters, we continue to vigorously pursue higher standards with regard to new regulations such as the RoHS (Restriction of Hazardous Substances) Directive in Europe. Our 2010 Vision program, which will continue through the end of this decade, focuses our knowledge on making contributions to the preservation of the environment for future generations to enjoy.

Guided by our corporate policy of *kyosei*, the employees of the Canon Group are united in our quest to build a truly excellent global corporation that is welcomed and respected worldwide. We at Canon look forward to your continued cooperation and support in these endeavors.

Fujio Mitarai
President and CEO
Canon Inc

