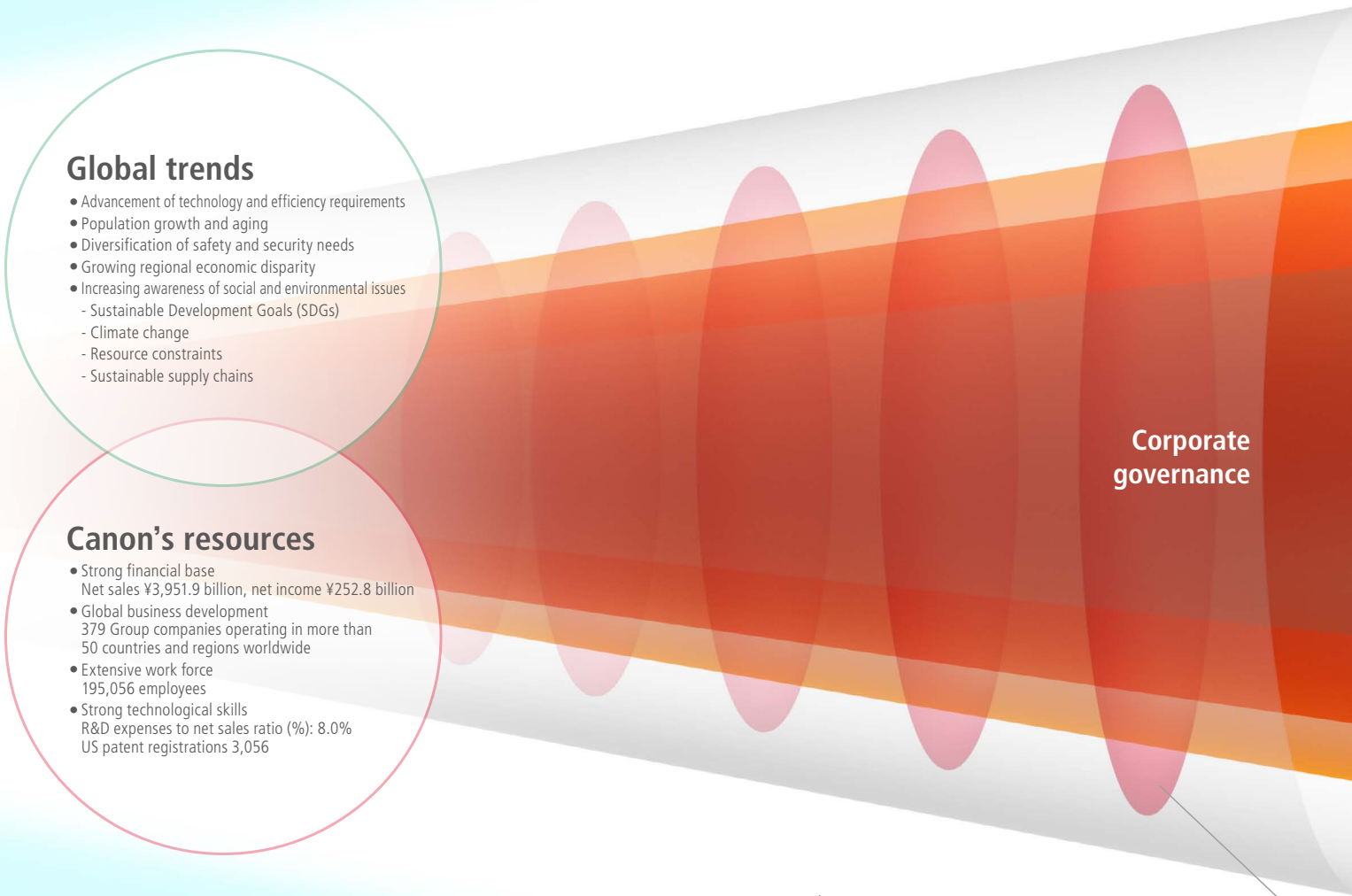


Canon's Value Creation Process

Under the corporate philosophy of *kyosei*, Canon is creating social and economic value by promoting initiatives based on its three materiality themes through business activities, effectively utilizing its inherited corporate DNA since its foundation.



Global trends

- Advancement of technology and efficiency requirements
- Population growth and aging
- Diversification of safety and security needs
- Growing regional economic disparity
- Increasing awareness of social and environmental issues
 - Sustainable Development Goals (SDGs)
 - Climate change
 - Resource constraints
 - Sustainable supply chains

Canon's resources

- Strong financial base
 - Net sales ¥3,951.9 billion, net income ¥252.8 billion
- Global business development
 - 379 Group companies operating in more than 50 countries and regions worldwide
- Extensive work force
 - 195,056 employees
- Strong technological skills
 - R&D expenses to net sales ratio (%): 8.0%
 - US patent registrations 3,056

Corporate governance

Corporate philosophy: *Kyosei*

Excellent Global Corporation Plan

Phase I 1996-2000

To strengthen its financial structure, Canon transformed its mindset to a focus on total optimization and profitability. The company introduced various business innovations, including the selection and consolidation of business areas, and reform activities in such areas as production and development.

Phase II 2001-2005

Aiming to become No. 1 in all major business areas, Canon focused on strengthening product competitiveness along with the changing times, stepping up efforts to digitize its products. The company also conducted structural reforms across all Canon Group companies around the world.

Phase III 2006-2010

Canon moved ahead with such growth strategies as enhancing existing businesses and expanding into new areas while also thoroughly implementing supply chain management and IT reforms.

Phase IV 2011-2015

Responding to weakness in the global economy, Canon revised its management policy from a strategy targeting expansion of scale to a strategy aimed at further strengthening its financial structure. While actively pursuing M&A activities, the company restructured its business at a foundational level to introduce new growth engines for future expansion.

Canon's corporate DNA

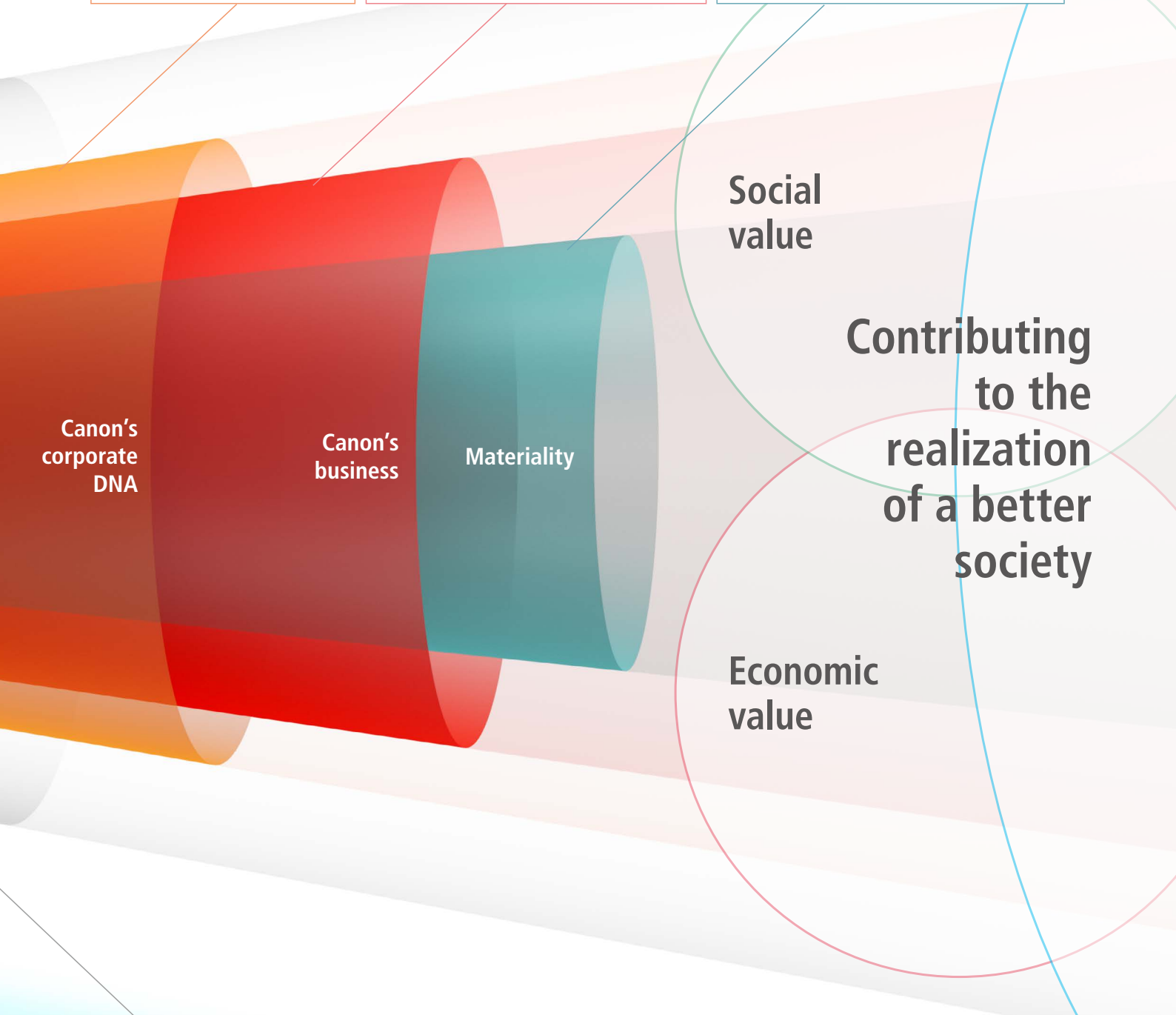
- Respect for humanity
- Emphasis on technology
- Enterprising spirit

Canon's business

- Office business unit
- Imaging system business unit
- Medical system business unit
- Industry and others business unit

Materiality

- Creating new value and solving social issues
- Protecting and conserving the global environment
- Responding to people and society as a good corporate citizen



Social value

Contributing to the realization of a better society

Economic value

Phase V 2016-2020 **Embracing the challenge of new growth through a grand strategic transformation**

1 Establish a new production system to achieve a cost-of-sales ratio of 45%	2 Reinforce and expand new businesses while creating future businesses	3 Restructure the global sales network in accordance with market changes	4 Enhance R&D capabilities through open innovation
5 Complete the Three Regional Headquarters management system capturing world dynamism	6 Cultivate globally competent human resources capable of performing duties while maintaining an all-encompassing perspective of the world map	7 Re-instill the Canon Spirit as a foundation for new growth	