CANON
SUSTAINABILITY REPORT 2025

CONTENTS

About This Report `GRI2-2` `GRI2-3` `GRI2-4` `GRI2-5`

The Canon Sustainability Report provides detailed and comprehensive disclosures on sustainability at Canon for the benefit of a range of stakeholders.

The 2025 edition details our sustainability promotion framework, centered around the Sustainability Committee established in 2024, and makes climate change-related disclosure (risks and opportunities, countermeasures, etc.) based on scenario analyses.

Our Data Summary (available as a separate PDF) provides information related to society and the environment. Some of the data in the Data Summary and the Sustainability Report has been subject to third-party review for enhanced data integrity.

(Ref.) Data Summary
https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf

This report has been prepared in accordance with Global Reporting Initiative (GRI) Standards, which are standard global reporting guidelines. A table comparing this report and GRI Standards is posted on the website below, and relevant GRI Standard disclosure items are clearly indicated with icons in the report.

GRI disclosure item icon example: `GRI2-2`

(Ref.) Comparative table for GRI Standards
https://global.canon/en/sustainability/gri/

Scope of the Report and Period Covered
FY2024 (January 1 to December 31)
Some information relates to times either before or after this period.

Target of the Report
This report presents data from 334 companies (60 companies in Japan and 274 overseas) that are consolidated companies of the Canon Group. All environmental data (except GHG emissions) refer to 117 ISO 14001-certified companies plus one non-certified company.

(Ref.) Canon Group Directory
https://global.canon/en/corporate/group/

Date of Publication
April 2025 (previous: May 2024, next planned: April 2026)

Referenced Reporting Guidelines
- GRI Sustainability Reporting Standards
- European Sustainability Reporting Standards (ESRS)
- ISO 26000 Guidance on Social Responsibility
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)
- Guidelines for Human Capital Visualization, Cabinet Office & Ministry of Economy, Trade and Industry (Japan)
- Environmental Reporting Guidelines (2018 Edition), Ministry of the Environment (Japan)
- Environmental Accounting Guidelines (2005 Edition), Ministry of the Environment (Japan)
- Charter of Corporate Behavior, Keidanren (Japan Business Federation)

Disclosed Data
Disclosed data has been revised to reflect changes in calculation methods and the expanded scope of sites covered. Accordingly, some data in this report differ from previously disclosed data and detailed figures may not add up to totals due to rounding.

Notation
"Canon" refers to all companies in the Canon Group including Canon Inc. and its consolidated subsidiaries, while "Canon Inc." indicates the non-consolidated parent company. "Employees" refers to workers who are full-time or part-time employees. In addition, "Europe" refers to the region comprising Europe, the Middle East, and Africa.

Forward-looking Statements
This report contains not only past and present facts about Canon, but also forward-looking statements based on plans, prospects, and management policies and strategies as of the publication date. These forward-looking statements are assumptions or estimations based on information available at the time the report was prepared. Due to a range of variables, however, the results or circumstances of future business activities may vary from the forecasts contained herein.

Contact us
TEL: (81) 3-3758-2111
URL: https://global.canon/en/contact/sustainability-r/ sustainability-r-form-e.html

Reports Containing Sustainability Information

Report	Description
Canon Sustainability Report	Discloses detailed and comprehensive information about Canon's sustainability approach and framework, as well as our initiatives to address environmental, social, and governance issues.
Canon Integrated Report	Compiles and discloses information pertaining to our longer-term corporate value creation story, including business plans, business, finance, and HR strategies, and ESG initiatives.
Canon Annual Report	Discloses financial information as an English-language consolidated financial statement report and introduces non-financial information such as business strategies and ESG initiatives.
Annual Securities Report (Japanese only)	Discloses detailed information particularly about our financial situation, pursuant to the requirements of Article 24, Paragraph 1 of the Financial Instruments and Exchange Act.
Corporate Governance Report	Discloses our corporate governance approach and structure in line with Japan's Corporate Governance Code and provides more detailed information about our institutional design, how our governance structure operates, and an evaluation of its effectiveness.

Message from the CEO

Canon's corporate philosophy is *kyosei*. It conveys our dedication to achieving a society where all people, regardless of culture, customs, language, or race, happily live and work together. Based on this philosophy, Canon has worked to address the issues faced by society at a global and regional level through our technology and business activities.

In terms of environmental initiatives, since the 1990s Canon has been especially conscious of fulfilling our obligations as a manufacturer. The Canon Group Environmental Charter contains the idea of "maximizing resource productivity" by generating greater value using fewer resources across all product lifecycles, thereby helping to balance affluent lifestyles with the protection of the global environment. In order to contribute to resource efficiency, besides recycling and refurbishing in-house manufactured products, we promote eco-conscious design; the use of recycled materials; and longer lifecycles for products. We have also adopted the corporate slogan of "Minimum Energy 360," under which we strive to reduce CO_2 emissions throughout the product lifecycle at all stages of our value chain, urging each employee to minimize the consumption of energy in every aspect of their activities.

In addition to addressing environmental issues such as climate change and biodiversity conservation, we are stepping up efforts relating to human rights, including in the supply chain, as well as human capital, information security, and other areas in our business activities, recognizing that these form a vital foundation for supporting the sustainable development of both Canon and society. We hope to contribute to realizing the Sustainable Development Goals (SDGs) established by the United Nations through such activities.

Rising global awareness of sustainability issues is leading to significant change across industry, society and in people's lifestyles. Utilizing the power of innovation and technology to satisfy the needs and expectations of our stakeholders, we aim to contribute to the realization of a more sustainable society by promoting sustainability activities across the Canon Group. In closing, I humbly ask for your continued support.

Fujio Mitarai
Chairman & CEO
Canon Inc.

Canon Sustainability Report 2025

Corporate Philosophy

Kyosei

Canon's corporate philosophy is *kyosei*.

It conveys our dedication to seeing all people, regardless of culture,

customs, language or race, harmoniously living and working together in happiness into the future.

Unfortunately, current factors related to economies, resources and the environment make realizing *kyosei* difficult.

Canon strives to eliminate these factors through corporate activities rooted in *kyosei*.

Truly global companies must foster good relations with customers and communities, as well as with governments,

regions and the environment as part of their fulfillment of social responsibilities.

For this reason, Canon's goal is to contribute to global prosperity and

the well-being of humankind as we continue our efforts to bring the world closer to achieving *kyosei*.
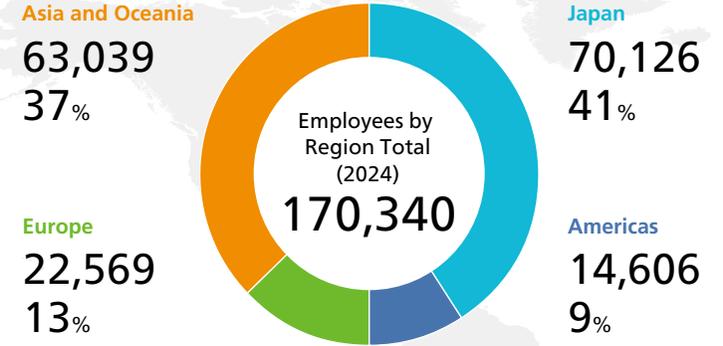
Canon Sustainability Report 2025
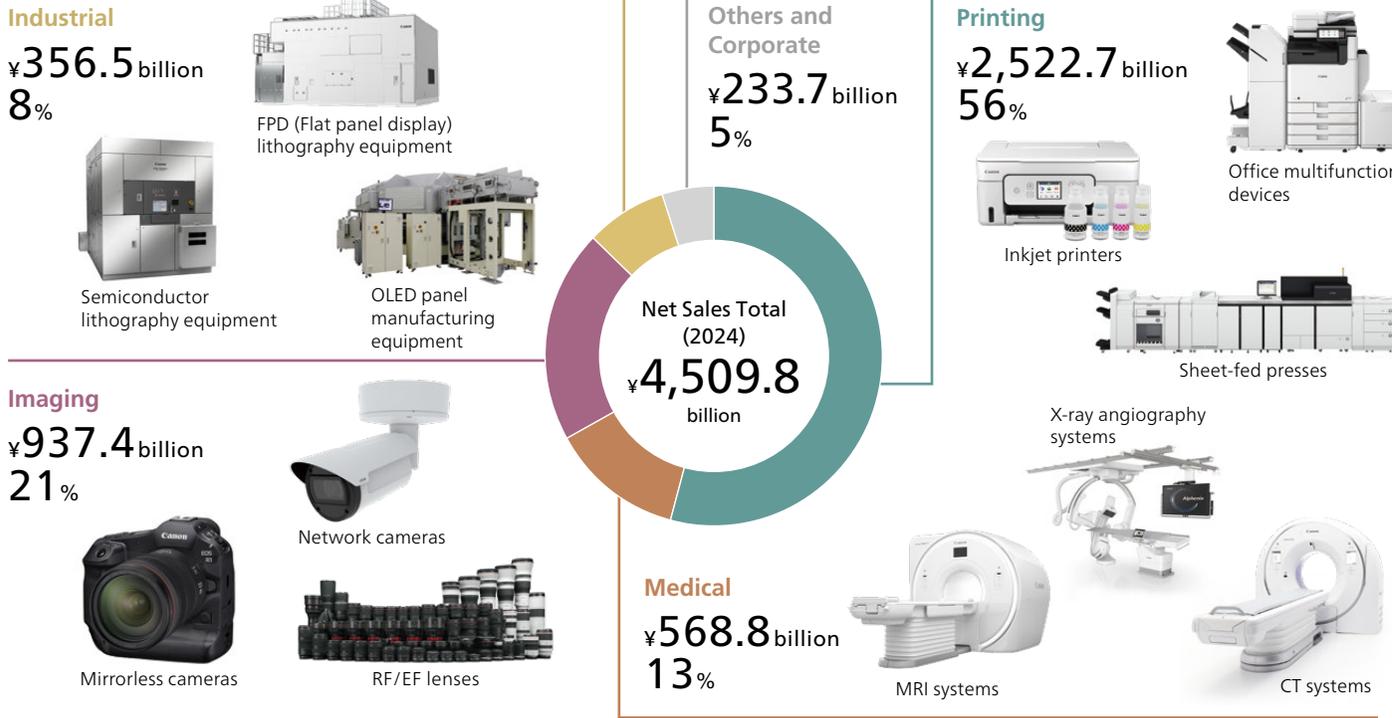
Canon Group Overview `GRI2-1` `GRI2-2` `GRI2-6` `GRI2-7`

Net Sales by Region

Asia and Oceania
¥940.8 billion
21%

Japan
¥955.5 billion
21%

Europe
¥1,184.4 billion
26%

Americas
¥1,429.2 billion
32%

Net Sales Total
(2024)
¥4,509.8
billion

Number of Employees by Region

Asia and Oceania
63,039
37%

Japan
70,126
41%

Europe
22,569
13%

Americas
14,606
9%

Employees by
Region Total
(2024)
170,340

Net Sales by Business Unit

Industrial
¥356.5 billion
8%

FPD (Flat panel display)
lithography equipment

Semiconductor
lithography equipment

OLED panel
manufacturing
equipment

Imaging
¥937.4 billion
21%

Network cameras

Mirrorless cameras

RF/EF lenses

Others and Corporate
¥233.7 billion
5%

Net Sales Total
(2024)
¥4,509.8
billion

Medical
¥568.8 billion
13%

MRI systems

X-ray angiography
systems

CT systems

Printing
¥2,522.7 billion
56%

Office multifunction
devices

Inkjet printers

Sheet-fed presses

Company Information

Company name .... Canon Inc.

Established .... August 10, 1937

Headquarters .... 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo, Japan

Chairman & CEO............ Fujio Mitarai

Canon Inc. shareholders' equity:
Common stock.............. ¥174,762 million

Group companies.......... 334 consolidated subsidiaries

Affiliated companies accounted for by the equity-method............... 10

Please refer to Group company websites for further information.
https://global.canon/en/corporate/group/index.html

* Sales ratios do not total 100% due to sales between segments.

Sustainability Management `GRI2-12` `GRI2-13` `GRI2-14` `GRI2-16` `GRI2-22` `GRI2-23` `GRI2-24` `GRI2-25` `GRI2-28`

Approach to Sustainability

Since 1988, Canon has been striving to uphold our corporate philosophy of *kyosei* (living and working together for the common good) in order to contribute to worldwide prosperity and happiness.

A society in which all people live and work together, respecting one another and coexisting happily, regardless of culture, customs, language, ethnicity, or region. And a society in harmony with nature, able to preserve Earth's abundant resources for future generations.

To realize such a society, Canon will create new value through the power of innovation and technology, providing world-first technologies and world-leading products and services while also contributing to solutions for the problems our society faces. By providing greater value while using fewer resources throughout all product lifecycles, we aim to enable affluent lifestyles while protecting the environment.

Through our corporate activities, Canon proactively works toward realizing a sustainable society.

Reference: Approach to Sustainability (formulated in October 2021)

Sustainability Promotion System

The Canon Sustainability Headquarters was established to promote sustainability across Canon, headed by the director with responsibility for sustainability. Besides promoting sustainability activities across the entire Canon Group, for specialized issues, departments such as Legal Affairs, Human Resources, Quality Assurance and Procurement undertake initiatives leveraging their expertise.

In 2024, we established the Sustainability Committee as an advisory body to the CEO to boost information-sharing and deliberative capabilities to support the CEO and Board of Directors in appropriate and effective decision-making relating to the sustainability measures and initiatives being undertaken within Canon at the parent and consolidated levels. The committee meetings are held twice a year respectively, and extraordinary meetings are held when the chairperson of the committee deems it necessary. The members of the Committee are appointed by the CEO from among the heads of the departments under the direct control of the President in Canon headquarters, operational headquarters, etc., and the CFO serves as the chairperson. We have also set up various working groups under the aegis of the committee to study and make

proposals on sustainability-related issues. Comprising the general managers of the sustainability-related departments, these working groups can consult with outside experts where appropriate.

In 2024, the committee shared information on the disclosure standards stipulated in the European Sustainability Reporting Standards (ESRS) and the International Sustainability Standards Board (ISSB) and other bodies, as well as sustainability issues of Canon and its responses. In addition to that, sustainability study sessions* by outside experts were also organized to help enhance the knowledge of committee members.
* #1: "Sustainability and Corporate Value"
  #2: "The Importance of Sustainability in Creating Corporate Value"

Information on specific sustainability-related activities can be found elsewhere in this report.

Sustainability Committee Structure
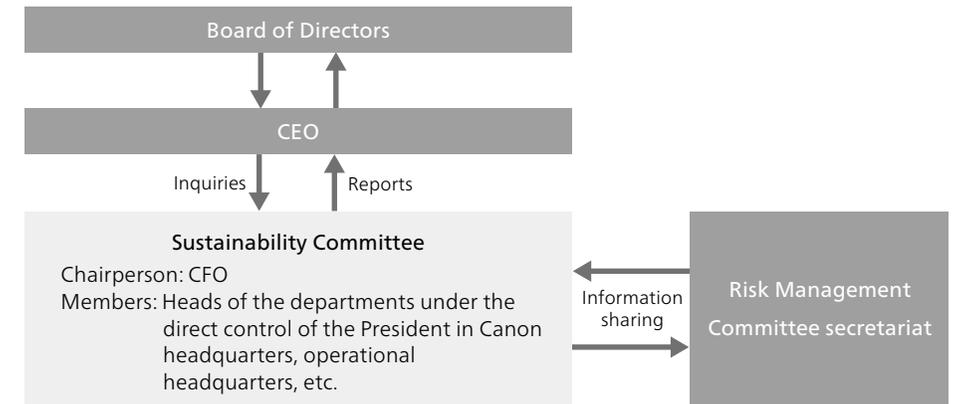
Key Sustainability-related Guidelines

- Canon Group Environmental Charter
- Canon Group Environmental Vision
- Canon Group Biodiversity Policy
- Canon Group Water Resources Policy
- Canon Group Human Rights Policy
- Canon Group CSR Activity Policy
- Universal Design Action Guidelines
- Canon Group Code of Conduct (→P85)
- Canon Sustainability Supplier Guidelines
- Canon Group Basic Policy on Responsible Minerals Sourcing

Developing Company-wide Initiatives

To revitalize activities and help develop a sustainability mindset across the Canon Group, we share the direction of sustainability activities and related details at meetings such as our global management conferences for the senior managers of major Group companies. Moreover, we assess the results achieved under the business policies of each operating division and manufacturing and marketing company under a consolidated performance evaluation system, as well as the results of their various environmental and social contribution activities, to raise awareness among executives.

We conduct regular surveys of Canon Inc. employees, using questionnaires to gauge the awareness of day-to-day sustainability issues and related activities. The survey in 2024 received 22,685 replies. We analyze and utilize the collated survey findings to propose ways of further boosting employee awareness of sustainability issues.

Other initiatives aimed at developing our sustainability activity programs across the Canon Group include training courses for employees and executives; information sessions at Group companies organized by sustainability representatives; and awards for sustainability, among other promotional activities.

Examples of Activities Conducted in 2024
- Sustainability lectures by outside experts
- Diversity program featuring visually impaired employees as guest speakers
- Sustainability Photo Competition
- Food Waste Reduction event (canteen)
- Reports and online channel distributing varied range of sustainability-related information

Reference: Canon Sustainability Channel
https://global.canon/en/sustainability/policy/#anchor01

Awards System to Motivate Group-wide Enthusiasm

The annual Environmental Awards have showcased outstanding examples of environmental impact-reduction activities since 2009 with the aim of stimulating more intra-Group environmental activities and building motivation. Besides products and services, the awards highlight programs at Group sites worldwide to save energy and resources and protect biodiversity; entries from any division are permitted. Activities selected for awards are publicized on the intranet and via internal communications to foster environmental

awareness within the Canon Group and improve performance by sharing examples of the best practices.

Among the entries from Group companies worldwide, one Grand Prize and four Merit Prizes were awarded in 2024. The winning entries represented a wide range of activities from product development to individual Group site initiatives, including newly developed products featuring significantly lower CO_2 emissions, elimination of plastic packaging, use of recycled materials, and major reductions in energy usage at datacenters.

Environmental Award ceremony

71 entries from domestic/ overseas Group companies in 2024

Comment by Award Recipient

Our entire team focused on contributing to the environment by trying to develop ways of conserving resources and power. Being recognized with an award makes us proud to know that our efforts have had a positive impact on all Group employees, and it has encouraged us to redouble our efforts to address environmental issues.

Kenji Watanabe
Canon Inc.
Peripheral Products Operations

Creating Positive Environmental and Social Impacts Through Products, Technologies and Solutions

Leveraging our advanced technologies, Canon will be a source of innovation with our ever-evolving products and services that adapt to changing social needs and a changing business environment, as well as with a variety of IT/AI-based solutions.

Canon-developed Technology for Sorting Plastics Equipment to Revolutionize Recycling

Realizing a circular economy based on the promotion and expansion of plastics recycling has become an urgent issue in recent years.

Canon has developed plastics-sorting equipment that uses tracking Raman spectroscopy which enables simultaneous sorting of black and other-colored plastics, which has been hard to achieve using conventional technical approaches. In this way, Canon contributes to improving productivity and maximizing plastic recycling through recycling technology, thereby contributing to realizing resource-efficiency.
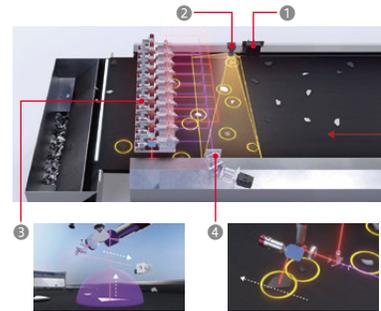

❶ Non-Contact Displacement Sensor measures the movement of the conveyor belt
❷ Image recognition system recognizes position and brightness of pieces
❸ Galvano scanners control the direction of laser light to track and illuminate each plastic piece
❹ Raman scattering is detected by proprietary light spectrum unit and analyzed by recognition software

How the tracking Raman spectroscopy plastics sorter works

High-performance Materials to Realize a Decarbonized Society

Gaining attention as the next generation of solar technology, perovskite solar cells are lighter and more flexible than conventional silicon-based solar cells. They also offer greater freedom in terms of installation location because they can generate power from interior light, and they are expected to lower capital investment costs.

A novel high-performance material to cover the perovskite (photoelectric conversion) layer is being developed by Canon that would improve the durability of perovskite solar cells and the stability of their mass production.

New high-performance material

Perovskite (photoelectric conversion) layer
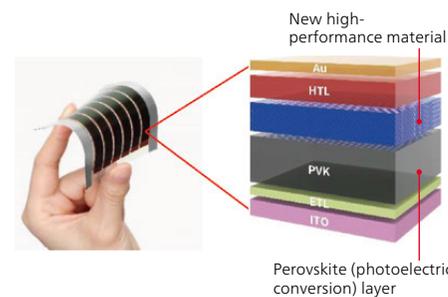
(L) Perovskite solar cell
(R) Structure of perovskite solar cell with newly developed high-performance material

Nanoimprint Lithography (NIL) Technology Enables Significantly Lower Power Usage

Compared with conventional approaches, nanoimprint lithography (NIL) technology developed by Canon enables production of chips with circuit resolution of 15nm or smaller at greatly reduced cost with significant power savings. NIL is considered to revolutionize the semiconductor industry.

The radical simplification of the chip production process using NIL reduces power consumption by up to 90% compared to existing lithographic methods.

Nanoimprint lithography equipment

Toward Realizing Fusion Reactors as a Next-generation Energy Source

Nuclear fusion is attracting attention as a potential next-generation energy source because it generates no CO_2 emissions or high-level radioactive waste.

Collaborating with the National Institutes for Quantum Science and Technology, Canon Electron Tubes & Devices Co., Ltd. has developed "Gyrotron", the world's first triple-frequency plasma heating device. By controlling the movement of internal electrons, gyrotrons can beam high-energy microwaves into the reactor. High power output with relatively low energy consumption has been realized by electronic control technologies and the optimization of the device design using simulations.

Gyrotron, the world's first triple-frequency plasma heating device

Next-generation CT: Better for Patient Care

Photon-counting CT (PCCT) represents the next evolution of CT technology for early detection of disease. By converting the image-generating X-rays directly into electric signals, PCCT can create much clearer images than conventional CT.

　The Canon PCCT technology can also enable imaging of bone and small structure at greater detail, improving diagnostic accuracy, and is also expected to enable the diagnosis of conditions that was not previously possible. It also significantly reduces noise in the image, allowing for imaging with less X-ray radiation, thereby reducing exposure for patients.
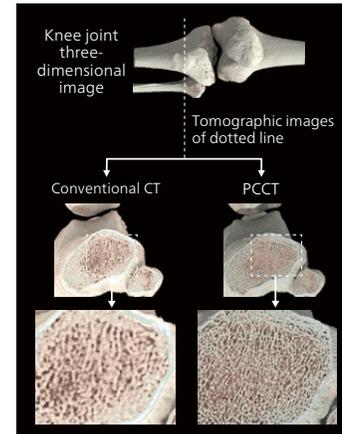
Comparison of PCCT and conventional CT images

Portable Diagnostic Ultrasound System

Ultrasound equipment has evolved hugely in recent years, both in the early detection and prevention of disease, and as a guide for medical treatment. No longer limited to bedside and diagnostic applications inside the hospital, portable ultrasound devices can be used anytime, anywhere, such as for medical care in homes or remote areas; in emergency and disaster settings with no access to power; and at sporting events to check the condition of athletes. Canon is helping medical professionals to undertake appropriate diagnostic scans quickly by supplying portable ultrasound equipment for delivering high-quality images within a variety of settings.

Portable diagnostic ultrasound device

Canon Uses AI-based Imaging Technology for Social Infrastructure Inspection Service

Deterioration of bridges, tunnels and other social infrastructure has become an issue in recent years. Conventional approaches require specialist equipment and staff to do visual inspections, but are problematic due to engineer shortages, costs and safety.

　We have developed a social infrastructure inspection service that utilizes AI to detect cracks and other defects in images taken by cameras. This helps solve the problem without specialist equipment or technology while also avoiding CO_2 emissions. By combining AI with imaging technology, Canon aims to contribute to maintaining social infrastructure in an eco-friendly way.

Infrastructure inspections using Canon cameras

Inclusivity Initiatives Using Elevated Printing Technology

Canon has developed a unique elevated printing technology involving the building up of layers of UV-curable inks. We have applied this technology to help restore ancient Egyptian cultural heritage, and the reproduction of the texture and gloss of famous oil paintings for donation to art museums.

　In 2024, we used the elevated printing technology to support an experiential photography exhibition in Austria. By capturing specific hand movements that express music through sign language, we helped create tactile photos for inclusive enjoyment by people with and without visual impairments.

Tactile applications using elevated printing technology

New Specialist "R&B" Entity Established to Develop Future-oriented Solutions for Societal Issues

In 2024, Canon Marketing Japan established a specialized organization for Research and Business Development (R&B) that will take a future-oriented approach as it strives to create new businesses to solve social issues. Focused on the two domains of well being and business transformation, the varied strands of the R&B approach to value creation include investing in startups with innovative technologies and other creative ideas; pursuing an open innovation approach in collaboration with partners from industry, government and academia; and fostering business accelerator programs.

Reference: Research & Business Development
https://corporate.canon.jp/en/profile/rb

Please refer to the Integrated Report for more detailed information on how Canon creates new value and addresses societal issues through products, technologies and solutions.

https://global.canon/en/ir/library/integrated.html

Stakeholder Engagement `GRI2-12` `GRI2-29`

Canon conducts ongoing dialogue with various stakeholders to deepen mutual understanding. In addition to addressing societal issues at the national or local level, we are working to upgrade Canon initiatives and disclosures in alignment with stakeholder interests. We have held discussions about the content of this report with multiple external experts on sustainability. The table below outlines communication methods employed in our business activities for important dialogues with stakeholder groups. The report also includes comments from employees as well as external parties on the stakeholder impacts of Canon's business activities.

Any external inquiries may be directed to the Canon website*. All opinions or requests are promptly shared with, and answered by, the relevant division.

* Inquiries about Canon
https://global.canon/en/contact/inquiry/inquiry-form-e.html

Stakeholder	Topics of Interest	Main Communication Methods	Key Relevant Sections in Report
Customers	• Provision of high-value-added products and services of high quality • Provision of appropriate information on products and services • Responding to inquiries • Improving customer support	• Customer advice centers • Service centers • Website/social media • Customer satisfaction surveys • Showrooms	• Creating positive environmental and social impacts through products, technologies and solutions (→P07) • After-sales support (→P76)
Educational/ Research Institutions	• Optical technology • Cutting-edge technology • Joint research • Environmental education	• Joint R&D projects • Introductory and operational briefings • Visits to Canon Foundation grant recipients • Internship programs • Meetings with research institutions, including collaborative projects with industry and academia • Providing committee members to various academic societies • Outreach classes and instructor dispatch	• Supporting research activities that contribute to the sustainable development of humankind through the Canon Foundation (→P71) • Environmental communication (→P16)
Employees	• Improvement in workplace environments • Management policies • Maintenance of employee benefit programs • Support for career development • Maintenance of personnel evaluation system • Maintenance of workplace safety system • Cultivation of high company morale	• Labor-management conferences and committees • Information sharing from top management • Training programs • Career matching system • Whistleblower system • Employee awareness surveys • Safety and Health Committee • Compliance meetings • Human resource hotline	• Male employees taking childcare leave (→P55) • Participants in leadership training for women (→P58) • Trainee-style career matching system users (→P65) • Supervisors for Voluntary Action Plan (VAP) audit-related measures (→P50)
NGOs/NPOs	• Issues affecting global society such as refugee issues and poverty • Disaster relief support • Ecosystem protection/conservation • Supply chain risks	• Collaborative biodiversity conservation projects • Humanitarian and disaster-relief activities in disaster-affected areas • Collaboration to achieve a green supply chain	• Disaster relief activities (→P69) • Reduction of supply chain environmental risk in partnership with China's Institute of Public & Environmental Affairs (IPE) (→P92)
Local Communities	• Fulfilling responsibilities as corporate citizen to participate in local community activities • Contributions to local communities through business operations • Protection/conservation of local community ecosystems	• Emergency disaster-relief assistance • Disaster-preparedness and crime-prevention drills • Involvement in local groups/organizations • Ecosystem protection/conservation activities • Local events and volunteer activities • Environmental education and awareness activities	• Biodiversity (→P39) • Sociocultural support activities (→P67)

Stakeholder	Topics of Interest	Main Communication Methods	Key Relevant Articles and URLs in Report
Shareholders/ Investors	• Medium- to long-term management strategy aimed at achieving continued growth • Status of business portfolio transformation • Financial condition • Business plan and related progress • ESG activities	• General meeting of shareholders • Corporate strategy conference • Financial results conferences • Individual meetings with institutional investors • Integrated Report, Annual Securities Report • Investor relations website	• Investor Relations https://global.canon/en/ir/
Suppliers	• Procurement policies • Requests to address social issues • Analysis of business trends and supplier performance • Product/technology trends • Improved efficiency of the chemical substance information transmission scheme	• Procurement annual meeting • Supplier surveys • Business briefings to suppliers • Onsite supplier briefings • Technology exhibitions by suppliers • Promotion of green procurement	• Utilization and development of the chemSHERPA system for information sharing on chemical substances (→P36) • Respect for human rights in the supply chain (→P51) • Supply chain management (→P90)
Central/Local Governments	• Legal/regulatory compliance • Trends in government policy	• Opinion exchange with central government agencies and local government authorities • Dialogue with economic organizations and industry groups • Cooperation in surveys and questionnaires	• Cooperation with Industry Groups (→P94)
Other Companies	• Industry trends • Product/technology trends • Addressing social issues that affect multiple industry sectors	• Participation in environmental technology initiatives • Participation in standardization for common foundational technologies of IoT systems	• Collaborating with other companies and leveraging each other's strengths to support education (→P69)

External Recognition

Canon has received awards and citations from various external bodies for the efforts it has made to satisfy stakeholder expectations. Please refer to the URL below for further details.

Reference: Recognition
https://global.canon/en/sustainability/recognition/index.html

Material Topics `GRI2-23` `GRI2-25` `GRI3-1` `GRI3-2` `GRI3-3`

Overview of Material Topics

In 2022, based on the GRI Standards as revised in 2021, Canon identified the material topics outlined below by considering the environmental and social impacts of Group activities – both positive and negative, direct and indirect. Topic identification was based on management discussions and the four-step processes described below.

Step 1: Identify social issues using various indicators, including different international frameworks and sustainability surveys, and based on direct dialogue with stakeholders

Step 2: Gauge the impact that Group business activities and actions taken in line with the medium- to long-term management plan have on the environment and society

Step 3: Evaluate the significance of the impacts for each of the issues

Step 4: Validate the selections and priorities in the assessment results through dialogue with external sustainability experts

To confirm the suitability of material topics, Canon conducts an annual review of surveys of sustainability trends from countries and regions worldwide, together with an analysis of related regulatory systems.

In 2024, Canon also began reviewing material topics in terms of compliance with global sustainability disclosure standards as set out by the International Sustainability Standards Board (ISSB) and the European Sustainability Reporting Standards (ESRS).

Targets and Results for Identified Material Topics

★: Target met, good
☆: Target partially met

	Material topics	Significance	Goals	Main targets	Results, achievements in 2024 (KPIs)	Status
Environmental domain	**Climate change**	Very important	Achieve net zero GHG emissions over entire product lifecycles by 2050	In line with SBTi criteria, reduce Scope 1* & 2* GHG emissions by 42% and Scope 3* (category 1, 11) GHG emissions by 25% compared to 2022 by 2030	Reduced Scope 1 & 2 GHG emissions by 12.8% and Scope 3 (category 1, 11) GHG emissions by 17.7% compared to 2022 (→P23)	★
				Lifecycle CO_2 emissions improvement index per product 3%-per-year average improvement, 50% improvement in 2030 compared to 2008	Annual average of 3.76% (2008-2023) (→P24)	★
	Resource efficiency	Very important	• Contain new resource input and use recycled materials • Completely eliminate single-use plastics in packaging materials	Total waste generation per basic unit: 1% improvement	2.2% improvement (→P30)	★
				Resource recycling rate for printing products in 2025: 20%. In 2030: 50%	Approx. 17% (→P31)	☆
	Chemical substances	Very important	Careful management of chemical substances in products and in manufacturing	Emissions of controlled chemical substances per basic unit: 1% improvement	0.9% deterioration (→P36)	The target has not been achieved due to the deterioration of efficiency resulting from factors such as increased usage accompanying quality improvements from the cleaning process. We aim to achieve the target through thorough management of emissions suitable for the processes.
				Prohibit inclusion of designated chemical substances in products one year before ban	No prohibited substances in products (→P36)	★

* Scope 1: Direct emissions (city gas, LPG, light oil, kerosene, non-energy-related greenhouse gases, etc.)
  Scope 2: Indirect emissions (from use of electricity, steam, etc.)
  Scope 3: Supply chain-related emissions (emissions from purchased goods and services, upstream transportation and distribution, and utilization of sold products).

★: Target met, good
☆: Target partially met

Material topics	Significance	Goals	Main targets	Results, achievements in 2024 (KPIs)	Status
Environmental domain — Biodiversity (SDG icons 14, 15, 17)	Important	• Conserve biodiversity from a global perspective while considering diverse local characteristics • Reduce impact on biodiversity of all business activities and promote social contribution activities that help conserve biodiversity	"Consideration for biodiversity centered on operational sites": Ascertain impact of business activities on biodiversity, conserve animal and plant habitats around operational sites	• Expanded Bird Branch activities (→P39) • Shimomaruko Woodland registered in the OECM international database (→P40) • Oita Plant of Oita Canon and Canon Medical Systems Head Office registered as "Nature Symbiosis Sites" (→P40)	★
			Water usage per basic unit: 1% improvement	0.6% improvement (→P39)	The target has not been achieved due to the deterioration of efficiency resulting from factors such as an increased production ratio of products with high water usage. We aim to achieve the target through thorough management of usage suitable for the processes.
Social domain — Human rights and labor (SDG icons 5, 8, 10, 16)	Very important	Respect the human rights of all stakeholders involved in Canon's business activities	Mitigate risks by conducting human rights due diligence	• Identifying salient human rights risks in business activities, including supply chain (→P48) • Self-audits by sites in Japan and overseas using RBA tools: 64 sites (→P50) • Expanding human rights training as part of human rights awareness activities for employees	★
		Environments that maximize the individuality and potential of employees, ensure mutual respect for diversity, and empower employees	Canon Inc.: Increase ratio of female managers by 3x by end-2025 from 2011 level	• Ratio of female managers at Canon Inc.: 4.2% (→P57)	★
			Canon Inc.: Increase ratio of male employees taking childcare leave to at least 50% by end-2025	Ratio of male employees taking childcare leave at Canon Inc.: 64.6% (→P58)	★
		Safe, secure workplace environments for employees	Canon Inc. and Group companies in Japan: Eliminate all types of machinery-related accidents (0 cases)	Canon Inc. and Group companies in Japan: All types of machinery-related accidents (2 cases) (→P61)	Although accidents occurred and the target was not met, we are putting measures in place to prevent recurrence and continue to conduct risk assessments, aiming to achieve the target
			Canon Inc. and Group companies in Japan: Eliminate accidents caused by highly hazardous chemical substances (0 cases)	Canon Inc. and Group companies in Japan: Accidents caused by highly hazardous chemical substances (0 cases) (→P61)	★
Sociocultural support activities (SDG icons 1, 2, 3, 4, 9, 11, 15, 16, 17)	Important	Contributing to the realization of a better society as a good corporate citizen	Promote sociocultural support activities in global and local communities by leveraging the Group's advanced technological capabilities, global business development expertise, and diverse, specialized human resources	• Workshops for the Canon Young People Programme aimed at fostering creativity and expressiveness in young people held across 32 countries with 1,725 attendees (→P68) • Participants in *Miraisha* Programme aiming to increase employment opportunities and technical skills in Africa: About 600 (→P67) • Beneficiaries in 4E's Project providing multi-faceted assistance in India: 26,450 (→P69) • Visitors to Tsuzuri Project special exhibition preserving ancient Japanese cultural assets for the future: About 10,000 (→P70)	★

Approach (Environment) `GRI2-23` `GRI2-25` `GRI3-2` `GRI3-3`

Canon's Approach to Environmental Assurance

Acting on the foundation of its Approach to Sustainability (→P05), Canon works to protect and conserve the global environment in line with the Canon Group Environmental Charter and the Canon Group Environmental Vision.

Canon Group Environmental Charter

Corporate Philosophy: *Kyosei*

Achieve corporate growth and development while contributing to the prosperity of the world and the happiness of humankind.

Environmental Assurance Philosophy

In the interest of world prosperity and the happiness of humankind, pursue maximization of resource efficiency, and contribute to the creation of a society that practices sustainable development.

Fundamental Policies for Environmental Assurance

Seek to harmonize environmental and economic interests in all business activities, products, and services (the EQCD concept); offer products with lower environmental burden through innovative improvements in resource efficiency, and eliminate anti-social activities that threaten the health and safety of mankind and the environment.

EQCD Concept

E: Environment (environmental assurance)	………	Companies are not qualified to manufacture goods if they are incapable of environmental assurance.
Q: Quality	………	Companies are not qualified to market goods if they are incapable of producing quality goods.
C: Cost D: Delivery	………	Companies are not qualified to compete if they are incapable of meeting cost and delivery requirements.

1. Optimize the organizations for prompting the Canon Group's global environmental efforts, and promote environmental assurance activities for the Group as a whole.
2. Assess the environmental impact of entire product lifecycles and explore ways to minimize environmental burden.
3. Promote the research and development of technologies and materials essential for environmental assurance and share the achievements with society.
4. Comply with all applicable laws in each country/region and other requirements the Canon Group agrees upon with stakeholders, and promote energy and resource conservation and elimination of hazardous substances in all corporate activities.
5. In procuring and purchasing necessary resources, give priority to materials, parts, and products with lower environmental burden.
6. Establish an Environmental Management System (EMS) and establish and periodically review environmental objectives and targets to prevent environmental pollution and damage, and steadily reduce environmental burden.
7. Actively disclose to all stakeholders information on environmental burden and keep them updated on the progress of environmental measures.
8. Raise the environmental awareness of employees and educate them to take the initiative in environmental protection.
9. Maintain close relationships with governments, communities, and other interested parties, and actively support and participate in environmental protection activities.

Date of establishment March 1993
Date of revision December 2024

Chairman & CEO
Canon Inc.

Canon Group Environmental Charter

Canon Group Environmental Vision

Through technological innovation and improved management efficiency throughout all of its corporate activities, Canon aims to achieve sustainable corporate growth while also realizing a society that promotes both enriched lifestyles and the environment.

To this end, Canon offers greater value using fewer resources throughout the entire product lifecycle —Produce, Use, Recycle— to achieve highly functional products with minimal environmental burden. Canon continues to expand these activities with its customers and business partners.

Canon will contribute to a future that promotes both enrichment and the environment through technological innovation.

Canon Inc.
Date of establishment August 2008
Date of revision December 2024

Canon Group Environmental Vision

Approach

Canon addresses the four material topics identified in the environmental domain, including Climate Change, Resource Efficiency, Chemical Substances and Biodiversity, throughout the entire product life cycle.

To help promote material recycling, we have established recycling centers at five sites worldwide and are promoting efficient use of resources in regions of net consumption. With chemical substances, we ensure that Canon products do not breach regulatory composition standards for hazardous substances and that our operational sites do not emit any chemicals beyond regulated emission limits. To preserve biodiversity, we strive to protect and restore biodiversity and water resources while ensuring appropriate water use. Especially in Climate Change, to achieve net zero GHG emissions, we are working to improve the energy efficiency of Canon products over their life cycle through a range of environmental activities, including designing smaller, lighter products; making distribution more efficient; saving energy at production sites; utilizing renewable energy sources; and improving the energy efficiency of products during usage and other stages of the life cycle. We will seek to reduce our CO_2 emissions by using fewer virgin resources and more recycled materials while reducing waste emissions. In addition to our own efforts, we will collaborate on initiatives with stakeholders throughout the value chain. Over the long term, we aim to achieve net zero GHG emissions using various approaches, including the incorporation of innovations generated in the whole society and the achievement of our SBTi* targets. Through the power of innovation and technology, Canon will not only reduce CO_2 emissions in our own operations but also help lower CO_2 emissions across society.

* Science Based Targets initiative: A global body that promotes setting greenhouse gas emission reduction targets in line with climate science

Activity Report

Environmental Management

Canon works to protect and conserve the environment throughout the product life cycle.

Global Environmental Promotion System

Led by the Sustainability Headquarters under the supervision of the CFO of Canon Inc., Canon is conducting environmental activities with the aim of achieving Canon's environmental targets and realizing Canon Group environmental vision. We use a global framework comprising the Canon products operations and Canon Group companies in Japan and overseas. Canon Executive for Sustainability Headquarters, a position occupied by an executive officer of Canon Inc., reports each month to the CFO (and to the CEO if necessary) on all environmental activities to gain approval.

Moreover, based on the identification of the related risks and opportunities through the discussions of the Sustainability Committee, the direction and content of any sustainability-related matters requiring the response or engagement of Canon is approved by the CEO.

**Global Environmental Promotion System**
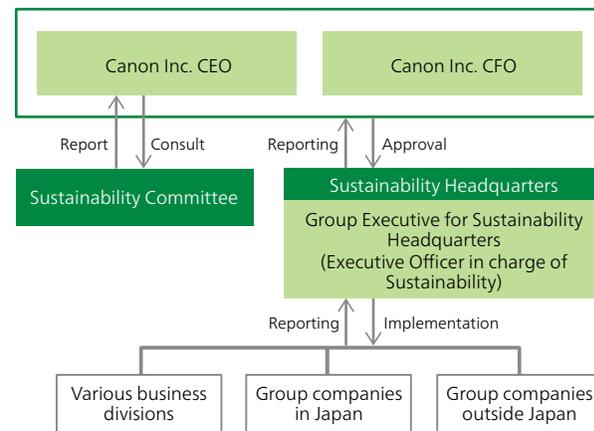
Environmental Management System

Canon has instituted a common environmental management system (EMS) in line with the ISO 14001 standard covering Group operational sites worldwide. The EMS promotes environmental assurance activities (Do), which are linked with activities of each division (products operations, operational sites, and Group companies). In turn, we set annual and medium-term environmental targets (Plan) and establish action plans and important measures to achieve those targets, which are reflected in our business activities. Moreover, we carry out Environmental audits to check the progress of initiatives as well as any issues to be addressed in each division, and Environmental and CSR performance evaluations, to assess our environmental performance (Check). We then work to continually improve and enhance our environmental assurance activities (Act). This PDCA cycle is used to manage the evaluated and identified risks as well. By implementing the PDCA cycle for environmental assurance activities of each division, we achieve continual improvement and reinforcement and advance the environmental assurance activities of the entire Canon Group. The Sustainability Headquarters ensures the smooth management of this system by gathering Canon's Environmental Management System information on environment-related laws and regulations, establishing environmental policies and rules for the entire Group, and planning and managing evaluation methods for environmental assurance activities. Reflecting the need for independent, third-party evaluation of EMS effectiveness, all Canon Group operating sites with manufacturing or marketing functions are ISO 14001-certified. In 2024, Canon Inc. as well as Group companies operating in 39 countries

and regions (in total, 117 companies/529 operational sites) had gained ISO 14001 certification. The acquisition of consolidated Group certification has supported stronger corporate governance and more efficient environmental management. The progress of activities is one element of the management review used to monitor this area, which includes relevant reporting to and approval of both the CEO and CFO of Canon Inc.

Reference: Certifications Obtained
https://global.canon/en/sustainability/data/pdf/canon-list-e.pdf?001
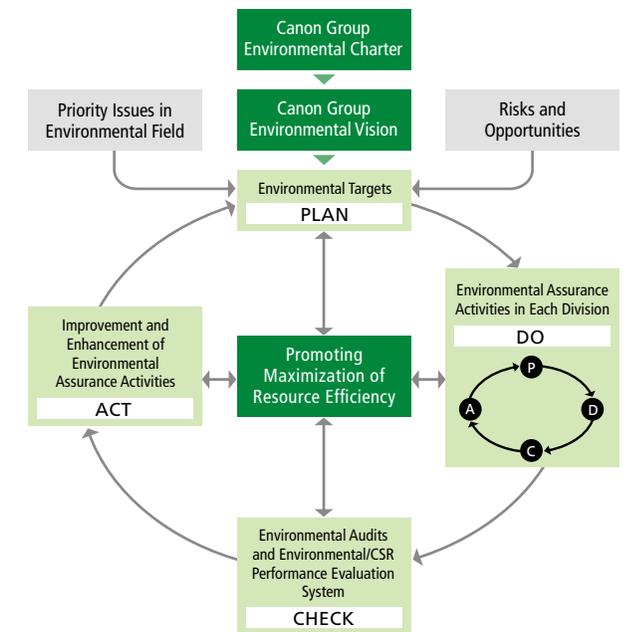
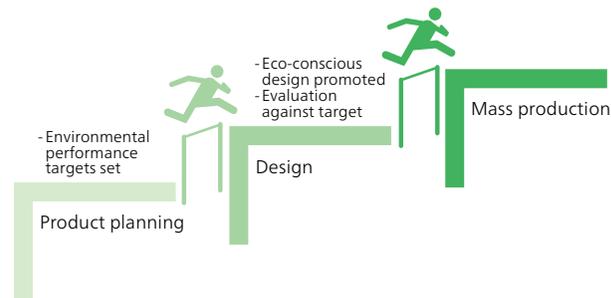**Canon's Environmental Management System**

Product Development System Using LCA Methodology

Canon aims to reduce the environmental impact of products over their entire life cycle based on the use of life cycle assessment (LCA) methodology. We have incorporated the LCA approach from the product development stage, using supplier-specific emission factor collected from suppliers on the CO_2 emissions of the materials used to make parts.

Product Environmental Assessments

Product environmental assessments are used by Canon in the commercialization process to confirm conclusively whether products comply fully with legal and other requirements relating to the product environment by achieving the required levels of environmental performance. We start the assessment by assigning an environmental performance target to the product at the product planning stage. We evaluate if this target has been met before the product can move from the design stage into the development stage and finally into mass production. Utilizing product environmental assessments as hurdles within the product commercialization process in this way leads to better environmental performance while also supporting compliance.
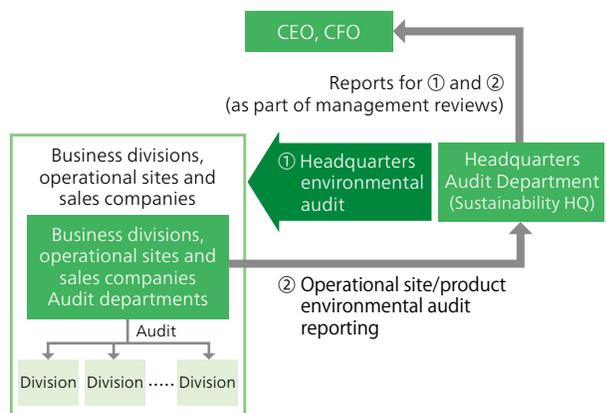
How Product Environmental Assessments Work

- Environmental performance targets set

Product planning

Design

- Eco-conscious design promoted
- Evaluation against target

Mass production

Confirming the Effectiveness of Environmental Management

Canon uses an internal environmental audit to confirm the effectiveness of its environmental management system. This audit is made up of a headquarters environmental audit performed by the Sustainability Headquarters, together with an operational site environmental audit and product environmental audit conducted by the audit departments of business divisions, operational sites and sales companies. Mutual cross-site audits are carried out in certain locations. The results from internal environmental audits are collated by the Sustainability Headquarters and reported to the CEO and the CFO of Canon Inc. via management reviews. In 2024, the audits found no major nonconformity or violations. From the perspective of continual improvement and prevention, we are taking steps to rectify even minor findings relating to operations management, including stricter supervision of the chemical content of Canon products, legal compliance at operating sites, and proper management of chemicals.

Internal Environmental Audit

CEO, CFO

Reports for ① and ② (as part of management reviews)

Business divisions, operational sites and sales companies

① Headquarters environmental audit

Headquarters Audit Department (Sustainability HQ)

Business divisions, operational sites and sales companies Audit departments

② Operational site/product environmental audit reporting

Audit

Division | Division ..... Division

Monitoring of Progress toward Environmental Targets

Operational sites report monthly to Sustainability Headquarters on energy consumption, volume of waste generation, chemical substance emission volumes, and water usage. Monthly aggregates are tracked against targets to monitor progress, and are also reported monthly to executives and top executives at major Canon Group companies. Collated results are also included in semiannual and annual environmental/CSR performance assessments, as well as being used for business improvement activities.

Environmental/CSR Performance Assessments

In addition to achievement of environmental targets and the results of environmental activities by operational sites, we also evaluate the various environmental activities (see table) of our business divisions and sales companies as part of assessing the environmental life cycle performance of Canon's business activities during stages such as development, production and sales. This becomes one input into the consolidated performance evaluation system used to assess management of Canon's overall business performance.

Environmental/CSR Performance Assessment Flowchart
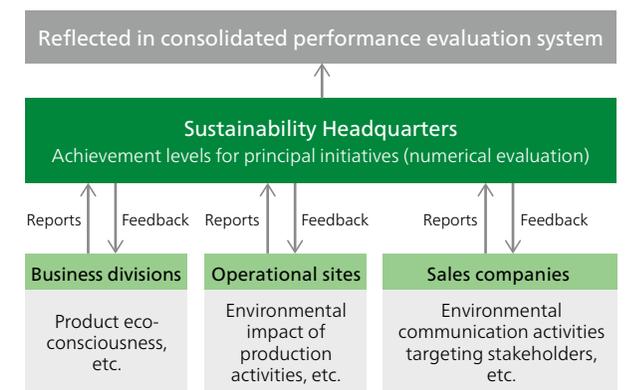
Reflected in consolidated performance evaluation system

Sustainability Headquarters
Achievement levels for principal initiatives (numerical evaluation)

Reports | Feedback | Reports | Feedback | Reports | Feedback

Business divisions | **Operational sites** | **Sales companies**

Product eco-consciousness, etc. | Environmental impact of production activities, etc. | Environmental communication activities targeting stakeholders, etc.

Green Platform and Minimum Energy 360

Canon has organized all the eco-conscious systems and technologies it has accumulated to date into a core technology base known as the Green Platform. Utilizing combinations of various in-house technologies, we undertake initiatives to help minimize environmental impact through decarbonization, development of the circular economy or other means for each product life cycle stage, notably Design (energy efficiency, resource conservation, pro-recycling design, etc.), Production (less power/water consumption and waste, etc.) and Recycling (repair, re-use, recycling, etc.).

Canon's Green Platform

To help speed up addressing environmental issues such as decarbonization and resource recycling based on a shared mindset among employees, Canon has adopted the motto "Minimum Energy 360." Emphasizing the need to minimize energy usage in every direction (360˚), this motto encapsulates our commitment to the ongoing pursuit of various activities to use the minimum amount of energy at every step across the value chain, from the time that Canon carries out development and production, to the stage of transportation and logistics, to the point at which customers use our products and when they are finally reused.

Minimum Energy 360

Environmental Awards and Environmental Exhibition

Canon holds an internal environmental awards ceremony and related exhibition to increase staff awareness and promote successful initiatives in the environmental field. This approach enables management to identify outstanding examples of good environmental practice and promote their companywide implementation, while also serving as a valuable opportunity to raise environmental awareness among employees. The best examples are exhibited online using Canon's intranet, to which many Canon employees have access. This has helped accelerate the implementation of good practices across the entire organization. In 2024, one project was selected for the Grand Prize, with four entrants getting a Merit Award and another two a selection committee commendation. In addition, staff events and other activities held in Environment Month in June to help raise in-house sustainability awareness included a photography contest on the theme of sustainability and a visit to an external sustainability-related facility. The staff canteen also undertook several steps, including an initiative to cut food waste and offering low-CO_2 emission menus featuring meat alternatives, while outside experts were featured on in-house channel programs.

環境月間 2024
Action for Sustainability
踏み出そう、明日へ一歩

Online exhibition website

Environmental Education

Canon's environmental education programs provide basic environmental training to all employees, and specialized training for employees engaged in specific types of work. The basic environmental training aims to equip employees with an awareness of the importance of environmental assurance activities and an understanding of related policies and targets, while the aim of the specialized training program is to enable employees involved in environmental assurance activities to acquire knowledge and expertise. The specialized training program consists of product environment, operational site environment and environmental audit sections. Of these, product environment training enables those responsible for product environmental assessments and product surveys to acquire knowledge and expertise. These educational programs are designed to enable employees to receive needed training at a time that suits their schedule, whether by e-learning, group discussion, group work, or other method. We are also focusing efforts on global education initiatives utilizing training materials translated into English and Chinese. In 2024 also, we carried out training for employees involved in risk management related work (total of approximately 10,200 participants).

List of Environmental Educations

Environmental Education programs			Forms
Basic Environmental Education		Basic Environmental Training	
Specialized Environmental Education	Operational Site Environment	Environmental Management Training	E-learning
		Chemical Substance Management Training	
	Product Environment	Product Environmental Assessments Training*	
		Product Survey Training*	
	Environmental Audit	Internal Environmental Audit Training	Collective training

* Trainings subject to risk management

Environmental Communication

Alongside the publication of this report, we use a range of media and platforms to keep stakeholders informed about Canon's environmental activities. These include a dedicated environmental website, quarterly presentations and investor dialogues, and various events. We are striving to undertake more and better activities based on suggestions and opinions received from stakeholders. Canon also promotes environmental education and awareness activities for the benefit of people in regional communities, providing environmental outreach classes for elementary school students and environmental programs run in cooperation with regional organizations. Canon began holding environmental outreach classes on toner cartridges in 2011. Extended to Canon Bretagne in 2022, this program has provided more than 300 classes to over 14,000 participants (including 11 classes conducted online for over 350 participants).

Initiatives at Canon Eco Technology Park

The Canon Eco Technology Park (opened in February 2018 and operated by Canon Ecology Industry Inc.) is not only a cutting-edge reuse/recycling plant, but also serves as a focal point of the environmental activities of the Canon. In addition to the plant, which is equipped with automated toner and ink cartridge recycling systems and other functions, the facility has a showroom highlighting Canon's wide range of environmental activities. It hosts environmental programs aimed at teaching elementary school students about the importance of resource recirculation using recycling-related science experiments. This program has attracted numerous plaudits for helping to educate many elementary school students while also enabling interactions with enterprises and organizations which are engaged in environmental education. In 2024, we began the process of renewing the showroom spaces to provide people a wider range of information on our initiatives with respect to product life cycles.

Canon Eco Technology Park

Details: Canon Eco Technology Park
https://global.canon/ja/environment/ecotechnopark/
(Japanese website only)
(For inquiries on educational visits and related matters, please contact us through the website shown above.)

Environmental Regulatory Compliance and Response to Complaints

As a result of implementing an environmental management system coordinated across Canon, Canon came through 2024 without a single legal violation or accident that seriously impacted the environment, including incidents relating to water quality or quantity permits. Although there were some complaints about noise at our operational sites, all issues were resolved satisfactorily via appropriate measures.

Canon Eco Technology Park Visitor Comment

Our tour and experiences onsite were part of a social studies excursion for Year 5 students. Having learnt about the SDGs in Year 4, they were now studying industrial production for this subject. Canon Eco Technology Park helped us feel the connections between what we learnt (from industrial production to caring for the environment). It was especially great to experience using such a wealth of materials in environmental lessons – materials that would have been difficult to prepare at school. The children could handle the materials and learn about sorting through trial and error. Since the school is a collection point for used ink and toner cartridges from students' homes, it was most rewarding for the children to discover what happens to these cartridges after they are collected.

Shigeyuki Tamura
(teacher)
Shinjuku City Toyama Elementary School (Tokyo)

Climate Change

Canon is working to reduce GHG emissions at all stages of the product life cycle.
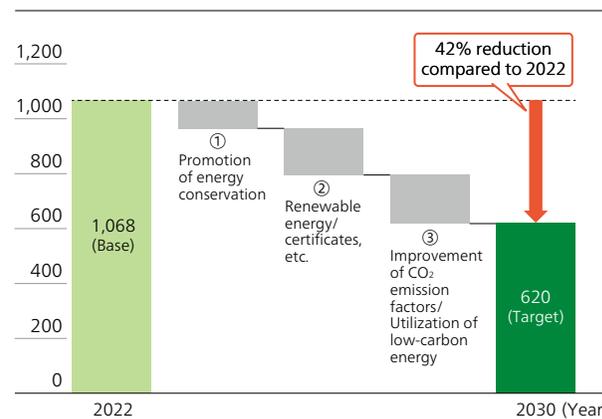
For 2050

We aim to achieve net-zero GHG emissions for entire product life cycle (Scope 1-3) by 2050.
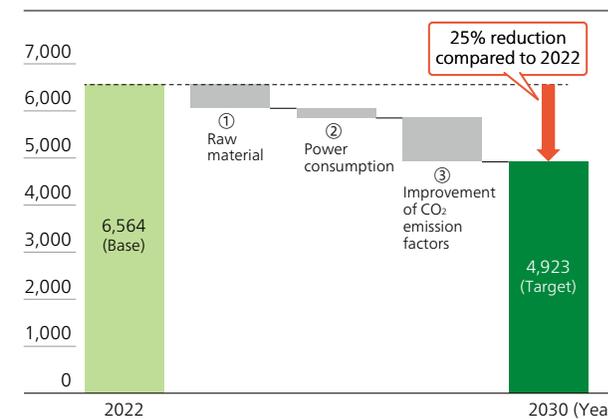
2030 Targets

• Reduce Scope 1 & 2 GHG emissions by 42% compared to 2022, reduce Scope 3 (category 1 and 11) GHG emissions by 25% compared to 2022.
• Work toward a 3% average annual improvement in the index of life cycle CO_2 emissions (per product unit), realizing a cumulative improvement of 50% compared to 2008 by continually achieving this target.

Canon's GHG Emissions-reduction Initiatives

Canon is working to reduce greenhouse gas emissions by assessing the impact of climate change on the entire product life cycle, from the manufacturing of materials and parts at suppliers, transportation to retailers, use by customers, and disposal and recycling.

Canon aims to achieve net zero GHG emissions by 2050, and to reduce its scope 1 and 2 GHG emissions by 42% compared to 2022 and scope 3 (category 1 and 11) GHG emissions by 25% compared to 2022 by 2030. These targets for 2030 have been verified by SBTi, an international initiative that recommends setting scientifically based GHG emissions reduction targets. To this end, we are promoting various initiatives, including the development of products using recycled materials, product downsizing and weight reduction, energy-saving activities at production sites, energy saving during product use, product recycling, and efficient logistics.

Acceptance of TCFD Recommendations

Canon accepts the recommendations of the final report of the Task Force on Climate-related Financial Disclosures (TCFD). Our disclosures of climate-related information are in accordance with the TCFD framework.

GHG Emissions Reduction (Diagram)

Scope 1&2 (1,000 t-CO₂e)

Scope 3 (Categories 1, 11) (1,000 t-CO₂e)

Scope 1: Direct emissions (city gas, LPG, diesel oil, kerosene, non-energy greenhouse gases, etc.)
Scope 2: Indirect emissions (electricity, steam, etc.)
Scope 3: Emissions in the supply chain (category 1: Purchased goods and services, category 11: Use of products sold)

Governance

The impact of climate change on Canon, response plans and targets were discussed at the Climate Change Working Group (WG) under the Sustainability Committee. The Climate Change Working Group is comprised of senior managers from each business and corporate division. The content of discussions is reported to the Sustainability Committee, and after approval, it is reported to the CEO (→P13).

To achieve these targets, the Sustainability Headquarters plays a central role in promoting activities throughout Canon. The progress of targets is reported to the management every month, and the annual review is reported to the CEO.

Strategy

Canon conducts scenario analysis based on the TCFD framework, which is recommended in non-financial disclosures, and recognizes the importance of both "mitigation" and "adaptation" to physical risks for Canon. We are working to achieve our GHG emissions reduction targets and build a sustainable business model resilient to climate-related impacts.

Scenarios Referenced for Analysis
In the scenario analysis, Canon selected the "current scenario," in which economic activities are conducted in line with current policies, and the "1.5°C scenario," in which the world will control greenhouse gas emissions and policies and technological development related to climate change will progress faster than the current speed toward achieving net zero by 2050, on the premise that the targets of the Paris Agreement will be achieved. The scenarios referred to are as follows.

Current Scenario: (Transition risk) IEA APS, NGFS Current Policies
(Physical risk) IPCC RCP8.5

1.5°C Scenario: (Transition risk) IEA NZE, NGFS Net Zero 2050
(Physical risk) IPCC RCP2.6

Factors such as climate-related policies, laws and regulations, technological developments, changes in customer behavior, and market conditions in the major regions where Canon operates are also taken into account.

Definition of Time Frame and Degree of Impact
As shown in the following table, the time frame is examined in a manner consistent with the Canon's medium to long-term management plan. The degree of impact is examined in three stages of extremely important, important and minor.

Time Frame

Category	Period
Short term	To 2025
Medium term	To 2030
Long term	After 2030

Degree of Impact

Category	Impact on sales
Extremely important	May cause fluctuations in net sales by ±10% or more
Important	May cause fluctuations in net sales by ± 5% to 10%
Minor	Impact of less than ± 5% on sales

* The impact criteria for each group is judged based on the sales of Canon.

Business Environment Assumptions under the Current/ 1.5°C Scenario
As climate-related risks and opportunities differ among the businesses of Canon's industrial groups (printing, medical, imaging and industrial), Canon reviewed the major climate-related risks and opportunities, their countermeasures and financial impact for the entire Canon and each group.

Under the Current Scenario, the business environment is expected to include the continuation of existing climate-related regulations, the introduction of carbon pricing, the spread of recycled materials and bioplastics, the introduction of a modal shift, the expansion of customer demand for decarbonization and purchasing behavior conscious of climate change response, and the introduction of industrial policies for decarbonization in each country. Under the 1.5°C scenario, the aforementioned environment will become even more severe and develop, and the movement toward carbon neutrality throughout the supply chain will accelerate.

Risk and Opportunity Factors Affecting Canon and Estimated Financial Impact

Risks and opportunities relating to the transition to a decarbonized economy are outlined below.

Transition Risks

Policies and laws and regulations
• Increased cost for carbon pricing
• Sales decrease when regulations cannot be met
• Increase in capital investment to comply with regulations

Market
• Increased costs due to the adoption of recycled materials
• Sales decrease when other companies' products become dominant
• Sales decrease when the price pass-through of costs for responding to climate change is not accepted

Technology
• Increased research and development expenses to respond to climate change

Reputation
• Sales decrease due to growing concerns of stakeholders when climate-change measures are not sufficient

Opportunities

Resource efficiency
• Cost reduction due to energy efficiency improvement
• Lower distribution costs due to joint distribution and modal shift

Market
• Sales increased due to the improvement of evaluation by stakeholders
• Diversify fund procurement

Energy source
• Lower carbon pricing impact due to the use of low-carbon energy

Products/Services
• Sales of GX related products and recycling-oriented products increased
• Increase sales of low-carbon products
• Sales increase of products for which the Guidelines are applied

Details of Transition Risks and Opportunities — Company-wide

The scenario analysis revealed that carbon pricing is a risk factor that could affect the entire company. Based on the emissions forecasts for scopes 1, 2 and 3 of Canon, the impact of the introduction of carbon pricing in 2030 and beyond is estimated to be approximately 8.3 to 44.5 billion yen in 2030 and approximately 4.3 to 40.3 billion yen in 2050, using the current scenario and the 1.5°C scenario. As a risk management measure, we are working to decarbonize through the development of green technology. For example, at each of our sites, we have been working to reduce electricity consumption during production in three steps: visualizing electricity consumption, analyzing potential reduction, and implementing reduction measures. These efforts include breaking down electricity consumption into the operational units of production equipment, such as transportation and processing, to identify hidden waste and highlight targets for improvement. The estimated reduction in electricity costs is estimated to be approximately 4.5 to 5.7 billion yen in 2030 and approximately 9.7 to 12.1 billion yen in 2050, and it was confirmed that it will also have a positive impact. We are also addressing climate change in logistics in consideration of the characteristics of each business, and we see the results of these efforts as an opportunity.

Furthermore, the Company is working on reducing CO_2 emissions (Scope 3 Category 1) in raw material procurement on a company-wide basis, and is considering low-carbon materials in procurement and preparing for future procurement. We have introduced life cycle assessment (LCA) methods in product development, such as incorporating actual data on the CO_2 emissions of raw materials and parts collected from our business partners into LCA, and are aiming to reduce the environmental impact throughout the product life cycle.

If taking sufficient measures to address climate change are not be implemented, the Company recognizes the risk of a deterioration in reputation due to an increase in concerns of stakeholders who place importance on responding to climate change and a decrease in sales due to a loss of sales opportunities. As a countermeasure, the Company will continue to promote effective climate-change initiatives and make timely and appropriate disclosures to stakeholders. Furthermore, the Company recognizes that appropriate disclosure of its response to climate change will improve the understanding and evaluation of stakeholders, including investors and customers, and that it will also provide opportunities to diversify its financing by meeting the investment and financing requirements of financial institutions.

Details of Transition Risks and Opportunities — by Industry and Group

Analysis by industry group revealed that the printing business is expected to be affected by climate-related regulations in the electrical and electronics industries, changes in consumer preferences, competition with competitors, etc. However, risk reduction measures such as understanding regulatory trends, research and development and capital investment to respond to regulations, and acquisition of procurement requirements have already been incorporated into the plan, and as a result of trial calculations, it was confirmed that there will be no significant impact under either the current scenario or the 1.5°C scenario. We expect the positive impact of increased sales opportunities due to increased demand for low-carbon products and cost reductions due to energy efficiency improvements to be an opportunity.

In the Medical Business, there are cases where bidding requirements include power saving due to the increasing interest in sustainability mainly among customers in Europe. In the Imaging and Industrial businesses, although regulations and customer demands are relatively low at present, demands may increase in the future. Therefore, we have made trial calculations assuming the possibility that new research and development and capital investment will be required. The results showed that, although there was a risk of increased costs, the impact was relatively small as we have started to investigate trends in laws and regulations and take initiatives to improve energy efficiency in the regions where it operates. We believe that there are more opportunities in terms of reducing costs through energy efficiency improvements, and increasing sales opportunities for products that contribute to adaptation to climate change using existing technologies and products that match the industrial promotion measures of each country such as the GX-related policies.

Transition Risks (Company-wide and Group by Industry)

Transition risk classification	Risk factors	Corporate/ group	Financial impact	Expression time	Impact degree	Measures
Policy Laws and regulations		Entire company	Increase in response costs	Mid-term to Long-term	Minor	• Company-wide initiatives to reduce GHG emissions
	Strengthening the response to climate-related regulations for existing products	Printing	Decrease in sales when we fail to respond	Short-term to Long-term	Minor	• Continue research and development and capital investment in response to various regulations (response to the revision of the International Energy Star Program, an energy conservation system for office equipment, development of recycled machines, etc.)
		Printing	Increase in research and development expenses for responding to regulations and capital investment	Short-term to Long-term	Minor	• Examination of research and development plans, capital investment plans and cost plans in response to regulatory trends
		Medical	Increase in costs due to responding to regulations	Long-term	Minor	• Continue efforts to improve energy saving performance
		Industrial	Decrease in sales when we fail to respond	Long-term	Minor	• Develop products and production technologies in response to regulatory measures (such as Product Front End Cards)
Technology	Strengthening of customer's needs for climate-change response	Medical	Decrease in sales when we fail to respond	Long-term	Minor	• Develop products that meet the energy saving related bidding requirements
		Industrial	Sales decrease due to restrictions and curtailment of transactions in the event that the Company fails to respond to the above	Long-term	Minor	• Develop low-carbon products and production technologies to meet changing customer needs
Market	Spread of recycled materials	Printing	Increase in raw material costs due to the use of recycled materials	Short-term to Long-term	Minor	• Consider and evaluate the use of various recycled materials • Price negotiations through the consolidation of material manufacturers, price guarantees through long-term contracts, and consideration of expanding new adoption • Collect information on alternative materials • Consider in-house production of substitute materials
	Comparison with competitors	Printing	Decrease in sales when products show higher life cycle CO_2 emissions than that of competitor's products	Short-term to Long-term	Minor	• Continue research and development utilizing product life cycle assessment • Try to reduce GHG emissions throughout the product life cycle
	Changes in customer preferences	Imaging	Decrease in sales when customers do not accept price pass-through for the cost of addressing climate change	Long-term	Minor	• Continue price acceptance surveys in response to climate change in each country and region

Opportunities (Company-wide and Industrial Group)

Opportunities classification	Opportunity factor	Corporate/ group	Financial impact	Expression time	Impact degree	Measures
Resources efficiency	Improvement of energy efficiency	Entire company	Cost reduction due to reduction of power costs	Short-term to Long-term	Minor	• Company-wide initiatives to improve energy efficiency
	Lower distribution costs	Entire company	Lower distribution and selling, general and administrative expenses through joint distribution and modal shift	Short-term to Long-term	Minor	• Joint transportation within Canon and with other companies/round transportation • Expand to use of modal shift
Energy source	Switch to low-carbon energy	Entire company	Cost reduction due to reduction of carbon pricing impact	Mid-term to Long-term	Minor	• Continue to consider various low-carbon measures, including the use of low-carbon energy
Products/ services	Increasing demand for low-carbon products	Printing	Sales increase due to increase in sales opportunities	Short-term to Long-term	Minor	• Development of low-carbon products (energy-saving products, longer product life, use of recycled materials, etc.) • Meet to newly developed of procurement requirements (Environmental evaluation system "EPEAT" registration, environmental label "Blue Angel", etc.)
	Increase in sales due to changes in customer preferences	Medical	Sales increase due to increase in sales opportunities	Short-term to Long-term	Minor	• Develop products that meet the energy saving related bidding requirements
	Increasing demand for products that help adapt to climate change	Imaging	Sales increase due to increase in sales opportunities	Mid-term to Long-term	Minor	• Development of products that help adapt to climate change (disaster prevention network cameras, image-based infrastructure inspection services, etc.)
	Increasing demand for semiconductor manufacturing equipment due to increase of governmental promotional measures for GX	Industrial	Sales increase due to increased demand for semiconductors as a result of the GX Project	Short-term to Long-term	Important	• Expand semiconductor manufacturing equipment for power semiconductors • Develop a system to increase production, including the construction of new plants
	Increase in sales due to changes in customer preferences	Industrial	Sales increase due to increase in sales opportunities	Short-term to Long-term	Minor	• Expand sales of low-power consumption products (nanoimprint lithography and model changes of current products, etc.) • Expand sales of products that can recycle plastics (plastic sorting equipment)

Physical Risks (Risks Associated With Climate Change)

Canon's facilities and offices are located around the world, and natural disasters caused by climate change could affect its businesses. As for physical risks associated with climate change, we have verified the risks of river flooding, storm surge, and storm wind at major bases in Japan and overseas using analysis tools such as the World Resources Institute's Aqueduct, local government hazard maps, and XDI's natural disaster risk analysis service. As a result, we have found that four of our production bases and offices in Japan and overseas have medium or high risks of river flooding and storm surge. However, we have already implemented necessary measures according to the situation of the bases, such as installing water stop boards, remodeling rainwater pipes, and raising the block height of the outer fence. The assets of these four bases account for approximately 3% of the total assets of Canon.

Going forward, the Company will continue to consider various measures to reduce the impact of damage and loss from natural disasters.

Results of Scenario Analysis

In the value chain, especially in research and development, procurement and sales, it was clarified through scenario analysis that there are impacts from research and development due to strengthening regulations, fluctuations in raw material prices, and customers' and business partners' views and demand trends for low-carbon products.

If no measures are taken, financial risks such as missed sales opportunities and cost increases may occur in either scenario. Although these are risks that should be considered, we have already incorporated measures to reduce risks into our plan, such as understanding regulatory trends, research and development and capital investment to respond to regulations, and acquisition of procurement requirements. Through multiple patterns of financial simulations conducted under each scenario, it was confirmed that there were no measures that would have a significant impact on the financial results, including measures currently being implemented and those that are being planned. Therefore, the impact was judged to be limited, and it was reconfirmed that there was no shortage in the measures that had been implemented and that the direction of the initiatives at products and production sites was correct.

In addition, in a world where the transition to decarbonization is progressing, we expect a positive impact from changes in consumer preferences, increased demand for adaptive products, and increased sales of low-carbon products and adaptive products of Canon due to the progress of industrial measures for the promotion of the GX, products contributing to the promotion of the GX, and cost reductions associated with energy efficiency improvements.

Through scenario analysis, we have confirmed that the impact of climate change on the financial performance, including sales and operating income, the financial position and cash flow of the entire Canon and major businesses will be limited in the short, medium and long term, and that there is no need to revise the portfolio and business model.

However, we are aware that the introduction of carbon pricing and climate-related regulations could affect Canon's financial performance and the entire value chain, due to increased response costs, research and development expenses, and capital expenditures. We will continue to monitor the business environment while analyzing the impact on climate-related risks and opportunities.

Risk Management

Our response to climate-related risks and opportunities is reflected in our company-wide environmental targets and priority measures. At Canon, environmental initiatives are part of our management evaluation. The status of achievement of environmental targets and the results of environmental activities of each division are evaluated twice a year in the Environmental and Corporate Social Responsibility Performance Evaluation, which is implemented as an indicator of the Consolidated Performance Evaluation System for evaluating the performance of Canon's overall management. The results of the evaluation are reported to the CEO and other management. Identified climatic risks are managed in accordance with the PDCA cycle of ISO14001 (→P13).

Indicators and Targets

Canon aims to reduce its GHG emission throughout the product life cycle to net zero by 2050. To achieve this goal, we have set an overall target to reduce Scope 1 and 2 GHG emissions by 42% in 2030 compared to 2022, and reduce Scope 3 (categories 1 and 11) GHG emissions by 25% compared to 2022. In November 2023, these targets were validated by SBTi.

Since 2008, we have set a target of "an average improvement in life cycle CO_2 emissions per unit of product of 3% per year" (basic unit target) as a comprehensive target of Canon's environmental targets. By consistently achieving this target, we expect to achieve a 50% improvement in 2030 compared to 2008. In 2024, the annual average was 3.76%, exceeding the target, and an improvement of 44.6% compared to 2008.

During the fiscal year ended March 31, 2018, the actual life cycle CO_2 emissions (the total of Scopes 1, 2 and 3) were 8,104,000 t-CO_2e, with Scope 1 emissions of 198,000 t-CO_2e, Scope 2 emissions of 733,000 t-CO_2e and Scope 3 emissions of 7.173 million t-CO_2e. We will continue to achieve these targets in the next fiscal year and beyond.

In 2024, in terms of SBTi, through the promotion of various energy-saving measures, the introduction of renewable energy, the adoption of smaller, lighter, and low-carbon emission components, we achieved a reduction of 12.8% in Scope 1 and 2, and 17.7% in Scope 3 (categories 1 and 11) compared to 2022.

In Canon, the environmental targets are set in line with our three-year management plan and reviewed every year to determine whether changes are necessary. Under the overall target of a 3% average annual improvement in the index of life cycle CO_2 emissions per product unit, our product target is a 3% average annual improvement in the index of CO_2 emissions per product unit associated with raw materials and product utilization. The operational site target includes target figures for reductions per basic unit in energy consumption.

As for the operational site target, we also set goals for total waste emissions, water consumption, and controlled chemical substance emissions, thus making the management of environmental risks and opportunities more comprehensive and conclusive.

Environmental Targets and Achievements

	2030 Targets	2024 Achievements*
GHG emissions (compared to 2022)	42% reduction for Scope 1 & 2 25% reduction for Scope 3 (category 1 and 11)	Scope 1 & 2: 12.8% reduction Scope 3: 17.7% reduction

* For scope of data collection: https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf

GHG Emissions

(1,000 t-CO_2e)

Scope 1 & 2

Values: 2022: 1,068; 2024: 931; [Reduction amount] 137; 2030 [Target] 42% reduction: 620

Scope 3 (category 1, 11)

(1,000 t-CO_2e)

Values: 2022: 6,564; 2024: 5,397; [Reduction amount] 1,167; 2030 [Target] 25% reduction: 4,923
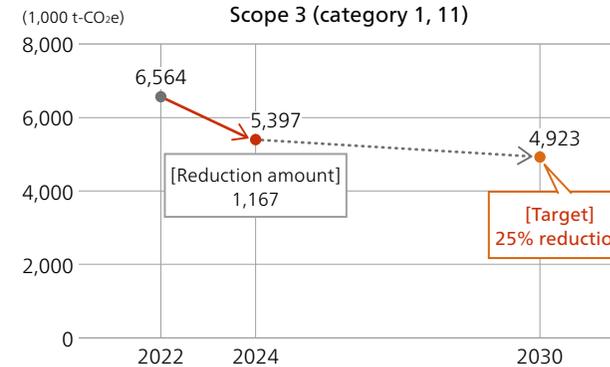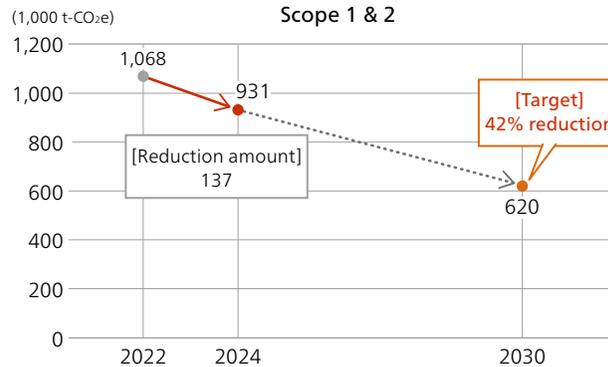
* Results in the base year (2022) have been recalculated in accordance with the SBTi.
* Calculations are based on the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

Progress Relative to Overall Target

In 2024, we made progress with ongoing improvement in product life cycle emissions via upgraded site-based energy-efficiency measures; greater adoption of renewable energy sources; development of better energy-efficient products; reduced use of air freight; and other measures. As a result, against the target of a 3% average annual improvement in the index of life cycle CO_2 emissions per product unit, we realized an average annual improvement of 3.76% between 2008 to 2024 and total improvement of 44.6% from 2008.

Life cycle CO_2 improvement index per product	**44.6**% improvement since 2008

Achievement of Product Targets

We continued with initiatives, including efforts to make products more compact, lightweight, and energy efficient, and achieved an average annual improvement of 2.22% (2008–2024) in raw materials and use CO_2 emissions per product, falling just short of our target of 3%.

Achievement of Operational Site Targets

■ Improvement in Energy Consumption Per Basic Unit at Operational Sites

Due to more efficient production and other factors, overall energy consumption per basic unit improved by 4.6% in 2024, exceeding the 2.4% improvement target. We aim to meet this target again in 2025 by reducing energy consumption and further improving production efficiency.

■ Improvement in Total Waste Generation

Owing to ongoing improvement measures at each site, such as reducing packaging materials by using returnable boxes and reducing the use of evaluation sheets, total waste generation per basic unit improved by 2.2% in 2024, exceeding the 1% improvement target. In 2025, we will aim to continuously achieve our targets by

advancing collaborative activities with partners, such as reducing packaging for procured materials.

■ Improvement in Water Usage Per Basic Unit in Production

Due to factors including equipment maintenance and greater cooling water usage due to high temperatures, water usage per basic unit improved by 0.6%, missing the 1% improvement target. In 2025, we will move ahead with actions to meet the improvement target, including raising the efficiency of the cleaning process for manufacturing equipment.

■ Improvement in Emissions of Controlled Chemical Substances Per Basic Unit

Due to factors including an increase in parts cleaning, emissions of controlled chemical substances per basic unit fell by 0.9%, missing the 1% improvement target. In 2025, we will move ahead with actions to meet the improvement target, including review of chemical substance use conditions and operating conditions of detoxification equipment.

2025 Targets

Unchanged from 2024.

	2030 Targets	2024 Achievements[2]
Improvement in per-unit Life cycle CO_2 emissions index (compared to 2008)	50% improvement	44.6% improvement
	2024–2026 Targets	**2024 Achievements[2]**
Overall (Life cycle)	3%-per-year average improvement in Life cycle CO_2 emissions improvement index per product	Average annual 3.76% improvement (2008–2024)
Products	3%-per-year average improvement in raw materials and use CO_2 emissions improvement index per product	Average annual 2.22% improvement (2008–2024)
	2024 Targets[1]	**2024 Achievements[2]**
Operational Sites	Energy consumption per basic unit: 2.4% improvement	4.6% improvement

[1] Calculation based on average annual improvement rate of the three most recent years. For energy consumption at Japanese operational sites, however, calculation as stipulated in Act on Rationalizing Energy Use. The basic unit denominator is decided according to the characteristics of each operational site (production volume, effective floor area, workforce, etc.).

[2] For scope of data collection: https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf

Index of Life Cycle CO_2 Emissions Per Product Unit
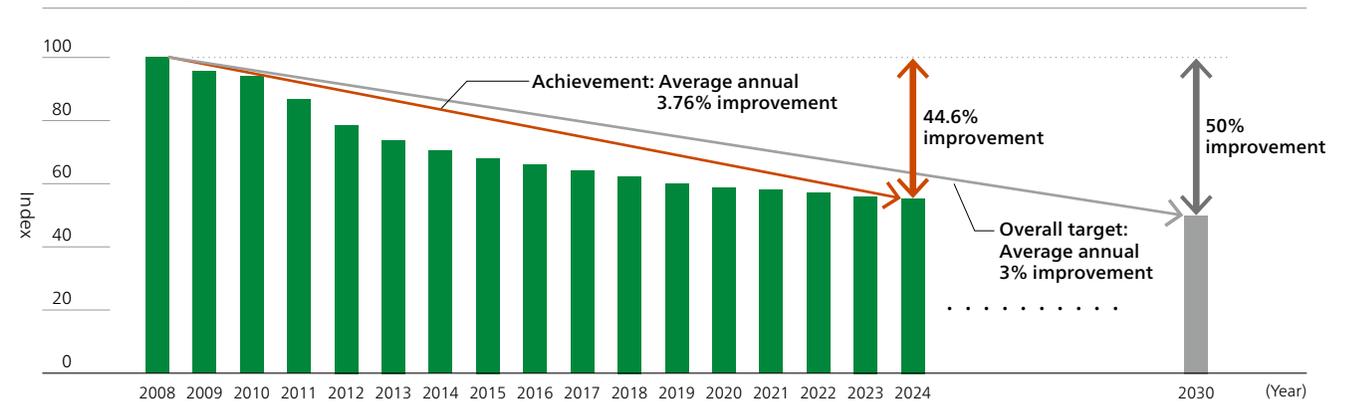
* Assuming 2008 baseline of 100

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Overview of Environmental Impacts

GHG emissions for entire product life cycle (Scope 1-3)* in 2024 were approximately 8.10 million t-CO_2e. Chiefly as a result of actions to conserve energy, increased use of renewable energy, and the switch to electricity with lower CO_2 emissions, we achieved a reduction of approximately 300,000 t-CO_2e over the entire product life cycle. The resources (input) that Canon used in its business activities and emissions (output) to the global environment over the entire product life cycle are as shown in the following chart.

Life Cycle CO$_2$ Emissions

- Scope 1: Direct GHG emissions (combustion of city gas, LPG, light oil, kerosene, non-energy-derived GHG, etc.)
- Scope 2: Indirect GHG emissions (consumption of electricity, steam, etc.)
- Scope 3: Supply chain-related GHG emissions (production of purchased goods and services, upstream transportation and distribution, use of sold products)
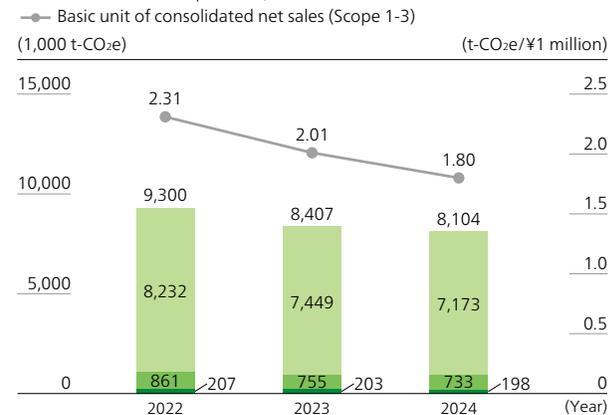- Basic unit of consolidated net sales (Scope 1-3)

(1,000 t-CO$_2$e)   (t-CO$_2$e/¥1 million)

Year	Scope 3	Scope 2	Scope 1	Basic unit
2022	8,232	861	207	2.31 (total 9,300)
2023	7,449	755	203	2.01 (total 8,407)
2024	7,173	733	198	1.80 (total 8,104)

* Data for 2024 has been third-party assured. In addition, some of the data for 2022 and 2023 has been recalculated in line with the 2024 calculation method.

GHG Emissions in 2024

Category	Scope	2024 (1,000 t-CO₂e)	Calculation Method
Scope 1	Direct GHG emissions	198	- Calculated by multiplying fuel usage by the emission factor corresponding to each type of fuel
Scope 2	Indirect GHG emissions based on market standards	733	- Calculated by multiplying the emission factor published for each contracted supplier by the electricity consumption used for each supplier
	Indirect GHG emissions based on location standards	847	- Calculated by multiplying the emission factor estimated to be the average in a specific region, regardless of the type of electricity, by the electricity consumption used in that region
Scope 3	Supply chain-related GHG emissions	7,173	
Category 1	Purchased goods and services	3,201	- Calculated by multiplying the weight of each material input (including any inputs emitted as waste) by the emission factor for each material/process.
Category 2	Capital goods	733	- Calculated by multiplying the total amount of each asset category of purchased capital goods by the emission factor for each asset category.
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	171	- Calculated by finding the total for fuel and electricity usage at each operational site and then multiplying it by the emission factor from fuel extraction to burning and power generation.
Category 4	Upstream transportation and distribution	391	- Logistics from the supplier to Canon production sites is calculated by finding the average transport distance and transport volume and then multiplying it by the emission factor for transportation. - Logistics from production site to customer's warehouse is calculated by multiplying the emission factor of transportation by logistics performance data. - Emissions related to warehouse storage are calculated by multiplying the warehouse's electricity consumption by the emission factor for electricity
Category 5	Waste generated in operations	24	- The total weight of waste generated by material and disposal process at each operational site is derived and then multiplied by the end-of-life treatment emission factor.
Category 6	Business travel	50	- The emission factor for each transportation method is multiplied by the total payment amount for each transportation method.
Category 7	Employee commuting	138	- The emission factor for each transportation method is multiplied by the total payment amount for each transportation method.
Category 8	Upstream leased assets	0	- CO₂ emissions from leased buildings and vehicles are applicable, but both are included in Scope 1 and Scope 2.
Category 9	Downstream transport and distribution	52	- Average transport distance and weight of transported products is calculated for each region and multiplied by the emission factor for transportation. - Emissions related to warehouse storage are calculated by multiplying the electricity consumption, derived from the annual average inventory, by the emission factor for electricity
Category 10	Processing of sold products	0	- Emissions from production by outsourcing partners of intermediate products used in sale of Canon-branded products are included in Category 1.
Category 11	Use of sold products	2,196	- Lifetime energy usage is calculated for each product and then multiplied by the average electricity emission factor.
Category 12	End-of-life treatment of sold products	175	- Sold products are categorized by material and then the emission factor of end-of-life treatment is multiplied by each based on the volume of materials used.
Category 13	Downstream leased assets	42	- Annual electricity consumption is calculated for leased assets and then multiplied by the emission factor for electricity
Category 14	Franchises	0	Not applicable
Category 15	Investments	0	Not applicable

2024 Material Balance

INPUT

Energy resources 38,059TJ
Steel and
nonferrous metals......... 235,000 t
Plastics .... 224,000 t
Electronic parts............... 12,000 t
Glass................................. 12,000 t
Paper................................. 58,000 t

Electricity............ 1,865,395MWh
Gas................................. 37,978km^3
Oil 24,285,727kL
Steam...................................... 408TJ
Water resources .... 8,693,000 m^3
Auxiliary materials
(chemical substances)....... 9,705 t

Fuel for transportation ... 5,260TJ

Electricity.......................... 19,696TJ

Reused parts*[1] .... 1,487 t
Recycled materials*[2] .... 1,658 t

Recycling

Production of raw materials and parts by suppliers → Operational site activities (development, production, sales) → Transportation to sales and other outlets (logistics) → Customer use

OUTPUT

CO_2 .... 3,201,000 (t-CO_2e)

CO_2 .... 931,000 (t-CO_2e)
SOx .... 0.4 t
NOx .... 41.7 t
Discharged water... 6,907,000 m^3
BOD impact .... 223 t
SS impact .... 147 t
Emissions of controlled
chemical substances .... 419 t
Waste.................................... 1,713 t

CO_2 .... 391,000 (t-CO_2e)

CO_2 .... 2,196,000 (t-CO_2e)

Scope 3 Category 1:
3,201,000 (t-CO_2e)

Scope 1: 198,000 (t-CO_2e)
Scope 2: 733,000 (t-CO_2e)

Scope 3 Category 4:
391,000 (t-CO_2e)

Scope 3 Category 11:
2,196,000 (t-CO_2e)

Scope 3 (other than Categories 1, 4 and 11) 1,385,000 (t-CO_2e)

*1 Reused products and parts
*2 Plastic from used products for use as raw materials in new products

Canon compiles data for greenhouse gas (GHG; energy-derived greenhouse gas CO_2, and non-energy derived greenhouse gases PFCs, HFCs, SF$_6$, N$_2$O, methane, and NF$_3$). For CO_2 emission factors for electricity, figures provided by individual electric supply companies are used, but publicly disclosed region-specific figures are used when figures are not provided by electric supply companies (Please refer to the website for the operational sites included in aggregation: https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf. For figures on customer use, electricity consumption of products shipped in a given year is calculated based on the average lifetime and printing volume, and converted to the CO_2 equivalent using CO_2 emission factors for electricity, which are calculated in the same way as the above methods. Past data may be revised due to improvements in the precision of data collection.

Third-party Assurance of GHG Emissions (Converted to CO_2)
Third-party assurance has been obtained for CO_2 emissions data appearing in "2024 Material Balance" and "Life Cycle GHG Emissions (CO_2 Equivalent)" in 2024 and for each figure in "Scope 3 GHG Emissions in 2024."

Energy-saving Product Design

Environmentally Conscious Designs for Office Equipment

Canon's imageRUNNER ADVANCE DX C3900F series of MFDs use industry-leading low-temperature fixing toner that offers significantly improved fixing temperatures compared to conventional toners. As a result, they reduce power consumption by up to 15%*[1] compared to previous models—an industry-leading typical energy consumption (TEC*[2]) value. This toner boosts transfer efficiency by controlling the shape of toner particles, resulting in less post-printing residue, meaning the same toner bottle can print roughly twice as many pages before it is returned. This reduces the amount of toner waste, notably in high volume printing conditions, leading to lower environmental impact. The eco-conscious design extends to the use of replaceable parts*[3] with longer lifespans that need replacing less often.

imageRUNNER ADVANCE DX C3900F (model shown includes optional features)

Power consumption	Reduced by up to approximately **15**%

*1 Figure applies only to A3 model. The previous models in this comparison are the imageRUNNER ADVANCE DX C3835F, C3830F and C3826F that launched sales in October 2021.
*2 Typical energy consumption (TEC) is based on in-house comparison with MFDs qualifying for the International Energy Star Program (digital color copiers with copy, fax and scan capabilities printing at 25–35 pages/min); data as of August 1, 2023.
*3 Intermediate transfer belt, secondary transfer outer roller

Calculation and Disclosure of Carbon Footprint of Products (CFP)

We utilize the LCA approach to help estimate the life cycle CO_2 emissions of Canon products. Life cycle is divided into five stages (procurement of materials; production; transportation; usage and maintenance; disposal and recycling), and we utilize LCA to calculate GHG emissions for each stage, which are converted into CO_2 equivalents. The CFP is a visualization tool, helping to identify emissions-intensive processes to help us design Canon products that are more energy efficient. Additionally, to enable customers to select products with lower CO_2 emissions, we work to disclose relevant information based on SuMPO EPD[1] under the SuMPO environmental labeling program of the Sustainable Management Promotion Organization (SuMPO). In 2024, through collaboration with our suppliers, we were able to incorporate and disclose their primary data in SuMPO EPDs.

Additionally, by taking advantage of the Carbon Offset Program utilizing CFP promoted by Japan's Ministry of Economy, Trade and Industry, we have put in place a system for the carbon offset[2] of GHG emissions throughout the product life cycle of our office multifunction devices and some production printer products to address customer demands. Offset CO_2 emissions in response to customer demands totaled 1,129 tons in 2024.

[1] The Ecoleaf program was renamed SuMPO EPD in April 2024.
[2] Carbon offset involves initiatives in which a company strives to reduce its own greenhouse gas emissions, while offsetting amounts it cannot reduce by reducing or absorbing emissions elsewhere.

Reference: Products registered for SuMPO Environmental Labeling Program (Japanese website only)
https://corporate.canon.jp/sustainability/environment/customer/products/cfp
Reference: Products certified under Carbon Offset Program making use of CFP (Japanese website only)
https://corporate.canon.jp/sustainability/environment/customer/products/cfp-certified

Greater Energy Efficiency at Operational Sites

Reducing Power Consumption in Production Using Production Green Cost Management (GCM)

At Canon, we use "GCM" to refer to the management framework we have developed that targets parallel reductions in costs and CO_2 emissions, alongside decarbonization efforts based on the development of green technologies. Within this framework, we focus on "production GCM" initiatives that aim to reduce the power used at the production stage. In production GCM, factory's energy data is automatically collected and plotted in graphs (visualization of electricity) through established systems, which has facilitated not only the instant identification of wasteful operations (analysis of reduction potential), but also the systematic accumulation of data across the entire company, thereby enabling the immediate discovery of appropriate reduction measures (expansion of reduction measures).

System dashboard used in production GCM
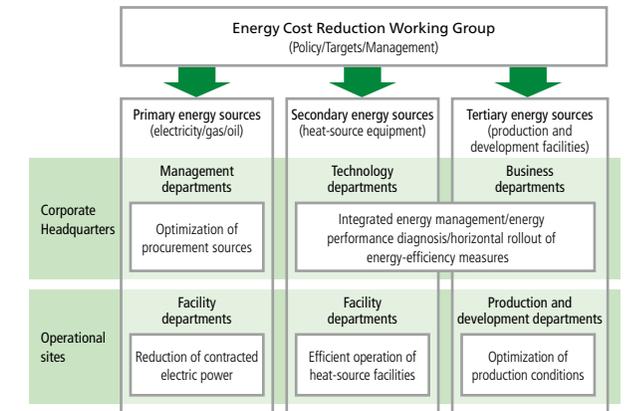
Energy Cost Reduction Working Group

Canon created the Energy Cost Reduction Working Group in 2014 as a horizontally integrated organization to take Group-wide action on reducing energy consumption. The working group has promoted reduced energy consumption by undertaking a thorough-going analysis of the required operating environment for production equipment in the on-site manufacturing process and using its findings for instance to reduce equipment operating time, cut out excess use of pressurized air and cooling water, and adjust air conditioner settings. Measures that prove effective are adopted for horizontal rollout to Japan and overseas production sites. Moreover, staff members from our corporate headquarters in charge of this initiative perform a diagnosis of energy performance during visits to production sites all over the world. There, they check the operating status and settings of production equipment and then use their observations to make improvements to the operating efficiency of facilities and equipment and provide staff with relevant on-site training.

Since its launch, this initiative has resulted in Canon-wide energy savings of 255,960 kL (crude oil equivalent).

Measures widely rolled out in 2024
Upgrades to high-efficiency air-conditioning units
Changes to washing water temperature
Insulation for molding machine cylinders

Organizational Chart of Energy Cost Reduction Working Group

Energy Cost Reduction Working Group (Policy/Targets/Management)		
Primary energy sources (electricity/gas/oil)	Secondary energy sources (heat-source equipment)	Tertiary energy sources (production and development facilities)

Corporate Headquarters	Management departments — Optimization of procurement sources	Technology departments — Integrated energy management/energy performance diagnosis/horizontal rollout of energy-efficiency measures	Business departments —
Operational sites	Facility departments — Reduction of contracted electric power	Facility departments — Efficient operation of heat-source facilities	Production and development departments — Optimization of production conditions

Cumulative Energy Savings Through Working Group Activities (Cumulative)
(kL: crude oil equivalent)

Bar chart showing cumulative energy savings:
- 2020: 155,086
- 2021: 185,897
- 2022: 213,756
- 2023: 238,712
- 2024: 255,960

(Year)
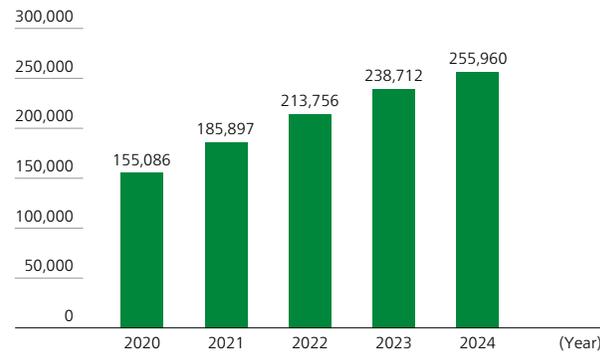
Use of Renewable Energy

Canon is working to expand the use of renewable energy in a variety of ways, taking into account the regional prevalence of renewable energy and the initiatives of various countries. For example, we have installed solar generation panels on the premises of Canon Vietnam's Thang Long Factory, Canon Zhongshan Business Machines, and other sites, using the renewable energy generated. In addition, at five factories of four production sites—Canon Suzhou, Canon Vietnam (Thang Long Factory and Tien Son Factory), Canon Hi-Tech Thailand (Ayutthaya Factory), and Canon Prachinburi Thailand—renewable energy certificates, which document the environmental value of renewable energy, were obtained again in 2024. This means that 100% renewable energy was being used at these locations.

   Sales marketing companies such as Canon Deutschland and Canon (China) are also using renewable energy certificates to ensure that 100% of electricity consumption in their offices comes from renewable energy sources. Such use of renewable energy earned Canon Europe and Canon UK an "excellent" evaluation under the BREEAM* environmental assessment standard.

   As a result of these initiatives to use renewable energy, total worldwide renewable energy consumption by Canon companies was 307,846 MWh in 2024, roughly a 1.2 times increase over 2023.

* Abbreviation for Building Research Establishment Environmental Assessment Method. An environmental sustainability assessment method developed by Britain's Building Research Institute that evaluates buildings under nine categories, including health and wellbeing, energy, and waste.
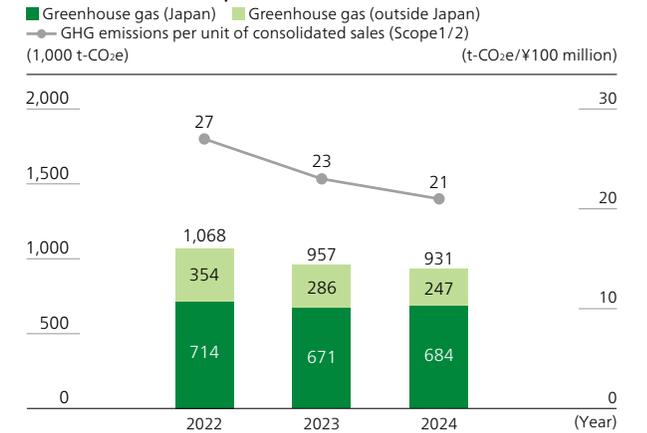
Solar panels installed at Canon Vietnam's Thang Long Factory

Greenhouse Gas Emissions at Operational Sites

The efforts of the Energy Cost Reduction Working Group, coupled with the rigorous streamlining of production processes and other actions by our operational sites to reduce energy use and adopt renewable energy, resulted in an approximately 2.7% year-on-year reduction in GHG emissions at operational sites, to 931,000 t-CO_2e. In 2025, we will push ahead with efforts to reduce CO_2 emissions, mainly by saving energy and utilizing renewable energy sources at our business locations.

GHG Emissions at Operational Sites
■ Greenhouse gas (Japan) ■ Greenhouse gas (outside Japan)
─●─ GHG emissions per unit of consolidated sales (Scope1/2)
(1,000 t-CO_2e)   (t-CO_2e/¥100 million)

Bar and line chart:
- 2022: 714 (Japan), 354 (outside Japan), total 1,068; line 27
- 2023: 671 (Japan), 286 (outside Japan), total 957; line 23
- 2024: 684 (Japan), 247 (outside Japan), total 931; line 21

(Year)

* For information on our basic approach to calculating GHG emissions, please refer to P26. Some of the data for 2022 and 2023 has been recalculated in line with the 2024 calculation method.

CO_2 Reductions in Logistics

We are working to reduce our logistics-related CO_2 emission at every stage from procurement to sales. To reduce the environmental impact of transportation, we are promoting modal shifts by switching from air to sea and from road to rail or ferry transport.

   We are also making an active effort in reducing the total transportation distance by promoting "container round use" which means turning import containers to reuse them for exports. In Vietnam, we actively promoted container round use through partnerships with other companies, achieving a container round use ratio of approximately 80% in Vietnam as of 2024.
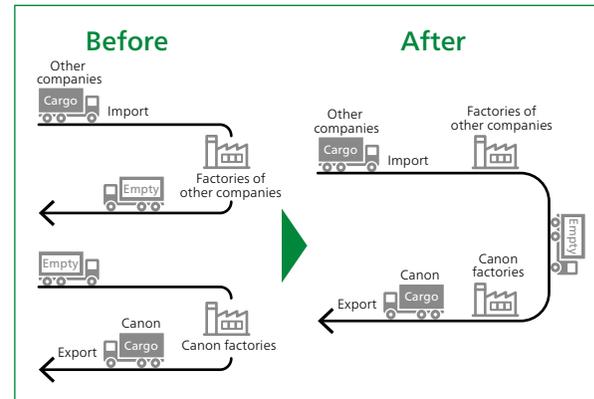
   Furthermore, alongside our existing efforts, we are pressing ahead with the switch to EVs for inland transportation in China.

   Additionally, in transport packaging, we are working to improve transport loading efficiency by downsizing packaging, promoting the reduction of plastic in packaging materials, and reusing used cardboard as

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cushioning material. In warehouses, we are also working on reducing our environmental impact by limiting electricity consumption with LED lighting and utilizing renewable energy by installing solar panels.

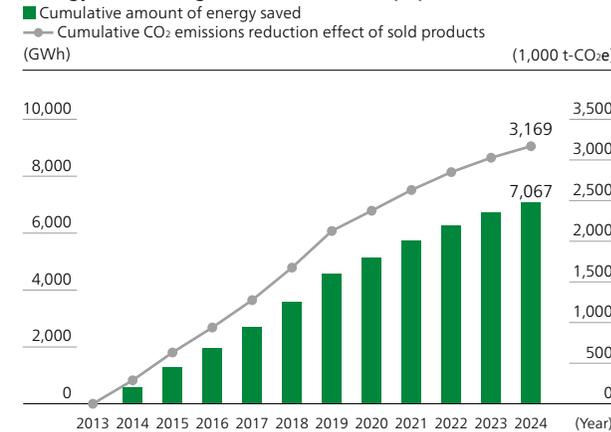### Overview of Container Round Use (Vietnam)

Before

Other companies
Cargo — Import

Factories of other companies

Empty

Empty

Canon
Export — Cargo — Canon factories

After

Other companies
Cargo — Import

Factories of other companies

Empty

Canon
Export — Cargo — Canon factories

Using More Eco-Friendly Materials

Using polystyrene foam

All-cardboard packaging

Reducing Impact in Product Use

Thanks to energy-saving technologies used in office equipment, Canon products achieved cumulative energy savings of 7,067GWh between 2013 and 2024. This is expected to result in 3,169,000 t-CO_2e reduction.

Energy/CO_2-saving Effects of Office Equipment (Cumulative)

■ Cumulative amount of energy saved
● Cumulative CO_2 emissions reduction effect of sold products

(GWh)　　　　　　　　　　　　　　　(1,000 t-CO_2e)

3,169

7,067

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 (Year)

* Covered products: Electrophotographic multifunction devices and laser printers for offices (excluding production printers).
* Energy-saving effect using the average energy (electricity) consumed by products sold five years prior to each respective year, assuming that products sold each year are in use for five years.
* CO_2 emissions factors are calculated by using the weighted average of sales per region based on emission factors published by the Federation of Electric Power Companies (in Japan) and the International Energy Agency (outside Japan).

Contributing to Society by Reducing CO_2 Emissions

In addition to reducing life cycle CO_2 emissions through hardware measures, we are deploying IT solutions to improve the efficiency of work operations, reduce the movements of people and objects, and realize resource and energy savings. This also promotes CO_2 reduction in society as a whole. We are combining conventional visual inspection with high-resolution image capture, proprietary image processing, and AI technologies in the inspection of bridges and tunnels. By detecting cracks or other deformities using images of the structures, the system requires fewer workers and eliminates the need for physical movement of objects, enabling greater operational efficiency, realizing high performance, and reducing CO_2 emissions.

By delivering a range of solutions to society, Canon will continue contributing to reducing CO_2 emissions not only in its own operations but also in society as a whole.
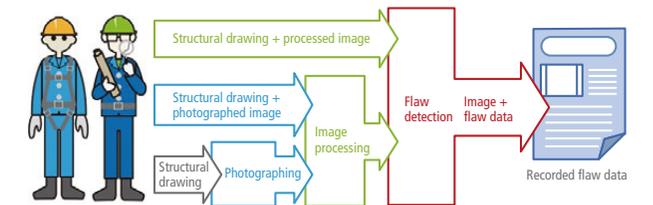
Examples of tunnel and bridge maintenance

Furthermore, with the recent advancements in IoT and the anticipated explosive increase in data processing due to AI utilization, there are calls for greater energy efficiency in data centers that consume enormous amounts of electricity. The Canon IT Solutions Group is promoting environmental activities in data centers with the aim of reducing CO_2 emissions and protecting the environment through the data center business. More specifically, it is making improvements to daily operations in collaboration with customers, such as optimizing air conditioning efficiency and cooling water temperature, as well as coming up with better equipment layouts.

The Nishi-Tokyo Data Center has gained "top-level" facility accreditation for its outstanding global warming countermeasure efforts, as well as "S" class status under Japan's Act on Rationalizing Energy Use. Also, the Okinawa Data Center became the first in Okinawa Prefecture to run on essentially 100% renewable energy.

We have also donated CO_2 reduction credits generated from our CO_2 reduction activities.

Okinawa Data Center

Operates on essentially

100% renewable energy

Resource Efficiency

Canon promotes recycling through the 3Rs: reduce, reuse, and recycle.

Managing Risks and Opportunities

Amid concerns about cost increases due to resource constraints and regulatory compliance, Canon recognizes that improving resource efficiency and introducing 3R technologies can potentially enhance competitiveness and reduce costs. We are therefore undertaking various activities because we see opportunities in the growing demand for products that contribute to a circular society and CO_2 reduction through resource recycling efforts.

	2024 Targets[*1]	2024 Achievements[*2]
Operational Sites	Total waste generation per basic unit: 1% improvement	2.2% improvement

Risks	Opportunities
• Increased procurement costs of raw materials due to resource constraints • Stricter resource-efficiency regulation and associated compliance costs (products/services) • Increased costs for collection and recycling of used products in each region • Damage to corporate image from slow transition to resource efficiency	• Business cost reduction through improved resource efficiency • Enhanced competitiveness through 3R design and development of advanced technologies that promote resource efficiency • Increased demand for products/consumables that contribute to resource efficiency (e.g., remanufactured products) • Enhanced corporate image through publicity of our advanced approach to resource efficiency • Offering the value of CO_2 emissions reduction effect through efforts to recycle resources

[*1] Calculation based on average annual improvement rate of the three most recent years. The basic unit denominator is decided according to the characteristics of each operational site (production volume, effective floor area, workforce, etc.)
[*2] For scope of data collection: https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf

Resource Efficiency

Canon seeks to recycle used products into new ones to maximize the value brought about by resource efficiency. In particular, we have emphasized such initiatives as closed-loop recycling of toner cartridges and the remanufacturing of office multifunction devices — collecting them post-use and making them into products with good-as-new quality. Currently, Canon has sites conducting recycling, in Japan, Germany, France, the United States, and China. We are continuing initiatives aimed at circulating resources within the same regions where they are consumed. Since 2008, we have reused

38,642 tons of products and parts directly and extracted 47,681 tons of plastic from used products for use as raw materials in new products. Going forward, we will continue to reinforce activities at Canon recycling sites around the world, contributing to both a resource efficiency and the realization of a carbon-neutral society.

Amount of reused products and parts	Amount of plastic used as raw material
38,642 tons	**47,681** tons

Flowchart of Resource Efficiency

Reference: Remanufacturing of Multifunction Devices (→P32)
Toner Cartridge Closed-Loop Recycling (→P33)

Product-to-Product Recycling Volume (Cumulative)

■ Volume of reused products and components
■ Volume of product-to-product plastic
(t)
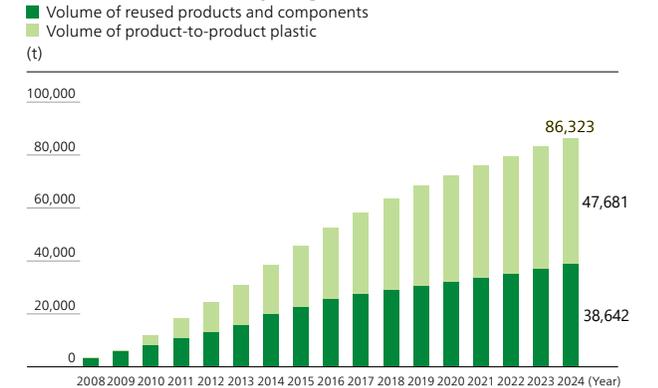
* Product recycling initiatives have been ongoing since before 2007. Data are based on 2008 as the baseline year.

Canon Recycling Sites Worldwide

Canon Bretagne S.A.S. (France)

Canon Dalian Business Machines, Inc. (China)

Canon Virginia, Inc. (US)

Canon Giessen GmbH (Germany)

Canon Eco Technology Park* (Japan)

* Operated by Canon Ecology Industry Inc.
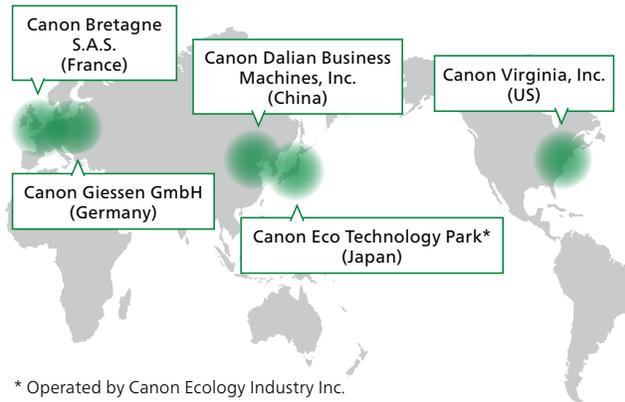
Improving the Resources Recycling Rate for Printing Business Products

The resource recycling rate is a numerical figure indicating what proportion of the sales volume by weight of Canon's Printing Business utilizes recycled materials or components. We have set targets of 20% for 2025 and 50% for 2030, after recording a value of around 16% in fiscal 2022. The sales volume measures the aggregate weight of all Group inputs and outputs, including newly manufactured and remanufactured MFDs, toner and ink cartridges.

At Canon, we are taking the following initiatives to boost the resource recycling rate.

⟨In new machines⟩
- Incorporating recycled materials (recycled plastic and iron)
- Introducing and expanding easily recyclable platform-type designs

⟨At recycling sites⟩
- Developing technology geared towards improving the reuse rate of recycled machines and parts
- Improving the purity of separated recycled resources such as iron, nonferrous metals, and plastics
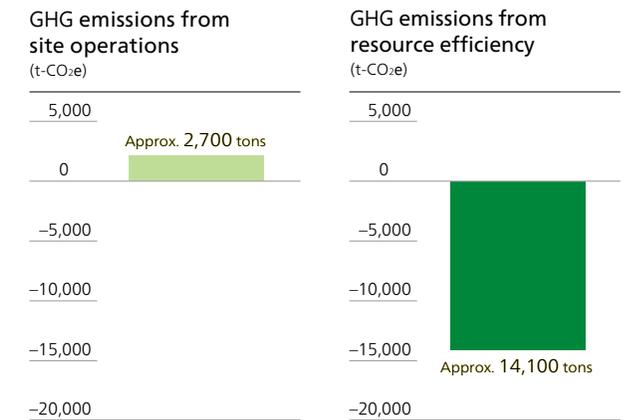- Increasing the types and production volume of closed-loop recycled materials

Initiatives at recycling sites are being expanded from Canon Eco Technology Park in Japan, Canon's core recycling hub, to Canon Giessen, Canon Virginia, and other overseas recycling sites.

Actions in 2024 to improve reuse and recycling led to a resource recycling rate of approximately 17%.
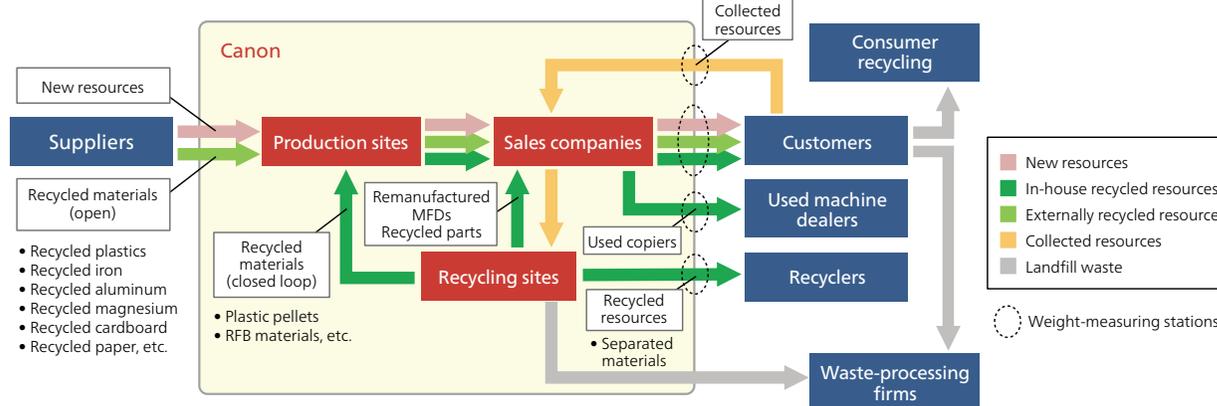
Value Created by Resource Efficiency

We see initiatives at Canon's recycling sites as not only contributing to a resource efficiency but also contributing to a carbon-free future. The reuse of parts through remanufacturing and the recycling of plastics through closed-loop recycling allow us to reduce the amount of CO_2 emissions generated by raw material procurement and transportation compared with using new raw materials. Canon Eco Technology Park (operated by Canon Ecology Industry Inc.) emitted approximately 2,700 tons of Scope 1 and 2 GHG through site operations. We believe that these efforts have resulted in a reduction of approximately 14,100 tons of GHG emissions.

Example of Canon Eco Technology Park

GHG emissions from site operations (t-CO_2e)

5,000	
0	Approx. 2,700 tons
−5,000	
−10,000	
−15,000	
−20,000	

GHG emissions from resource efficiency (t-CO_2e)

5,000	
0	
−5,000	
−10,000	
−15,000	Approx. 14,100 tons
−20,000	

Resources Flow

Canon

New resources

Suppliers

Recycled materials (open)
- Recycled plastics
- Recycled iron
- Recycled aluminum
- Recycled magnesium
- Recycled cardboard
- Recycled paper, etc.

Production sites

Recycled materials (closed loop)
- Plastic pellets
- RFB materials, etc.

Remanufactured MFDs Recycled parts

Recycling sites

Sales companies

Used copiers

Recycled resources
- Separated materials

Collected resources

Customers

Consumer recycling

Used machine dealers

Recyclers

Waste-processing firms

Legend:
- New resources
- In-house recycled resources
- Externally recycled resources
- Collected resources
- Landfill waste

Weight-measuring stations

Environmentally Conscious Design

To make effective use of our limited resources, it is imperative that resource recycling is at front of mind in product design. Starting from the design and development stage, Canon gives careful consideration to the whole process through to collection and recycling of end-of-life products. Our Environmentally Conscious Design Guidance summarizes the various considerations that contribute to resource recycling, such as miniaturization, weight reduction, adoption of environmentally friendly materials, extending product lifespan, improving maintainability, and facilitating disassembly and separation for reuse and recycling. All of these items are incorporated into the design process.

Incorporating Recycled Materials (Recycled Plastic and Iron)

Canon has hitherto promoted the use of recycled plastic in some plastic parts used in multifunction devices and other products. In the new multifunction device imageFORCE C7165, released in November 2024, we achieved the use of over 30% recycled plastic by weight in the plastic materials used in the main unit.

imageFORCE C7165
(with optional attachments)

Also, starting with new products slated to be released in 2025, we will be using recycled iron for the steel parts used in multifunction devices and printer parts.

As recycled plastic is made from waste plastic and recycled iron is made from iron scrap, the introduction of these recycled materials reduces the amount of new resources used and helps increase the resources recycling rate.

Regarding recycled iron in particular, Canon directly supplies iron scrap obtained from dismantling its used multifunction devices and printers to recycled iron

manufacturers. By using the recycled iron produced by these manufacturers, Canon is involved in the entire resource recycling process, thereby facilitating the circulation and effective use of limited resources.

Remanufacturing of Multifunction Devices

Since 1992, Canon has undertaken remanufacturing of used multifunction devices. This process involves a system that automatically determines which parts should be reused, based on operating data about the equipment, such as the number of years in use, its history of breakdowns, and the number of pages printed. Then, following strict reuse standards, we replace any parts that show wear or deterioration. The production line and inspection processes used are on a par with those for devices made only with new parts. When a remanufactured devic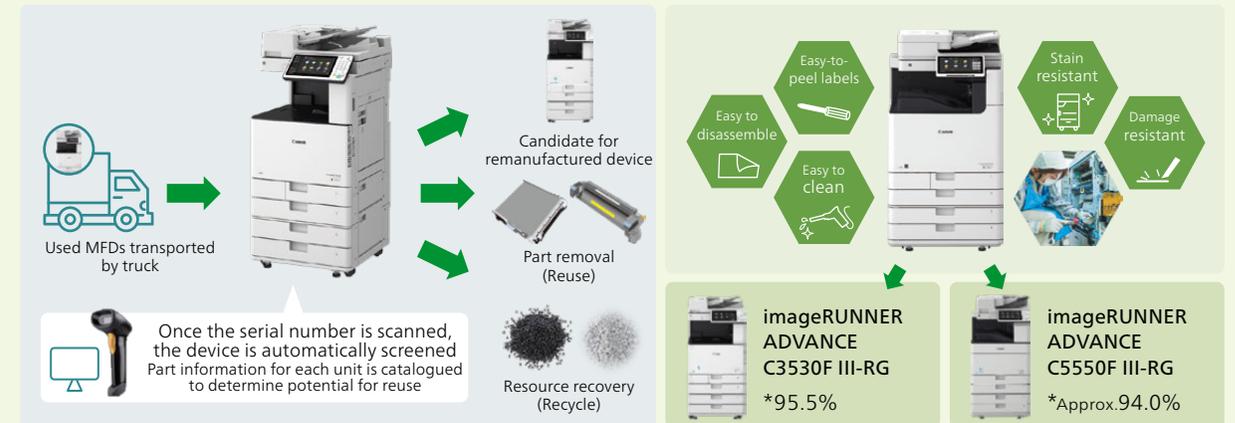e is shipped, it is guaranteed to offer the same level of quality as a new product. We market remanufactured devices from the imageRUNNER ADVANCE series under the Refreshed series brand in Japan and under the ES series brand in Europe.

In the Refreshed series, we have achieved a reused parts ratio of over 90% in all color multifunction devices. Especially in the imageRUNNER ADVANCE C3530F III-RG, we achieved an industry-leading reused parts ratio of 95.5% by removing the smallest imperfections with the use of sandblast polishing.* And to promote the recycling of resources even further, we use approximately 83% recycled plastic in all of the plastic used in the packaging materials. In addition, Canon is creating product platforms to standardize parts and designing products that are easy to reuse and recycle through disassembly and cleaning.

* A technique for polishing resin surfaces by blasting with microparticles

Received the METI Minister's Prize at the FY2024 3Rs (Reuse, Reduce, and Recycle) Promotion Merit Awards for its Initiatives to Expand Remanufacturing of Multifunction Devices

Award background: Recognized for achieving a high level of environmental performance (high reused parts ratio) and like-new high quality.

Used MFDs transported by truck

Once the serial number is scanned, the device is automatically screened
Part information for each unit is catalogued to determine potential for reuse

Candidate for remanufactured device

Part removal (Reuse)

Resource recovery (Recycle)

Easy-to-peel labels
Easy to disassemble
Easy to clean
Stain resistant
Damage resistant

imageRUNNER ADVANCE C3530F III-RG
*95.5%

imageRUNNER ADVANCE C5550F III-RG
*Approx.94.0%

Utilizing operational data to improve the efficiency of collection and remanufacturing

Remanufactured MFDs with a high rate of part reuse

* https://www.3r-suishinkyogikai.jp/commend/commend/ (Japanese only)

Reuse of Parts

Canon collects parts from used products for maintenance purposes. Parts extracted from used products and collected parts undergo disassembly, washing, cleaning, and reassembly before being reintroduced to the market as components of remanufactured products or as maintenance parts.

Canon Giessen in Germany, Canon Virginia in the U.S., and Canon Eco Technology Park in Japan are engaged in the reuse of parts. The latter in particular is meeting maintenance demand after ceasing the production of machine casings by operating production lines for new and reused parts in parallel. By reusing some of the collected parts in the production of new parts, we can reduce the use of new resources.

Development and Use of Recycled Plastic with PCR* Rate of 70-100%

Canon Ecology Industry operates a closed-loop recycling system in which plastic parts extracted from collected machines are separated, washed and crushed to form pellets. The recycled plastic pellets are shipped to Canon production sites, creating a loop with a PCR rate of 70-100%. The cumulative volume of pellets shipped as of the end of 2024 was 51 tons.

* PCR= post-consumer recycling (proportion of materials from returned post-use products that is recycled)

Initiatives Regarding Consumables

Toner Cartridge Closed-loop Recycling

In 1990, Canon launched its Toner Cartridge Recycling Program, the first such program in the industry.
The program continues to operate today. Returned used toner cartridges are brought to Canon recycling sites and sorted by model. The reusable parts are then picked out, washing and maintenance are performed, and the parts are reused in new products. Parts that cannot be reused are crushed and separated by material using physical characteristics such as electrostatic properties and specific gravity. The primary material of toner cartridges is the high-impact polystyrene (HIPS) used primarily for the housing. HIPS can be used repeatedly to make new toner cartridges, a unique feature of Canon's closed-loop recycling process. We conduct used toner cartridge collection in 24 countries and regions (with a cumulative collection volume of about 473,000 tons[1] as of the end of 2024) for recycling at four sites[2] worldwide. As of 2024 we have achieved a cumulative reduction in the use of new resources of approximately 340,000 tons[1].

[1] Including OEM products
[2] Japan: Canon Eco Technology Park, United States: Canon Virginia, France: Canon Bretagne, China: Canon Dalian Business Machines

Use of new resources	Reduction of approximately **340,000** tons [1]

Collection and Recycling of Ink Cartridges

Canon has been collecting and recycling used ink cartridges since 1996. As of the end of 2024, the total volume of collected cartridges was 2,976 tons. In Japan, in conjunction with other printer manufacturers, Canon operates the Ink Cartridge Satogaeri (Homecoming) Project, a program that utilizes collection boxes for used ink cartridges in post offices, libraries, and other locations. Schools also collect cartridges through activities related to the Bellmark Campaign. Outside Japan, cartridge collection boxes are placed in large retail stores, companies, schools, and other locations. Collected cartridges are primarily closed-loop recycled as cartridge parts.

Collection box for the Ink Cartridge Satogaeri (Homecoming) Project

Collection/Recycling of Used Toner Bottles

At the Canon Eco Technology Park in Japan, since 1998 we have been collecting used toner bottles and reusing them simply as containers and for the purpose of recycling the plastic materials.

Since 2022, Canon Bretagne in France has built a system for replenishing recovered toner bottles and supplying them to the regional market. This has not only further reduced the volume of plastic used, but also realizes energy savings at the point of toner bottle fabrication.

State-of-the-Art Automated Recycling Plant at Canon Eco Technology Park

In February 2018, we opened the Canon Eco Technology Park. Based on a "clean and silent" design concept, which overturns the traditional image of recycling operations, the facility has implemented advanced systems to further boost recycling efficiency. The Canon Automated Recycling System for Toner Cartridges (CARS-T) is a process in which, after separation using a camera-based process, used toner cartridges are crushed and materials automatically separated for recycling of the main component, high-impact polystyrene (HIPS). The sorting purity of the recycled plastic reaches 99% or greater* with the intensive use of various separation technologies at the different stages of the process. With the recycling system for ink cartridges (Canon Automated Recycling System for Ink Cartridges: CARS-I), a camera-based automatic sorting process is applied to used ink cartridges. The automated process line covers disassembly, pulverization and washing. Separated materials are reused for ink cartridge components and packaging. Resources that cannot be recycled in product-to-product recycling are diverted to material recycling or thermal recovery processes to help maximize resource efficiency.

Furthermore, to expand the production of recycled plastic materials, in autumn 2024 we introduced a Raman spectroscopy sorting device (manufactured by Canon) that is capable of sorting black plastic. The device was exhibited at the Circular Economy Expo in October 2024, where it demonstrated sorting plastic pieces by irradiating them with laser light to recognize each one, measuring their position and color, and then sorting them using an air jet.

* 99% or greater based on Canon's in-house sorting method
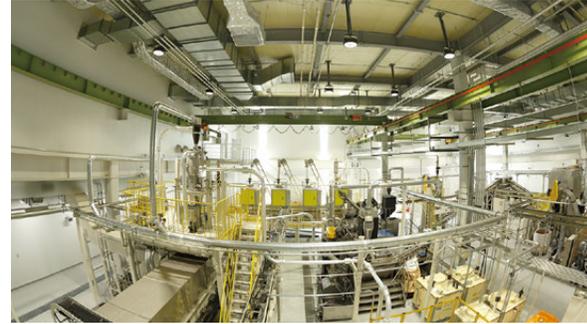
The Canon Automated Recycling System for Toner Cartridges (CARS-T)

Action to Reduce Disposable Plastics

We are working to find alternatives for single-use plastics in our product packaging materials. Among the Canon products launched in 2024, 15 inkjet printers utilize pulp molds. Our office MFD imageFORCE C7165* and the imagePROGRAF series of large-format inkjet printers both use corrugated board. Also, corrugated board is used in the packaging materials for some laser cartridges.

* Not applicable to Asia (excluding Taiwan)
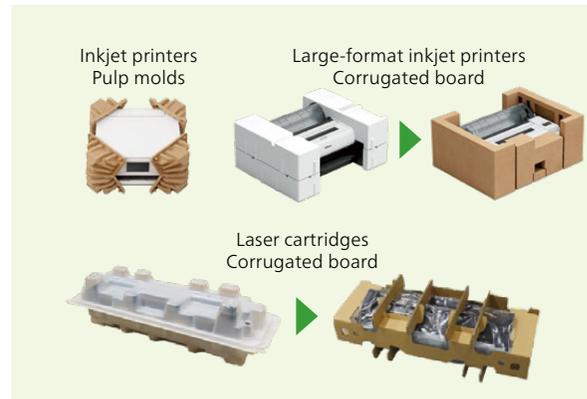
The issue with corrugated board is their increased weight, as more material is usually needed to achieve the same functionality as expanded polystyrene. To reduce packaging volumes while maintaining functionality, we are adopting packaging designs based on the use of prefabricated corrugated board, which reduces the weight and helps to lower CO_2 emissions in the transportation process.

We aim to eliminate petroleum-based single-use plastics* in the packaging materials of newly designed products of the imaging group by 2030. Starting with the PowerShot V10 released in 2023, we have eliminated the use of plastic packaging in 24 models, including the EOS R5 Mark II, RF35mm F1.4 L VCM, and related accessories. (products announced in FY2024)

* This refers to petroleum-derived plastics, and excludes the raw materials used for labels, coatings, and adhesives

Assembled corrugated board packaging
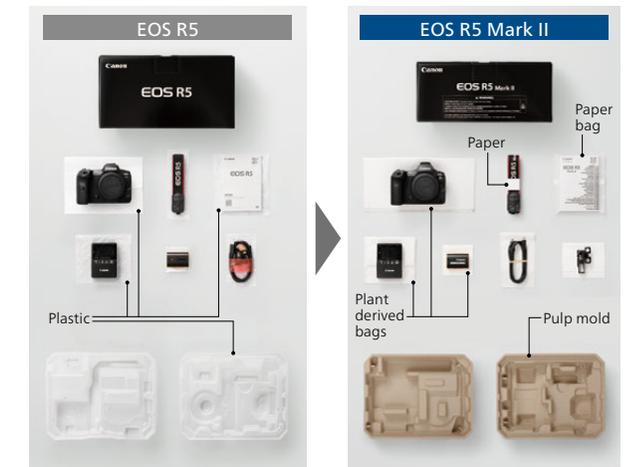
EOS R5 Mark II adopted plant-based non-woven fabric and paper bags, reducing the plastic used in packaging

Additionally, Canon is a member of the Clean Ocean Material Alliance (CLOMA), a public-private sector alliance that seeks a solution to the problem of marine plastic pollution through accelerated innovation and collaboration among a wide range of interested parties across industry borders. In coordination with CLOMA, we are working on a range of initiatives, including reducing the use of plastics and developing recycle-friendly products, technologies, and systems.

Plastic Busters Campaign (Stop plastic pollution)

Canon Opto Malaysia, in cooperation with the Selangor State Department of Environment, held an event on World Environment Day at the National Botanical Garden Shah Alam to raise awareness of environmental issues. A total of 500 reusable bags were distributed to attendees to promote the reduction of single-use plastic usage.
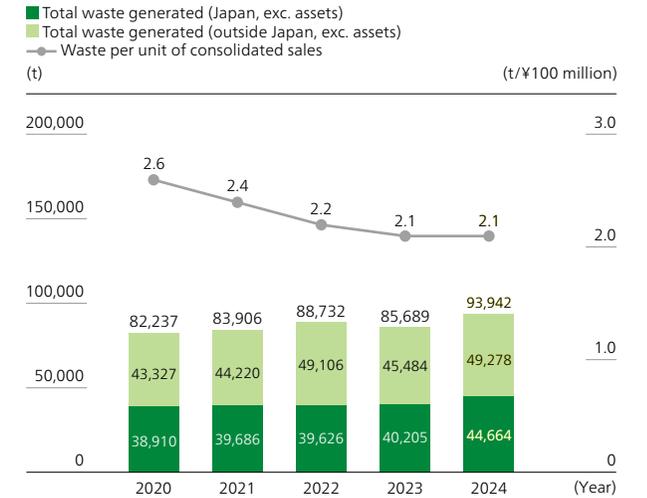

Plastic Busters of Canon Opto Malaysia

Initiatives to Reduce Waste at Operational Sites

Canon is working hard to reduce the amount of waste it generates. Efforts include increasing recycling through sorting and collection and minimizing initial waste generation. In particular, we have sought to determine which factors most significantly affect waste generation at production sites for each division and each production process. Canon Prachinburi (Thailand) is engaged in the recycling of plastic scraps generated during production, while Canon Dalian Business Machines is working on the filtration and recycling of grinding fluids. In addition, Fukushima Canon and the Toride Plant have introduced an automatic collection and aggregation system for waste data at the time of disposal, making it easier to allocate waste by workplace and facilitating efficient reduction activities.

Total waste generated in 2024 was 93,942 tons, an increase of 9.6% compared to 2023.

Total Waste Generated

- Total waste generated (Japan, exc. assets)
- Total waste generated (outside Japan, exc. assets)
- Waste per unit of consolidated sales

	2020	2021	2022	2023	2024
Waste per unit of consolidated sales	2.6	2.4	2.2	2.1	2.1
Total	82,237	83,906	88,732	85,689	93,942
Outside Japan	43,327	44,220	49,106	45,484	49,278
Japan	38,910	39,686	39,626	40,205	44,664

* Excludes disposal of products collected after use.
* The scope of aggregation mainly includes companies that have acquired ISO 14001 consolidated certification.

Initiatives Related to In-house Waste Recycling and Outside Resource Recovery

Canon actively works to reduce the amount of waste originating from its operations and to reuse or recycle waste where possible, appropriately disposing of any waste that can be neither reused nor recycled in accordance with the law. Our various operational sites employ a range of in-house recycling schemes, including reprocessing waste plastic from injection molding as artificial wooden benches or recycling it for other items. Even in the case of waste that must be sent outside the company, we outsource the recycling of each resource to ensure that it does not enter landfills*. Rather, we contract with companies that reprocess waste into materials. In 2024, contracted companies processed 92,229 tons of waste from Canon back into materials.

* Except for some general waste generated by business activities that is disposed of under government oversight.

Chemical Substances

Canon thoroughly manages chemical substances in products and those used in manufacturing processes.

Managing Risks and Opportunities

As a company that operates globally, Canon cannot ignore the various risks we face, such as that stricter regulations will increase the costs of chemical substance management and cause the suspension of production or disruption to the parts supply chain among suppliers. From this perspective, we are committed to supplying safe products and maintaining competitiveness through more advanced chemical substance management, contributing to management efficiency across the supply chain and to international standardization.

	2024 Targets[1]	2024 Achievements[2]
Operational Sites	Emissions of controlled chemical substances per basic unit: 1%	0.9% deterioration

Risks	Opportunities
• Increased chemical substance management costs due to strengthened and expanded regulations • Suspension of production or disruption to parts supply chain due to serious noncompliance by suppliers • Damage to corporate image due to poor regulatory compliance	• Supplying safe products and maintaining competitiveness through more advanced chemical substance management • Cost reduction through increased management efficiency, including within the supply chain • Enhanced corporate image through contribution to international standardization

[1] Calculation based on average annual improvement rate of the three most recent years. The basic unit denominator is decided according to the characteristics of each operational site (production volume, effective floor area, workforce, etc.)
[2] For scope of data collection: https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf

Approach to Managing Chemical Substances

Canon strictly manages chemical substances in products as well as those used in manufacturing processes. Our basic approach to management involves confirming products do not contain regulated chemical substances that exceed the prescribed standard and production sites do not discharge regulated chemical substances that exceed the prescribed standard.

Management of Chemical Substances in Products

Canon has built a Canon-wide environmental assurance system for managing chemical substances in products.

Taking the laws and major environmental-labeling requirements around the world into consideration, we established in-house standards in line with the most stringent regulations in the world, and are working to develop products that comply with these standards. Specifically, we classify and rigorously manage chemical substances as shown in the table below. To ensure rigorous management and compliance with laws and regulations, the latest Canon Green Procurement Standards (Ver. 16.0), issued in July 2024, make even stronger demands of suppliers, clarifying the need to provide reliable chemical substance information.

Chemical Substance Classification and Management Method

	Explanation
Prohibited substances	Chemical substances which cannot be used in products
Use-restricted substances	Chemical substances for which we are working to find alternatives by specific deadlines
Controlled substances	Chemical substances for which the amount should be monitored

Utilization and Development of the chemSHERPA System for Information Sharing on Chemical Substances

To manage chemical substances appropriately, it is important to share information on the chemical substances contained in materials, parts, and products accurately and efficiently along the supply chain from upstream to downstream, and to ensure compliance with all applicable regulations. After adopting the IEC62474* international standard data scheme, Canon in 2017 began utilizing the chemSHERPA data scheme for information sharing, standardized under the initiative of Japan's Ministry of Economy, Trade and Industry. As of 2024, more than 99% of survey replies from suppliers have been made through chemSHERPA. This has led to increased workplace efficiency while helping alleviate the administrative burden on suppliers. Meanwhile, for suppliers who have difficulty with the reply process, we have prepared guide manuals in Japanese, English, and Chinese to promote the progressive global adoption of chemSHERPA.

* Material Declaration for Products of and for the Electrotechnical Industry. International standards issued by the IEC (International Electrotechnical Commission) in March 2012 aiming to streamline the material declarations on chemical substances and compositions contained in the products of the electrotechnical industry in the global supply chain.

Participation in Study of Next-Generation Information Sharing Scheme

Discussions are underway across industries on the Chemical and Circular Management Platform (CMP), a next-generation information sharing scheme that seeks to address issues that face current information sharing methods, such as lowering the burden of chemical substance surveys throughout the supply chain and the need to readminister surveys when regulations change.

   Taking part in the CMP discussions as a key member, Canon will continue to work through these activities to address issues in the sharing of information about chemical substances and reduce the burden across the supply chain.

Fluorine-free Water Repellent Coating Material

PFAS are known as "eternal chemicals" because they persist in the environment for long periods of time. Since they can contaminate tap water and soil and cause damage to health, there are growing calls for their reduction. To address social demands for the reduction of PFAS, Canon Optron has developed OR-510, a fluorine-free coating material. Offering water repellent and antifouling properties and a low refractive index, the coating makes it easier to wipe off fingerprints on smartphones and tablets and reduces the adhesion of water droplets without interfering with the optical properties of glasses, sunglasses, and camera lenses.
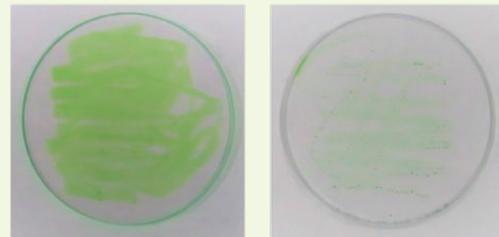
OR-510 Uncoated   OR-510 Coated

Managing Chemical Substances Used in Manufacturing Processes

The chemical substances handled during manufacturing at Canon include "controlled chemical substances" regulated in terms of safety such as negative impact on human health, the environment, and flammable risk. Canon categorizes these substances and has put effective measures in place for each category.
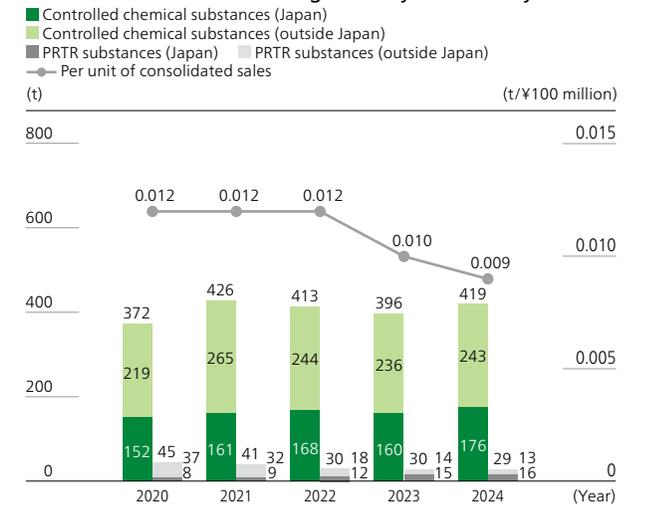
List of Controlled Chemical Substances

Rank	Explanation
A	Substances specified by the Chemical Weapons Convention, the Stockholm Convention, the Montreal Protocol and the Convention concerning Safety in the Use of Asbestos, as well as specified greenhouse gases ($PFCs/HFCs/SF_6$), other soil and groundwater pollutants, and substances that significantly impact people's health
B	Greenhouse gases other than $PFCs/HFCs/SF_6$, greenhouse gases whose global warming potential (GWP) has been determined by the IPCC, volatile organic compounds (VOCs), and other substances designated by Canon
C	Chemical substances with defined compliance requirements, including compliance with reference values and the ascertainment of usage and storage quantities

Reducing Use and Emissions of Controlled Chemical Substances

Canon engages in various initiatives at its operational sites to reduce emissions of controlled chemical substances, including reducing the volume of substances used by improving production processes and reusing the substances. In 2024, Canon Dalian Business Machines took steps to reuse and recycle solvents, as did Canon Inc., Taiwan, amid other efforts to replace controlled chemical substances with other substances.

Emissions of Controlled Chemical Substances and Amount of Chemical Substances Designated by the PRTR System*

- ■ Controlled chemical substances (Japan)
- ■ Controlled chemical substances (outside Japan)
- ■ PRTR substances (Japan)   ■ PRTR substances (outside Japan)
- ─●─ Per unit of consolidated sales

(t)   (t/¥100 million)

Year	2020	2021	2022	2023	2024
Per unit	0.012	0.012	0.012	0.010	0.009
Controlled (Japan)	152	161	168	160	176
Controlled (outside Japan)	219	265	244	236	243
Total controlled	372	426	413	396	419
PRTR (Japan)	45	41	30	30	29
PRTR (outside Japan)	37, 8	32, 9	18, 12	14, 15	13, 16

* PRTR System: Pollutant Release and Transfer Register System, a notification system for the transfer and release of chemical substances.
* Controlled chemical substances exclude regulated substances.
* The scope of aggregation mainly includes companies that have acquired ISO 14001 consolidated certification.

Reducing Emissions into the Atmosphere and Waterways and Preventing Pollution

Canon alleviates the environmental impact of its operational sites by reducing emissions of NOx[*1] and SOx[*2], which are major causes of air pollution and acid rain; reducing discharge of phosphates and nitrogen compounds, which cause the eutrophication of water environments; and, reducing BOD[*3] and SS[*4], which indicate an environmental impact in water areas. One example of this is Canon Components, the first member of Canon to introduce a new treatment process to reuse the active carbon contained in waste sludge.
By removing the small residue of ink in treated wastewater, this process realizes reduced environmental impact.

To prevent air pollution, when installing or updating equipment that uses fuel, we opt for fuels that minimize generation of air pollutants (such as sulfur oxide, nitrogen oxide and soot), and have banned the use of heavy oil in principle. Furthermore, we have designated ozone-depleting substances and persistent organic pollutants cited in the Stockholm Convention on Persistent Organic Pollutants as banned substances. With regard to wastewater, each operational site sets standard values based on local laws and regulations. Also, control values are set at 80% of the standard values as management standards at each site. We regularly check the status of compliance with management standards.

*1 Nitrogen oxides (NOx) A major cause of air pollution, acid rain and photochemical smog, NOx is generated when the nitrogen in fuels is oxidized or when nitrogen in the atmosphere is oxidized during high-temperature combustion.
*2 Sulfur oxides (SOx) A major cause of air pollution and acid rain, SOx is generated when fossil fuels, such as oil and coal, are burned.
*3 Biochemical oxygen demand (BOD) BOD is the amount of oxygen consumed when microorganisms degrade organic matter in water. Larger figure indicates worse water quality.
*4 Suspended solids (SS) A collective term used for substances of less than 2 mm in diameter that float in the air and do not dissolve.

Soil and Groundwater Management Status

Canon places high priority on soil and groundwater protection. In line with this, we established the Canon Group's Basic Policy on Soil and Groundwater Pollution and implemented comprehensive measures based on it. In the unlikely event that soil or groundwater pollution is found at one of our operational sites, cleanup and remedial actions are carried out in close accordance with all relevant laws (see table below). Canon has also adopted an internal standard for acquiring new land, conducting a preliminary soil examination and carrying out any other necessary procedures, such as soil remediation, before making the purchase. We also monitor the chemical substances used at each site and, considering applicable national and regional standards, develop risk countermeasures according to the local situation.

Status of Soil and Groundwater Management Activities

Operational Site	Substances	Measures
Shimomaruko	1,2-dichloroethylene	Injection of treatment agents, water quality measurement
Utsunomiya parking lot 1	Fluorine and its compounds, etc.	Pumping, water quality measurement
Toride	Trichloroethylene, etc. Hexavalent chromium and its compounds	Covering, pumping, water quality measurement
Canon Ecology Industry	Trichloroethylene, 1,1-dichloroethylene	Covering, pumping, water quality measurement
Canon Components	Mercury and its compounds	Covering, water quality measurement

* Reports are made to the authorities concerning sites where remediation is in progress.

PCB Waste Management

In accordance with relevant laws, Canon strictly manages polychlorinated biphenyl (PCB), which damages living organisms and the environment. As of December 2024, no operational sites stored highly concentrated PCB waste.

Biodiversity

Under our Biodiversity Policy, we have formulated the slogan 'Nature Positive' and are pursuing activities rooted in local communities worldwide.

Managing Risks and Opportunities

The reduction in the supply of printing paper due to the decrease in forest resources, unstable water supply caused by abnormal weather, and the disruption of local ecosystem balance pose risks that constrain business activities. At the same time, regional water stress brought about by business activities also warrants attention. From this perspective, we ensure that we conduct business in harmony with the local community by capitalizing on our own products and technologies in conserving ecosystems, contributing to the local community, and devising actions to minimize our impact on the environment.

	2024 Targets[1]	2024 Achievements[2]
Operational Sites	Water usage per basic unit: 1% improvement	0.6% improvement

Risks	Opportunities
• Reduced supply and higher cost of printing paper due to declining forestry resources • Restraints on business activities due to disruption of local ecosystems • Impairment of stable water supply and impacted business operations due to extreme weather events	• Application of our products and technologies to ecosystem conservation • Enhanced corporate image through contribution to local communities

[1] Calculation based on average annual improvement rate of the three most recent years. The basic unit denominator is decided according to the characteristics of each operational site (production volume, effective floor area, workforce, etc.)
[2] For scope of data collection: https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf

Biodiversity Policy

Canon recognizes biodiversity as essential for a sustainable society. We carry out various activities to conserve and protect biodiversity under the Canon Group Biodiversity Policy.

Canon believes that actions to conserve biodiversity will prevent the loss of economic activity, create jobs and business, and lead to Canon's sustainable development. For this reason, we are currently assessing issues related to the natural environment, including our dependence on natural capital and our impact on such capital, and are steadily increasing our disclosure on these issues in accordance with the framework of the Task Force on Nature-related Financial Disclosures (TNFD).

Reference: Canon Group Biodiversity Policy
https://global.canon/en/sustainability/environment/biodiversity/policy/

Initiatives to Support Continuous Use of Sustainable Forestry Resources within Value Chain

To help support biodiversity across the value chain, Canon promotes the use of sustainable forestry resources as the raw materials for the paper used in its products. Having established procurement policies favoring the purchase of paper products derived from sustainably sourced wood pulp in 2015, we sell office paper made under forest certification schemes or using environmentally conscious raw materials.

Reference: Basic Policy on the Procurement of Timber Products
https://global.canon/en/sustainability/environment/biodiversity/policy/

Canon Bird Branch Project

Biodiversity refers to the way living things interact as they coexist on earth. Within this sphere, birds occupy the top position in a local ecosystem pyramid of plants, insects, and small animals, symbolizing the cycle of life. Emblematic of our activities based on the Canon Group Biodiversity Policy is the Bird Branch Project, which Canon has been promoting since 2015. The project encompasses a range of bird-centered activities at operational sites in Japan and overseas. For example, Canon's Shimomaruko headquarters complex in Tokyo includes a greenspace with a wide variety of trees that we call the Shimomaruko Woodland. Under the supervision of the Wild Bird Society of Japan, a monthly census of the migration of wild birds is carried out. The number of observed species has grown from 23 in 2014 to 43 as of the end of 2024, indicating the success of our efforts to promote species diversity.

At Canon Ecology Industry, with the support of experts from the Wild Bird Society of Japan, we have been actively working to attract kingfishers to the retention pond at the site since 2020. This has included releasing small fish species such as gudgeon and ginbuna that are common prey for kingfishers, which has resulted in an adult kingfisher being observed at the site.

In addition to maintaining green space on the grounds, Oita Canon Materials is pursuing greening activities that pay special attention to harmony with the surrounding environment and Japan's four seasons. The subsidiary also installed nesting boxes to create a bird habitat and conducted a seasonal plant and animal life census in collaboration with the National Institute for

Environmental Studies, as well as hosting factory tours for elementary school students.

Canon Fuji-Susono Research Park properly maintained and managed the green space that covers 88% of the site, as well as planting trees and installing nesting boxes to create an environment hospitable to incoming wild birds. In addition, we conducted local cleanup activities, including areas surrounding the park office, and held on-site environmental classes and career education for elementary and junior high school students.

Canon China held a bird watching event in June 2024 in collaboration with three Canon companies in Beijing and Shanghai. More than 50 employees and their families took part, under the guidance of experts. Canon China is also actively disseminating information via its website and social media.

Canon U.S.A. carries out a variety of activities, including Bird Watching Walks, where employees observe wild birds with experts while exploring the premises.

At other sites as well, we have created biotopes, with bird baths and nesting boxes installed and kept clean and measures taken to protect against bird strikes, creating on-site environments conducive to bird life. By sharing successful nesting inside nesting boxes and other activities, it gives employees an opportunity to study aspects of the lives of wild birds even in familiar surroundings. Meanwhile, 12 of our operational sites, including Oita Canon Materials, participate in the seasonal wildlife monitoring scheme proposed by the National Institute for Environmental Studies. Participants report the species of bird, plant, reptile, and insect observed at the site as well as the date on which the first birdsong of each species is heard, the date on which it is first seen, and the date on which each tree or plant begins to flower.

These data also make a useful contribution to academic studies.

Bird Branch Project

The common kingfisher that flew into the site

Bird Watching Walk at Canon U.S.A.

Contributing to "30by30 Global" Target

In 2023, a green zone located on the premises of Canon's Shimomaruko Headquarters was certified as a "Nature Symbiosis Site" under a scheme by the Ministry of the Environment. This project certifies areas where biodiversity conservation is being promoted through private-sector initiatives. It forms part of the Japanese government's plans to protect at least 30% of Japan's land and sea by 2030, as part of the global "30by30" target. Certified areas were registered as OECM* sites on an international database in 2024. The recently certified Shimomaruko Woodland is home to nearly 1,000 trees, including around 80 different species. Besides helping to preserve local biodiversity, the green space has also been recognized for its role in the Canon Bird Branch project. The Oita Plant of Oita Canon and the headquarters of Canon Medical Systems were also certified as "Nature Symbiosis Sites" in 2024.

"Nature Symbiosis Site" certificate

* Other effective area-based conservation measures

Forest clean-up activities

Reforestation activities

Sand dam construction

Placing of bird nesting boxes

Tree-planting activities

River clean-up activities

Provision of greenspace

Beach cleanup

Worldwide rollout of locally focused activities

Environmental outreach classes

Wastewater recycling systems

Environmental protection activities

Elimination of invasive species

Restoration of coral reefs

Protection of marine mammals and sea turtles

'Nature Positive' Initiatives at Canon

Biodiversity has come to be recognized in recent years as an issue facing global society as a whole, and the notion of 'nature positive' initiatives that seek not only to conserve but also restore biodiversity has gained attention. Canon has adopted Canon-wide slogan 'Nature Positive' to guide our collaboration with stakeholders at marketing and production sites worldwide in developing activities in line with local needs.

Start of Tree Planting Activities to Create a New Forest

To replace the trees cut down for the construction of its new headquarters building, Canon Production Printing Netherlands has planted a new forest under the guidance of the nature conservation organization Het Limburg Landschap*. A total of about 2.66 hectares of former farmland has been designated as permanent "forest." With a total of around 5,850 trees and 7,300 bushes planted, the new forest will become part of a natural link between two local nature reserves.

* Het Limburg Landschap nature conservation organization: the state foundation in the Netherlands for the management of natural sites with the aim of conserving, managing, and developing nature and landscapes.

Employees planting trees

Using Imaging Technology to Conserve Coral Reefs

Canon Europe have partnered with the London-based Coral Spawning Laboratory to support global coral reef conservation efforts. The cameras and lenses provided to the Coral Spawning Laboratory are expected to contribute to the conservation of coral reefs by being used to observe and study the life cycle of corals, such as how and when they release eggs that are not visible to the naked eye.

Comment from Researchers at the Coral Spawning Lab

It is thought that we probably have a window of no more than eight years left to restore global coral reefs. If we don't make any significant positive impact by then, it is possibly too late. At the Coral Spawning Lab, we are seeking to replicate the conditions of nature, but are able to apply much more control. This allows us to evaluate which approaches work and which don't, including flow rates, feeding methods, and lighting intensity. As part of the process of recording the development and growth of coral, we use lots of imagery to learn about the coral's health, using things like its light and color. Now, we are able to incorporate Canon's imaging technology into that research process. The equipment Canon provides allows us to closely monitor the life cycle of the coral while also communicating our activities to the world.

Professor Michael Sweet (left) and Dr. Jamie Craggs (right) from the Coral Spawning Lab

The moment of spawning captured by a Canon camera

Sustainable Environment Creation Program: Branch Out

Canon Canada's Branch Out program gives employees at all levels the opportunity to contribute to creating green spaces and sustainable environments in their local communities during their working hours. In 2024, Branch Out reached a major milestone, celebrating 10 years of positive environmental impact. Since 2014, Canon Canada employees have volunteered more than 10,000 hours, planted over 36,000 trees, and removed more than 18,000 m^2 of invasive species. These efforts are just one of the reasons why Canon Canada has been named one of Canada's Greenest Employers for the sixth year in a row.

Creating nesting boxes

Wetlands Habitat Conservation for Migratory Birds

In the Mai Po Nature Reserve, a famous wintering ground for migratory birds, volunteers from Canon Hongkong, Canon Electronic Business Machines (H.K.), and Canon Engineering Hong Kong worked to remove overgrown vegetation that was hindering the birds from foraging for food. Employees used eight wheelbarrows to collect grass, which became additional food for three water buffaloes that live in the Mai Po Nature Reserve.

Volunteers clearing overgrown vegetation

Protecting Insects

Canon Giessen is working to protect insects by installing dead hedges and insect hotels* for insects to live in. They also scatter flower seeds to create and improve a habitat and food source for insects, and also provide a water source lined with moss and stones to prevent the insects from drowning. Insect populations in Europe have been shrinking for more than 10 years, with the loss of habitat, the use of agricultural insecticides, the lack of nesting areas, and climate change all contributing to the decline. Preventing insect decline through these efforts also helps protect the birds that feed on the insects.

* Insect hotel: A habitat for insects made from natural materials like bamboo and other wood types

The installed insect hotel

Water Resources Policy

At Canon, we rely on numerous water resources in its production processes. We have therefore formulated a Canon Group Water Resources Policy, and we work both to promote the effective use of water and to prevent water pollution. We also recognize that water is closely linked to climate change and other environmental issues, and we understand impact on the environment.

Based on our corporate philosophy of *kyosei*, at Canon we are working with various parties—including local communities and our suppliers—to reduce our use of water resources, and to minimize our impact on the environment.

Reference: Canon Group Water Resources Policy
https://global.canon/en/sustainability/environment/water/policy/

Initiatives for Sustainable Use of Water Resources

Reducing Water Usage

Canon collects water data by intake source (public water system, industrial water system, or groundwater) and manages water resources carefully so as not to exceed intake limits for the different regions in which it operates. We also set and manage targets for the volume of water used in production, and constantly strive to further reduce water usage by improving production processes, raising water-usage efficiency and enhancing the quality of our water management.

Helping to Significantly Reduce Water Usage in Semiconductor and Electronic Devices Manufacturing

Semiconductors are an indispensable part of our everyday lives. Amid mounting demand for semiconductors in recent years, semiconductor plants are being built across regions both in Japan and overseas. From the perspective of both the environment and costs, there are strong calls for semiconductor plants to reduce their environmental impact.

The semiconductor manufacturing process involves the use of a large volume of water resources for cleaning materials and cooling manufacturing equipment. Taking the needs of the environment and customers into account, Canon ANELVA has developed a new product family, Adastra, with the aim of conserving energy and resources, including cooling water. The company significantly revised the cooling water system of Adastra products, reducing cooling water usage by 55% compared to previous models and reducing energy-related CO_2 emissions by 18%. Modules can also be combined flexibly and the equipment can be used in the fields of semiconductors and other electronic devices, making it suitable for an array of development and mass production scenarios.

As Adastra products gain use in a broad range of fields and in a variety of situations, they will contribute to a better future for people and the natural environment.

City Water Usage in Semiconductor and Electronic Part Manufacturing Processes	**55**% reduction

Adastra series of semiconductor and electronic part manufacturing equipment

Water Recycling at Production Sites

Canon promotes the recycling of water resources. For example, taking into consideration its impact on the marine ecosystem of nearby Beppu Bay, which abounds with precious natural resources and habitats, the Kitsuki Plant of Oita Canon employs a fully closed wastewater system that discharges only rainwater. At Canon Ecology Industry, wastewater from equipment used in air conditioning and other infrastructure is treated and recycled for reuse in the production process of toner and ink cartridges. Canon Inc., Taiwan's production site re-uses the wastewater from the cleaning equipment in the polishing process. We are also working to keep water consumption at our marketing sites to an appropriate level by measuring and monitoring the amount of water used at main sites. To reduce water consumption at its head office building through water recycling, Canon Marketing Japan is cooperating with the Shinagawa Grand Commons Community Development Council, an association of local business enterprises, in a reclaimed water utilization project under which recycled water supplied by the Tokyo Sewerage Bureau is used for flush toilets and other purposes. In 2024, water consumption increased by 0.3% from the previous year to 8,693,000 m³. This reflected larger water volumes used in cooling for facility maintenance purposes and due to the higher prevailing temperatures, which more than offset the ongoing efforts of Canon sites to reduce water usage.

Use of Water Resources

- Volume of water resources used: Japan
- Volume of water resources used: Outside Japan
- Volume of water resources used per unit of consolidated sales

(1,000m³) (1,000m³/¥100 million)

Year	Japan	Outside Japan	Total	Per unit
2020	5,068	3,358	8,426	0.27
2021	5,289	3,289	8,578	0.24
2022	5,245	3,152	8,397	0.21
2023	5,670	2,992	8,663	0.21
2024	5,679	3,014	8,693	0.19
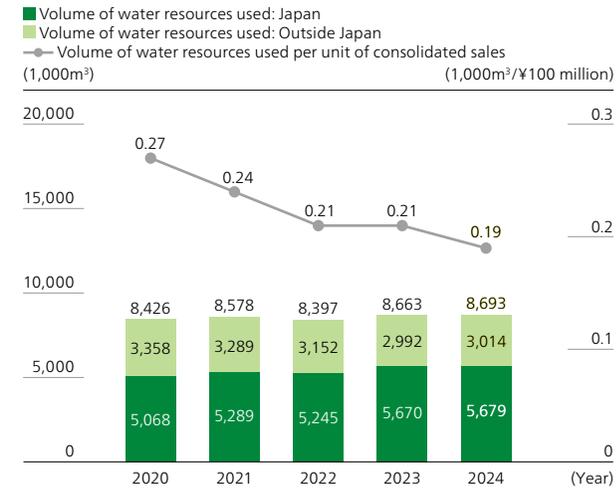
* Third-party assurance obtained for water consumption figures from 2018.
* The scope of aggregation mainly includes companies that have acquired ISO 14001 consolidated certification.

Water Risk in Regions Where Production Sites Are Located

Canon assesses locations to confirm available water intake volume before establishing operational sites and facilities. We use the AQUEDUCT water-risk mapping tool provided by the World Resources Institute* for quantitative evaluation and reconfirmation of water risk in regions where production sites are located, and work to reduce water consumption in response to local conditions. Furthermore, among our production sites and plants in Japan and overseas, although four locations were found to be at medium-high risk of flooding near rivers or along coastal areas, we have already implemented necessary measures according to the situation at each location. (→P22)

* World Resources Institute: WRI is an independent institute based in the United States that conducts policy research and provides technical assistance concerning environmental and development issues around the world.

Water Risk (Quantitative) in Countries and Regions with Major Production Sites

United States: 1-2

Japan: 1-2

Sweden: 1-2
Germany: 0-1
France: 1-2
Netherlands: 1-2

China: 2-3, 3-4, 4-5
Taiwan: 1-2
Vietnam: 3-4
Malaysia: 1-2
Philippines: 3-4
Thailand: 3-4, 4-5

0-1: Low risk
1-2: Low to medium risk
2-3: Medium to high risk
3-4: High risk
4-5: Extremely high risk
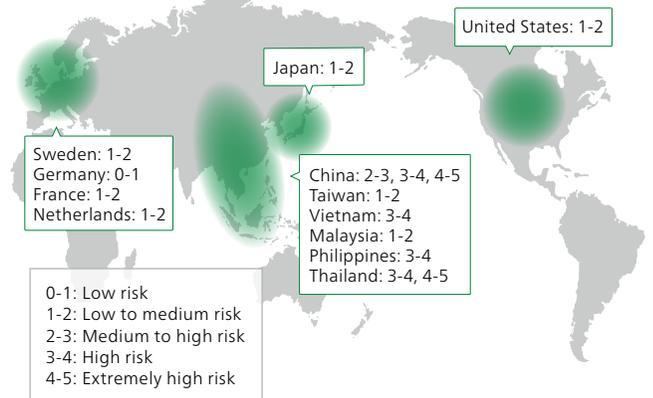
* Result of "physical risk quantity" assessment of production sites (as of end of 2020) using AQUEDUCT water-risk mapping tool (Version 4) (as of February 2025)

Water Resource Conservation Initiatives

Arakawa River Water Quality Maintenance and Environmental Conservation Activities

Since its founding, Fukushima Canon has worked to protect the environment and to maintain the water quality of the Arakawa River, a Class A river that flows through the center of Fukushima City. Employees participate in the Arakawa River cleanup campaign organized by the Council to Consider the Future Arakawa River.

Environment

Approach (Environment)

> **Activity Report**

Environmental Management

Climate Change

Resource Efficiency

Chemical Substances

Biodiversity

Employees and their families participating in the Arakawa River water quality maintenance and environmental conservation activities

Mangrove Planting

Canon Business Machines (Philippines), Inc. planted mangroves in collaboration with local city officials on the coast of Lemery, a city on the island of Luzon. Mangroves are said to be a cradle of life because they foster rich ecosystems; they also help prevent water pollution. Moreover, they hold the promise of contributing to lower CO_2 emissions. This project planted 500 mangrove seedlings.

Employees taking part in mangrove planting activities

Environmental Compliance and Pollution Prevention

Canon Virginia (CVI) and Canon Environmental Technologies (CETI) are committed to preventing water pollution. Both CVI and CETI received the Compliance Gold Award from the Hampton Roads Sanitation District, the wastewater regulatory authority and wastewater treatment operator in Hampton Roads, Virginia.
The award recognized both companies' compliance with wastewater regulations and outstanding pollution prevention activities. The district also presented CETI with the Pollution Prevention Award for its implementation of a CRIC* toner cartridge recycling line.

* CRIC: Circulate Resources Inside Canon toner cartridge automated recycling project.

CVI and CETI employees show their awards

Coastal Cleanup Activities, Participation in International Research Activities

Canon Inc., Taiwan took part in an environmental event organized by the Ministry of Environment. Employees cleaned up Haomeili Beach in Chiayi County, collecting a total of 1,096 kilograms of marine debris. In addition, the company used a marine debris survey form provided by ICC* to report on their activity to the ICC organizers.

* International Coastal Cleanup: ICC is an international initiative organized by U.S.-based nonprofit organization Ocean Conservancy, which involves surveying debris picked up in the same manner at the same time in oceans, rivers, lakes, and other bodies of water around the world, and sharing the data.

Employees participating in coastal cleanup

Coastal Cleanup Activity: Clean Coasts for Tomorrow

Employees from the Mumbai office of Canon India worked with the youth from villages the company supports on the outskirts of Mumbai to clean up the local Aksa and Gorai beaches. Canon India aims to raise environmental awareness, particularly among the younger generation, and stresses the importance of protecting coastal and marine ecosystems.

Employees and youth from the village who took part in the cleanup activity

Approach (Society) `GRI2-23` `GRI2-25` `GRI3-2` `GRI3-3`

Why Is this Important?

Human Rights and Labor	**Respecting Human Rights**	Canon recognizes that its business activities, including supply chains, can impact human rights in various negative ways. We believe in the importance of identifying notable human rights risks and taking countermeasures to prevent or mitigate such risks.	P46–51
	Hiring and Treatment of Human Resources/ Diversity, Equity and Inclusion	Enterprises that operate globally have employees with varied personalities and values. Mutual respect for such diversity is critical in maximizing the potential of every individual, leading to the creation of original innovations. It also demands attractive working environments that can enable everyone to play an active part. In line with this thinking, Canon respects the diversity of each employee, including culture, customs, language, and ethnicity. We promote fair recruitment and utilization of human resources, irrespective of gender, age or disability.	P52–59
	Occupational Safety and Health Management	The health and safety of employees is a fundamental tenet of corporate activities. Canon believes it is essential to create safe, secure work environments for employees. This is critical to ensuring the workplace helps to foster vitality and improve productivity.	P60–62
	Human Resource Development and Personal Growth	Employee growth is the source of being competitive in business. Canon has developed a HR systems based around on-the-job training (OJT) in the workplace, while also providing career development support to help individual employees realize their goals.	P63–66
Sociocultural Support Activities		Canon recognizes that business enterprises only thrive when society as a whole flourishes. While striving for the company's own growth through sound and fair business activities, we believe it is important mission to help bring about a better society as a good corporate citizen.	P67–72

Relevant Guidelines

- UN International Bill of Human Rights
- The International Labour Organization (ILO) International Labour Standards

- The United Nations Guiding Principles on Business and Human Rights
- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct

- Children's Rights and Business Principles developed by the UN Global Compact
- UN Sustainable Development Goals (SDGs)

Activity Report

Respecting Human Rights

Canon respects the human rights of all stakeholders involved in its business activities, including employees and business partners.

Basic Approach

Based on the UN Guiding Principles on Business and Human Rights, Canon respects the human rights of employees, business partners and other stakeholders involved in its business activities. Based on the advice of outside experts, Canon works to ensure human rights using the following measures: (1) formulating and reviewing the human rights policy; (2) undertaking human rights due diligence; (3) instituting and operating a grievance mechanism; (4) conducting human rights awareness training; (5) activities aimed at engaging with stakeholders on human rights issues; and (6) addressing human rights risks in the supply chain. In 2021, the Canon Group Human Rights Policy was established with the approval of the Chairman and CEO of Canon Inc. as part of promoting efforts to respect human rights. This policy is available to our stakeholders in various countries and regions worldwide via the Canon website. Taking into account global trends and societal expectations for Canon, we revised the Canon Group Human Rights Policy in January 2025.

Canon Group Human Rights Policy

Since Canon's founding in 1937, all employees have been treated the same on a fair and equal basis, without any discrimination due to gender, age or occupation. This stance was based on a complete respect for humanity.

Following half a century of operations, we adopted our corporate philosophy of *kyosei* in 1988. *Kyosei* is the aspiration to create a society in which all people, regardless of race, religion or culture, live and work together for the common good. It sets the goal of human happiness and prosperity above the profits earned by any single company or nation. *Kyosei* expresses our commitment to and global aspiration for a respect for humanity and makes clear the company's firm stance to working together with stakeholders around the world to achieve this.

This policy expresses the Canon Group's commitment to respect human rights and to take measures to protect human rights under the corporate philosophy stated above, which we embed into our operational policies and procedures. We promote human rights initiatives based on this policy under the responsibility of the executive in charge of human rights.

1. Respect for Human Rights
Canon commits to respect internationally recognized human rights across its business activities, as set out in the International Bill of Human Rights, International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights, and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct. Specifically, Canon commits to respect fundamental human rights, prohibit discrimination, harassment or violence based on such factors as race, nationality, gender, religion and creed, promote diversity, prohibit child labor and forced labor (including human trafficking), prohibit unreasonable restriction on movement, respect freedom of association and the right to collective bargaining in accordance with the laws and regulations of each country and region, pay employees wages equal to or greater than legally mandated wages, prevent excessive overtime work and grant appropriate holidays, ensure occupational health and safety, prevent occupational injuries, protect privacy, and promote responsible minerals sourcing.

2. Human Rights Due Diligence
In accordance with the UN Guiding Principles on Business and Human Rights, Canon conducts human rights due diligence to identify adverse human rights impacts that are linked to its business activities, and to prevent or mitigate any adverse impacts. In consideration of the findings of human rights due diligence, Canon will review and update this policy, where necessary.

3. Grievance Mechanism
Canon establishes and operates an effective internal and external reporting system to understand adverse human rights impacts that are linked to its business activities. When Canon identifies that it has caused or contributed to adverse human rights impacts, Canon will take appropriate steps to remedy the situation.

4. Awareness Training
Canon conducts human rights awareness training on a continuous basis to enable its executives and employees to deepen their understanding of international initiatives relating to human rights and this policy, and to respond appropriately to human rights issues.

5. Dialogue with Stakeholders
Canon communicates its human rights approach, as stated in this policy, to stakeholders through our website and other communication channels. In a series of initiatives under this policy, Canon learns from the human rights expertise of external experts and has dialogue with stakeholders such as employees and suppliers who are or could potentially be affected by our business activities in relation to human rights.

Canon seeks to contribute to our stakeholders' understanding of the international circumstances surrounding human rights. By cooperating with surveys and audits conducted by Canon, as well as with our responses to the risks uncovered through our initiatives, we encourage our stakeholders to join Canon in addressing human rights issues.

Reference: Canon Group Human Rights Policy
https://global.canon/en/sustainability/society/human-rights/pdf/hr-policy-e.pdf

Promotion System

At Canon, the CFO holds the responsibility as the executive of human rights, while the sustainability, legal, and human resources divisions of Canon Inc. serve as the secretariat, pursuing human rights initiatives. The secretariat formulates an overall plan for human rights initiatives, establishes and operates grievance mechanisms, conducts stakeholder engagement, and reports important matters to the executive in charge. Potential human rights violation risks have been identified as a significant risk by the Risk Management Committee established by a resolution of the Board of Directors. Each Canon Inc. division and Group company is implementing initiatives to prevent and mitigate human rights risks. The results are evaluated annually by the Risk Management Committee and reported to the CEO and Board of Directors.

    We also established a Human Rights Working Group in April 2024 under direction of the Sustainability Committee, which engages in activities aimed at ensuring appropriate human rights disclosure.

Reference: Risk Management Committee (→P80)

Implementation of Human Rights Due Diligence

Based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, we undertake human rights due diligence across the Group, as one of the activities under the Risk Management Committee. Each Canon Inc. division and Group company identifies and assesses the potential adverse human rights impacts in their respective business activities, including the supply chain, and identifies the salient human rights risks. The secretariat subsequently aggregates, analyzes, and evaluates the risks for the various organizations and,

through stakeholder engagement (→P49), identifies salient human rights risks for Canon. In assessing human rights risks, we also refer to the human rights risk country/region index provided by the Responsible Business Alliance (RBA). Additional measures have been initiated to prevent or mitigate salient human rights risks identified by Canon Inc. divisions or Group companies where it is believed current actions are deemed insufficient.

    We also assess human rights risks for new businesses. For example, when conducting an acquisition, we examine the target company's compliance with labor standards, health and safety laws, and other regulations as part of our due diligence. When launching a business with a new business partner, we assess the risk of human rights violations for the partner.

    As part of an International Labour Organization (ILO) project entitled "Building Responsible Value Chains in Asia" funded by the METI* in Japan, Canon's initiatives in this area were cited as an example of good corporate practices in Japan and featured in an article on the JETRO website.

    In 2024, Canon's efforts to use the existing monitoring indicators of our human resources divisions for human rights due diligence were presented as a good practice at an event attended by representatives from India's Ministry of Labour and relevant government departments, employers' and workers' organizations, the Japanese embassy, and various companies.

* Ministry of Economy, Trade and Industry

Feature: Human Rights Due Diligence in Action – Insights from Japanese Companies (Japanese website only)
https://www.jetro.go.jp/biz/areareports/special/2023/0302/45d4ef866d20d8b4.html

Sharing Canon's Human Rights Due Diligence Efforts in a Webinar

On March 14, 2024, the ILO Office for Japan, the Japan External Trade Organization (JETRO), and the Global Compact Network Japan (GCNJ) co-hosted a webinar entitled "Human Rights Due Diligence—Where to Begin?" showcasing the good practices of Japanese companies and tools related to human rights and labor rights. Canon introduced its human rights due diligence and other human rights initiatives, using examples to answer practical questions from participants.

Dialogues with Outside Experts

We are actively organizing dialogues with external experts to effectively implement human rights due diligence. By participating in human rights training programs hosted by the United Nations Development Programme (UNDP) and in seminars hosted by law firms, we gather information on current societal trends and on good practices at other companies, to use as a reference for our human rights response going forward. In 2024, we participated in seminars and engaged in individual dialogues with experts, gathering information on human rights laws and regulations, including the EU Corporate Sustainability Due Diligence Directive, which is due to come into effect in 2027, and are now considering our response.

Salient Human Rights Risks for Canon

We have identified 11 items as salient human rights risks that may arise in the Canon's business activities, including the supply chain. These include discrimination based on factors such as race, gender, or religion; harassment; child labor; forced labor; unpaid wages/low wages; excessive overtime work; occupational health and safety; and protection of privacy. As shown in the table below, various measures are taken to prevent and mitigate these risks.

Grievance Mechanism

Canon Inc. has set up an internal reporting system through which employees can report specific human rights concerns. We also work to raise awareness of the reporting system via the company intranet and training programs, among other measures, and are taking steps to ensure its appropriate use.

Canon Inc. also has a reporting system through which external stakeholders can report specific human rights concerns associated with Canon's corporate activities.

Both the internal and external systems maintain the privacy of informants to ensure that Canon does not treat them unfairly for reporting. We also take into consideration the convenience of informants, such as enabling anonymous reporting.

The facts in any reported case are investigated, where it is received. If it is ultimately deemed that there is a problem, we take necessary measures to remedy the problem and prevent recurrence, including issuing warnings or guidance to the employees at fault or relevant departments, as well as disciplinary action or transfers.

We have established similar internal reporting systems at almost all Group companies, both in Japan and overseas, enabling employees to report concerns in local languages.

The table below indicates reported human rights-related cases and reported cases where compliance violations were found over the past three years. There were no cases of serious human rights-related compliance violations.

Salient Human Rights Risks for Canon

	Rights-holders				Measures taken by Canon	
	Suppliers/ Contractors	Canon employees	Customers/ Consumers	Local communities		
Discrimination based on such factors as race, gender, or religion		●			P57	Diversity, Equity and Inclusion
Harassment		●			P50	Prevention of Harassment
Child labor	●				P51	Respect for Human Rights in the Supply Chain
Forced labor	●				P51	Respect for Human Rights in the Supply Chain
Unpaid wages/low wages	●				P51	Respect for Human Rights in the Supply Chain
Excessive overtime work	●	●			P49 P51	Prevention of Excessive Overtime Work Respect for Human Rights in the Supply Chain
Occupational health and safety	●	●			P60	Occupational Safety and Health Management
Protection of privacy		●	●		P88	Protecting Personal Information
Procurement of conflict minerals				●	P93	Addressing the Issue of Responsible Minerals Sourcing
Noise, environment pollution at operational sites				●	P12	Environment
Health damage or accident caused by product			●		P73	Product Responsibility

Reported Human Rights-related Cases and Compliance Violations (no.)

		2022	2023	2024
Annual reported cases (as of year-end)		110	94	140
Reported cases in which investigations were completed and compliance violations were found (as of year-end)		21	17	27
Category	Discrimination, harassment	16	14	23
	Labor management	5	3	4

Responsible Business Conduct Hotline
https://global.canon/en/contact/csr/csr-form-e.html

Human Rights Awareness Training

Since 2021, we have been carrying out human rights awareness training program for employees to instill basic knowledge about business and human rights and raise awareness of the Canon Group Human Rights Policy and other human rights initiatives at Canon. Training programs held overseas reflect national and local characteristics, with each company optimizing the content and translating it into each language.

Participation Rates in the Canon Group Human Rights Awareness Training Program

FY	2021	2022	2023-2024
Target	Canon Inc.	Group companies in Japan	Group companies outside Japan
Participation Rate	92.5%	98.2%	98.0%

　To further improve the working environment and help deepen mutual understanding between the company and employees, Canon Vietnam has issued an employee handbook, covering the Canon Group Code of Conduct, the RBA Code of Conduct, and the internal rules of Canon Vietnam, including respect for human rights.

Stakeholder Engagement

The OECD Due Diligence Guidance for Responsible Business Conduct states that it is important for companies to engage with stakeholders when identifying and assessing the actual or potential adverse impact caused by corporate activities, and when devising measures to prevent or mitigate such impact. In addition to the Canon Workers' Union, Canon is engaged in dialogue with institutional investors, suppliers, and business partners.

Stakeholder Engagement: Example 1 (Canon Workers' Union)
To identify and assess salient human rights risks and to consider measures for prevention, we organized dialogues with the union relating to issues that represent human rights risks for employees, including discrimination based on factors such as race, gender, or religion; harassment; excessive overtime work; occupational health and safety; and protection of privacy. Through dialogues in 2024, we identified trends in corporate responses to human rights issues and exchanged opinions on a wide range of concerns, including the active participation of women in the workforce, issues involving lesbian, gay, bisexual, trans and queer (LGBTQ+) and people with disabilities, and consultations about harassment and efforts to address these issues, as well as concerns about employee career development and telework and other types of flexible work styles. The results of these discussions are taken into consideration when we identify and assess salient human rights risks for Canon and consider preventive measures.

Stakeholder Engagement: Example 2 (Business Partner, Industrial Equipment)
Canon develops, manufactures and sells semiconductor steppers and other industrial equipment on a global basis.

One of the salient human rights risks in the industrial equipment sector is the risk of accident or worker injury to employees of Canon or subcontractors during the transport or the installation of equipment. The massive size and mass of these systems means that any lack of OHS care could result in a serious accident such as being caught in machinery or falling from a height. As well as taking steps to prevent injury to its employees, Canon Inc. regularly discusses safety issues with delivery/installation subcontractors, including examples of near-misses and rule violations, and related problems.

Respect for Human Rights of Employees

Prevention of Excessive Overtime Work
We have instituted a system to accurately ascertain the working hours of employees at overseas production sites deemed to be subject to a notably high risk of excessive overtime work. Actual results on working time management, including overtime work, are reported annually to the HR division of Canon Inc. Work guidelines were introduced to Canon Group production companies based in Asia in 2015 as part of human rights risk-related initiatives. In 2022, we overhauled these guidelines to make them consistent with RBA standards, extending them to all our domestic and overseas Group production companies.

Respect for Freedom of Association and the Right to Collective Bargaining
As stated in the Canon Group Human Rights Policy, Canon respects freedom of association and the right to collective bargaining. We also strive to address various labor issues by promoting dialogue between labor and management. For example, the labor agreement between Canon Inc. and the Canon Workers' Union commits both sides to work in good faith to peacefully resolve issues in a timely manner.

Prevention of Harassment

In line with the principle of respect for humanity that Canon has followed since its foundation, Canon not only prohibits discrimination on such factors as gender or occupation, but also maintains a zero-tolerance policy on harassment, which it communicates to all management executives and employees. In addition to sexual harassment and abuse of authority (power harassment), Canon Inc.'s employment rules and Harassment Prevention Provisions prohibit other forms of harassment, including maternity harassment. These provisions have been disseminated throughout Group companies in Japan, and many have instituted similar rules based on them. In a further effort to maintain a comfortable workplace environment, Canon Inc. and its many Group companies in Japan have established a Harassment Hotline. Confidentiality surrounding employee consultations is strictly maintained and a firm guarantee against unfair treatment is provided to victims and informants. In terms of preventing harassment, regular liaison meetings are held for persons responsible at Canon Inc. operational sites and Group companies in Japan, enabling the operational status of hotlines to be monitored and shared. Meeting participants review procedure manuals and share knowledge on how to respond to reports of harassment.

    Additionally, in order to address the diversification of values resulting from recent changes in work styles, lifestyles, and communication methods, it is important for each employee to have a proper, common understanding of harassment. Therefore, we carried out an e-learning program on preventing harassment for all employees of Canon Inc. in 2024, and plan to gradually roll out the program to Group companies in Japan going forward.

Evaluation & Improvement of Human Rights Risk-related Activities at Canon Group Production Sites

We are using the RBA's Self-Assessment Questionnaire (SAQ) to assess the risk of human rights violations at 64 Canon Group production sites worldwide and confirm that the sites are not making use of child labor or forced labor and are respecting workers' freedom of association and right to collective bargaining, and identified risks at some sites and made the following improvements:

- Made regulations clearly state that the company will not retain originals of personal ID documents or other personal documents
- Conducted evacuation drills when it is dark outside
- Established a framework for giving reasonable consideration to requests related to employee disabilities, religious practices, etc.

    In addition, Canon conducts internal audits, including on-site inspections, and undergoes regular external audits. In 2024, 22 sites worldwide underwent VAP audits by the RBA. The number of sites holding valid certification as of the end of February 2025 is as follows:

Sites with RBA VAP Audit Certification*
(as of end-February 2025)

	Number of ranked sites
Platinum	14
Gold	3
Silver	7

* Includes sites that underwent VAP audits and obtained certification in 2023

    Some items were pointed out at sites that were audited in 2024, and we are taking corrective actions as follows:

Items Identified and Addressed through the 2024 VAP Audit

Management of working hours and wages of workers, including on-site service providers, and employee cost burden

Maintenance of emergency exits, evacuation routes, and disaster prevention equipment

Evacuation route maps, evacuation signs

Expansion of languages needed for safety and health information

First aid kit management, signs directing use of protective equipment

After Undergoing the RBA VAP Audits

We have seen improvements in the corporate culture and the engagement of our employees through the activities related to the RBA.

    In getting ready for the VAP audit, we first conducted an internal audit based on the RBA's requirements. We looked at the actual situation, including whether employee's working hours were within the standards and whether their wages were paid properly. If necessary, we improved our management system by reviewing internal rules and processes and adjusting them appropriately. Through these measures, we also strengthened our cooperation with the various divisions, including human resources, health and safety, and procurement.

    One employee commented: "The company's commitment to the RBA Code of Conduct really showed that they care about our human rights." This gave me a strong sense that our employees also had a positive take on the company's initiatives for VAP audit.

Amber Shabbir
Corporate Compliance Division
Canon Virginia

Prevention of Child and Forced Labor and Unreasonable Restrictions on Movements
We use the RBA's SAQ at Canon Group production sites in Japan and overseas. Based on the survey responses, we confirm that there is no evidence of child or forced labor or any unreasonable restrictions on workers' movements on the site or while at work. In addition, to mitigate the risk of forced labor, we have confirmed through the SAQ that Group companies do not retain originals of employee personal ID documents or other personal documents, and that they have put regulations in place that clearly stipulate this.

To prevent child labor, we thoroughly check the age of employees when they enter the company, and we have developed a response flow in case an employee who is under the minimum working age is found. In addition, young workers under the age of 18 are prohibited from working any overtime or night time, or engaging in dangerous work, thereby giving consideration to their health.

Respect for Human Rights in the Supply Chain
Canon joined the RBA in 2019, with the aim of further improving the CSR model of our supply chain. We formulated the Canon Supplier Code of Conduct, based on the RBA Code of Conduct, to promote procurement activities that take proper account of labor, health and safety, environmental concerns, and management systems. We also collect letters of agreement concerning adherence to the Code of Conduct from major suppliers. In addition, by conducting annual questionnaire-based self-assessments, we are working to identify, assess, and prevent human rights risks among our suppliers, including the use of child or forced labor, unreasonable movement restrictions, or excessive working hours. For some major suppliers, Canon verifies the results of the self-assessments and conducts on-site audits, providing advice on preventing and mitigating human

rights risks as needed. In line with our support for the Keidanren-led Declaration of Partnership Building initiative, Canon is committed to cooperation and co-existence with business partners and strives to avoid unreasonable requests for cost reductions, orders with short turnarounds that do not reflect appropriate cost bearing, and requests for sudden changes in specifications. We also make efforts to set prices that take into account the impact of higher labor costs. Canon is also working with suppliers and industry bodies on responsible mineral sourcing initiatives. In addition, we issued the Canon Sustainability Supplier Guidelines in July 2024, summarizing our efforts in recent years to address key issues for achieving sustainability, including climate change and human rights, as well as our requests for cooperation from suppliers and surveys. Going forward, we will reinforce our efforts to promote sustainable procurement in the supply chain together with our business partners.

Responsible Business Alliance
Advancing Sustainability Globally

Responsible Business Alliance (RBA): A coalition of companies promoting socially responsible global supply chains

Canon Sustainability Supplier Guidelines
https://global.canon/en/procurement/pdf/ssg-e.pdf

Ongoing Monitoring
Canon continuously monitors compliance with the content set out in the Canon Group Human Rights Policy. We also pursue ongoing efforts to improve our identification and assessment methods for human rights due diligence, and periodically review them throughout the Group. We also review the Group's human rights initiatives in accordance with social demand, dialogue with stakeholders, and Canon's business operation.

Compliance with Modern Slavery Act
Canon identifies the risks of forced labor, human trafficking, or child labor within the Group and in our supply chain and publishes an annual statement in accordance with the slavery laws of various countries.

Hiring and Treatment of Human Resources

We strive to create an attractive, motivational workplace environment for employees.

Basic Approach

Canon believes that in order to become a truly excellent global corporation, each employee must be an "excellent person."

Based on this recognition, we are building a corporate culture that encourages an enterprising spirit by guaranteeing respect for the values of ambition, responsibility and mission, as well as fair and impartial assignments, evaluations, and treatment based on merit.

The *San-ji* (Three Selfs) Spirit has been a central guiding principle for Canon since its founding. The three "selfs" refer to 1) self-motivation: proactively taking the initiative; 2) self-management: conducting oneself responsibly and with accountability; and 3) self-awareness: knowing one's position, roles and circumstances.

Canon encourages all employees to embrace the *San-ji* Spirit as they pursue their work with a positive and forward-looking attitude, and promotes this approach at Group companies worldwide.

Management of Human Capital

Respect for humanity has been a vital element of Canon's DNA since foundation. Based on this philosophy, we see a talented workforce as the main source of value creation and seek to actively invest to maximize the value of human capital. During the Excellent Global Corporation Plan Phase VI our aims are to raise productivity and to transform Canon's business portfolio by creating new businesses. Our initiatives to help realize these goals focus on recruiting, retaining and developing people with innovative talents, and on fostering a free and open organizational culture to maximize the value created based on diversity of people and ideas. Alongside this, we have adopted a remuneration system more focused on job-based roles, irrespective of age or gender, to ensure we have the best people in each position. In addition, we try to support the physical and mental health of every employee through a variety of means to assist them in fulfilling their individual potential. Using a comfortable and rewarding work environment to help enhance engagement, we aim to foster the growth of both individuals and the company.

Guiding Principles

Three Selfs	Adhere to the principles of self-motivation, self-management and self-awareness in day-to-day activities
Meritocracy	Make vitality (V), specialty (S), originality (O), and personality (P), daily pursuits
Internationalism	Strive to become a culturally sensitive, internationally minded, sincere and active person
Familism	Strengthen trust and understanding of others and work together in a spirit of harmony
Health First	Live by the motto "healthy and happy" and work to cultivate character

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The Excellent Global Corporation Plan

Phase VI

New business creation

Productivity improvement

Workers as source of value creation

Acquiring and developing employees who drive innovation

Striving for elite people in each position

More job-oriented HR management

Fostering a creative culture

Philosophy rooted in respect for humanity

Enhancing employee engagement

Promoting diversity

Promotion of health management

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Promotion System

Canon Group companies inside and outside Japan implement HR policies in line with national and regional laws and regulations, while also collaborating on various related Group-wide initiatives.

Hiring and Retaining Talent

Canon seeks to hire and retain talent that can drive globalization and innovation in its businesses with the ultimate goal of sustainable growth. With this in mind, we follow a uniform policy for hiring, job placement and human resource development.

In 2024, Canon Inc. and Group companies in Japan actively continued their recruitment programs, resulting in the hiring of 2,025 employees in total. Canon has established various programs and systems, such as a career matching system (→P65) and a work-life balance program for employees engaged in childcare or nursing care to support the continued employment of all employees so that they remain motivated and can maximize their skills and abilities over the long term (→P55).

In terms of non-employee workers, a total of 7,460 people worked at the Canon Group as of the end of 2024. Canon generally outsources services such as security, cleaning and the operation of onsite worker canteens, based on corporate contracts.

Increased Use of Mid-Career Hires

Besides utilizing internal personnel, we are also hiring experienced workers who can contribute immediately to support our business portfolio transformation. Specific recruitment initiatives include posting position vacancy details to the Canon Group website; encouraging those who previously left Canon for unavoidable reasons (including moving to other firms or due to the assignment of a spouse) to return to Canon; and asking employees to refer suitable family members, friends or acquaintances. We contact potential recruits with matching characteristics or specialist expertise directly, too, alongside the use of recruitment referrals. Mid-career hires constituted 31% of new recruits at Canon Inc. in 2024, which was 2.4 times the equivalent ratio from 2014. Going forward, we will further increase the ratio of experienced employees in our hiring and also actively promote them to managerial positions.

Enhancing Employee Engagement

Believing that the enthusiastic work of individual employees who are aligned with the business philosophy and corporate strategy will translate into the growth of Canon, we have developed measures to enhance employee engagement. As a first step, we conduct an employee survey every two years to gauge workforce opinions on the organization. After a multifaceted analysis of the survey results, we hold a training event in the year after the survey for all line managers known as CAMP (Canon Active Management Program). This training involves the managers at each workplace discussing the HR issues at that site to help formulate specific measures for improving engagement. The effectiveness of these measures is ascertained using the

Employee Engagement

(%)

| 2018 | 2021 | 2023 | (Year) |

(values: 47, 49, 50)
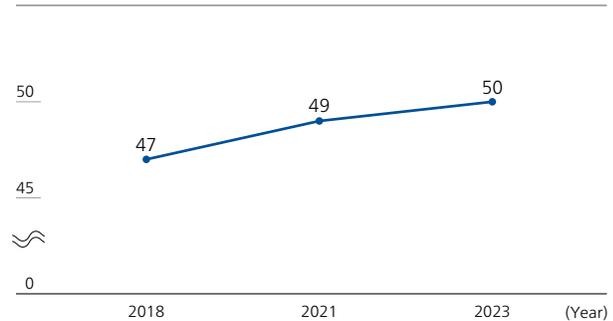
Note: Percentage of positive responses for categories related to engagement, such as a sense of fulfillment, personal growth, and a comfortable working environment

next edition of the survey. In the 2023 employee opinion survey, the proportion of positive responses increased across all categories compared to the previous survey, including the level of autonomy in work assignments and personal growth. In particular, we have seen steady improvement in categories related to engagement, such as a sense of fulfillment, personal growth, and a comfortable working environment. The theme of the CAMP training program held in 2024 was "Think Engagement" to help further promote this. A total of around 1,800 people from 140 departments took part in the program. The best examples of initiatives to improve workplace culture were collated within the "Best Practice Handbook." We will continue to identify organizational issues from a variety of perspectives and link these efforts to different HR policies to support the growth of employees and the company.

Promoting Globalization of Executive Management

As part of promoting the development of globalized management, Canon appoints appropriate personnel, regardless of nationality, as presidents, executive officers, and managers of subsidiaries in each country and region where it operates (→P63).

For example, within the region overseen by Canon Europe, the HR globalization ratio* is 86% for presidents and 93% for managerial positions.

* Ratio of non-Japanese in CEO/managerial positions

Creating Local Employment Opportunities at Production Sites

In order to help stimulate local communities and economies through job creation, we focus on local employment at production sites.

For example, our production sites in Asia employ over 50,000 local employees. In every region of the world, Canon ensures its employees are paid substantially more than the local minimum wage.

Reference: 2024 Comparison of Canon's Minimum Wage to Local
        Minimum Wage
https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf

Fair and Impartial Compensation System

Salary Linked to Duties and Performance

Canon Inc. has introduced a position-based pay system to evaluate and compensate individuals fairly and impartially, regardless of gender or age.

In this system, remuneration is based on duties and performance. Basic pay scales incorporate the level of position in the company based on responsibilities and other factors. An employee's achievements as well as work-related processes and performance during the year are evaluated to determine annual remuneration. Bonuses reflect individual achievements and company performance. In 2021, to enhance further the balance of Canon's remuneration system, the level of "OS" (for OutStanding) was added to the individual evaluation scale to recognize special contributions in the development of groundbreaking or innovative products, or for other types of superlative achievement at work. Employees awarded an evaluation of OS are paid a special annual bonus.

This system is being promoted across the Group worldwide, and has been adopted by most Group companies in Japan and manufacturing subsidiaries in Asia. Systems for determining compensation based on duties and performance have already been established at Canon U.S.A. and Canon Europe, along with other

Group companies in those regions, as well as Group marketing companies in Asia.

Regarding basic salary amounts and increases as well as calculation and payment of bonuses, a wage committee meets with the Canon Workers' Union (Japan) three or four times a year to check whether remuneration is being paid in accordance with the rules of the labor agreement. The minutes of these meetings are made available to all employees. The committee also facilitates discussions between labor and management on the implementation and improvement of the compensation system.

Corporate Pension Plan

At Canon Inc., we offer employees the defined-benefit Canon Corporate Pension as a form of performance-based pay—a role- and grade-based retirement system—to supplement their public pension and contribute to a more comfortable retirement. A company-run pension fund manages pension assets, so employees do not need to provide any additional funds. Canon Inc. also offers a defined-contribution pension plan with matching contributions, which, coupled with the defined-benefit pension plan, provides solid financial security.

Other Group companies in Japan have also set up their own corporate pension plans.

Employee Benefit Programs

Canon offers various employee benefit programs, covering each stage of life from hiring to retirement, enabling employees to lead comfortable and enjoyable lives.

For example, as well as providing staff canteens and sporting facilities, Canon funds or subsidizes programs and clubs that bring together people with shared interests to foster better workplace communication. We host various events for employees and family members that incorporate the local culture of each region. In addition, benefit programs have been developed in

line with employee needs.

With a view to securing their futures, in addition to national social insurance programs, employees of Canon Inc. and Canon Group companies in Japan are eligible for added benefits that include a corporate pension plan as well as membership in our welfare association and health insurance society. Canon Inc. also offers a voluntary employee stock ownership plan, a savings plan and group life insurance policies, among other benefits.

Reducing Total Work Hours

Canon works diligently to ensure that employee work hours comply with the laws of each country and region where it operates, targeting reductions in hours where appropriate.

For example, at Canon Inc., we have been reviewing and revising work practices. We have promoted an open vacation program where employees can take five consecutive days of vacation once per year. We have also encouraged the taking of paid leave in various ways, such as having employees submit a plan for taking five or more days of annual vacation at their first meeting with their supervisor in the new year. Average paid leave taken in 2024 was 17.6 days. Total hours worked per employee were 1,730, a 69-hour decrease from 2010 (1,799 hours), when activities to reduce total working hours began.

Flexible Work Styles

We promote flexible work styles in line with national and regional employment customs.

For instance, in 2005, Canon Inc. formulated an action plan following the guidelines of Japan's Ministry of Health, Labour and Welfare, and is encouraging the adoption of flexible work styles while helping employees achieve work-life balance and taking steps to aid the development of the next generation.

Promoting Flexible Work Styles

Canon Inc. has several leave programs that enable employees to take time off flexibly in line with personal circumstances, including a program that facilitates leave in 30-minute blocks for reasons such as childcare, nursing care, injury or illness. We also have a long-service leave system where those employed for certain numbers of years can then take a vacation to refresh. In 2020, we introduced a remote working system aimed at boosting productivity by promoting flexible work styles not limited by time or location. The current initiatives make up the eighth phase of the action plan spanning the three-year period from April 2024 to March 2027.

In addition, Canon Inc. conducts surveys on flexible work styles to assess the circumstances and needs of employees, aiming to create a flexible workplace environment.

A System for Supporting Working Parents/ Care Givers

To enable employees to focus on childcare responsibilities with peace of mind, Canon Inc. offers an array of programs that go beyond the legally stipulated minimum requirements, including a childcare leave program that enables employees to take leave until their child reaches the age of three, and a system for reducing work hours to support childcare, making it possible for employees to reduce their workday by up to two hours until their child has finished the third grade of primary school. In 2024, 442 employees (337 men, 105 women) started to utilize our childcare leave system.

Furthermore, to support employees who are undertaking fertility treatment, we have put in place a fertility treatment subsidy program that subsidizes 50% of treatment costs (excluding costs covered by health insurance), up to a ceiling of ¥1 million, together with a fertility treatment leave program to enable employees to take leave for the period required for treatment. Furthermore, we have implemented a system that allows male employees whose spouses have given birth to take

two days of paternity leave.

In addition, to support the work-life balance of those in our local community, Canon Inc. established Poppins Nursery School Tamagawa. Located on our property adjacent to the Shimomaruko headquarters, the school is certified by the Tokyo Metropolitan Government and open to local residents. Approximately 60 children are enrolled at the school.

To help employees caring for aged relatives, we provide various support systems that go beyond the legally stipulated minimum requirements, including nursing care leave available for up to one year, sympathy money, and a system for reduced work hours to support nursing care, enabling employees to reduce their workday by up to two hours a day. A total of 17 employees began using our nursing care leave system in 2024.

Hotlines have been set up at each of our operational sites to handle employee inquiries about these systems.

Comment from a Male Employee after Childcare Leave

My children are currently aged three and one. I have taken childcare leave on three occasions, based on our family circumstances. I feel that spending quality time with my growing children each day while I was on childcare leave was an irreplaceable part of my life. Another important outcome was how my wife and I were able to raise the children as a team, which I feel will be important for fostering our family culture in the future.

I am grateful to my co-workers for their respect for my wishes and the warmth of their support. It gives me a sense of security from working at Canon and motivates me in my work.

Kyohei Akiyama
Peripheral Products Operations
Canon Inc.

Action Plan Phase VIII (from April 2024 to March 2027)

Action Plan	Measures	Results as of 2024 End
(1) Promote use of work-life balance programs with aim of raising participation rate.	• Continue leave programs, hold related discussions and information seminars, and provide individuals with materials and online training and hold interviews on leave-related systems and procedures for people wishing to take leave. • Hold seminars to assist both male and female employees seeking to balance work and childcare by increasing their understanding of related systems and providing related career support.	• While female employees typically make up the majority of those taking advantage of the programs, the number of male employees is also increasing significantly.
(2) Support diverse work styles while promoting further reform by encouraging work styles that do not rely on overtime; by continuing efforts to promote use of paid leave; and by maintaining an appropriate level of total work hours.	• Using total work hours as an indicator for work-life balance, bolster measures to encourage use of paid leave and maintain an appropriate level.	• Designating July–September as Work-Life Balance months, implemented earlier work hours and continued efforts to promote work style reforms. Provided employee benefit programs to encourage self-development during the period of earlier work hours. • Due to productivity gains and the promotion of work-life balance, total work hours decreased by 69 hours compared to 2010.
(3) Continuing from Phase VII, carry out community contribution activities open to participation by children — who are the future of our communities — through social contribution activities.	• Continue reaching out to local regions and communities and implement appropriate initiatives from April 2024 to March 2027.	• Continued to carry out the following initiatives (1) Unique learning programs for children, including environmental education outreach program and career education (2) Photography classes (3) Tag rugby lessons, rugby meet-and-greet events, etc.

External Recognition

Canon Inc., Canon Marketing Japan, Oita Canon Materials, Fukushima Canon, Canon Precision, and Canon IT Solutions have all been granted "Platinum Kurumin" accreditation by the Japanese Ministry of Labour, Health and Welfare to recognize that their family-friendly HR policies and initiatives are of a particularly high standard. The Kurumin Mark recognizes activities by companies to support childrearing activities.

Supporting Employees' Volunteer Activities

Canon Inc. has in place a volunteer leave system for interested employees. Under this system, employees wishing to participate in volunteer activities certified by the company may take up to one year of leave (two years and four months in the case of JICA Japan Overseas Cooperation Volunteers).

Worker-Management Relations

At Canon Inc. and Canon Group companies in Japan, worker-management relations are founded on the principle of prior consultation, that is, finding solutions through thorough discussion. Candid discussions between management and the labor union are held whenever policies that affect wages, working hours, safety and health, and benefit programs are to be implemented.

Canon Inc. convenes a Central Worker/Management Conference with the Canon Workers' Union[1] to exchange opinions and information spanning a range of subjects. The CEO and other senior management attend the conferences.

In addition, special committees have been created to establish programs and enact new policies relating to wages, working hours, OHS issues, and benefit programs, based on discussions between labor and management. As of July 2024, combined employee membership in the Canon Workers' Union totaled 22,328, with a union membership rate of 79% for Canon Inc.'s workforce. The working conditions for non-unionized workers of Canon Inc. are stipulated via our employment regulations.

The annual Canon Group Workers' Union Conference is held for Group companies in Japan and representatives from Canon Inc. to enable discussions on working conditions, the status of the business, and other issues. The conference brings together 18 Group workers' unions and executives from 23 Group companies in Japan. As of the end of 2024, there were 48,083 employees in unions that belonged to the Canon Group Workers' Union Conference, for a union membership rate of 82% in the workforce of the 23 Group companies in Japan.

Dialogue-based proper labor-management relations are also maintained within Group companies outside Japan, in accordance with national and regional labor laws. The union membership rate[2] for employees of major overseas Canon Group companies is 77%.

[1] The Canon Workers' Union consists of employees from Canon Inc., Canon Marketing Japan, Fukushima Canon, and Ueno Canon Materials.
[2] Calculated for companies that have internal workers' unions.

Minimum Notification Period for Changes in Work Duties

Canon Inc. has included a minimum notification period clause in its labor agreement to ensure personnel transfers do not negatively impact the lives of employees.

The minimum official notification period is four weeks for personnel transfers requiring relocation, two weeks for assignments not requiring relocation, and one week for other types of transfers.

Additionally, Group companies worldwide have established minimum notification periods in accordance with the laws and regulations of the countries and regions where they operate.

Diversity, Equity and Inclusion

We aspire to be a company that grows by openly accepting and working with people having different characteristics and values.

Basic Approach

Guided by the corporate philosophy of *kyosei*, Canon believes in the importance of allowing individual employees with varied personalities and values to fulfil their potential by playing an active role, without restricting opportunities. In line with this thinking, we respect diversity of culture, customs, language, and ethnicity, and actively encourage recruitment and deployment of employees, regardless of gender, age or disability.

Promotion System

Canon Inc. established Vital workforce and Value Innovation through Diversity (VIVID) in 2012 as a horizontally integrated organization to help promote diversity across the company. Headed by the CFO of Canon Inc. and governed by its own policies, VIVID is engaged in a range of initiatives.

These policies are published on Canon's home page and the Intranet.

Reference: VIVID Activities Policy
https://global.canon/en/sustainability/society/pdf/vivid-activities-policy-e.pdf

Major Policies and KPIs

Two themes of our pro-diversity policies are "Promoting the Active Participation of Women" and "Encouraging Men to Participate in Childcare." We are taking a range of measures and have set specific targets and KPIs as defined below.
- Increase ratio of female managers by 3x by end-2025 from 2011 level
- Increase ratio of male employees taking childcare leave to at least 50% by end-2025

* The year before VIVID was introduced.

Promoting the Active Participation of Women

Canon is committed to providing equal opportunities according to ability and fair treatment for all, irrespective of gender.

In Japan, in addition to formulating action plans and disclosing information as mandated by the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we are conducting our own original initiatives. For example, at Canon Inc., we organize leadership training for women as part of efforts to develop female candidates for managerial positions. Using the theme of developing a new business proposal, the training provides an opportunity to develop leadership qualities. Since its launch in 2012, a cumulative total of 291 women have completed the training program. The tangible result of these initiatives was seen in 2024, when we achieved our target for increasing the ratio of female managers, our KPI for women's participation in the company, well ahead of the original end-2025 deadline. Going forward, we will look to step up the recruitment of female engineers and technicians and, in the future, aim

to achieve parity between the ratio of female managers and the percentage of women overall in the company (17.0% at end-2024). We are also supportive of the Keidanren's challenge of achieving 30% of female executives by 2030.*

* Raise the ratio of female executives to 30% or more by 2030

Ratio of Female Managers
(%)

Target Increase ratio to 3x 2011 level by end-2025
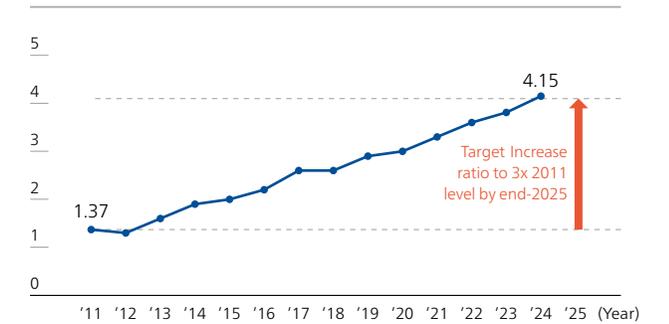
Furthermore, we hold return-to-work seminars for employees returning from childcare leave and their supervisors, and provide mentoring by female managers. By hosting lectures and interviews with female executives and organizing events to share the experiences of female managers, we are creating opportunities that help raise awareness around working with purpose and balancing work with life events.

Group companies in Japan are promoting a range of initiatives to support career development for women, including roundtable discussions between presidents and female employees and surveys to gauge awareness, as well as networking events with female leadership

candidates inside and outside the company, career advancement training, and career training for women who have returned from childcare leave.

Outside Japan as well, to coincide with International Women's Day, since 2020 Group companies in the Middle East and Africa have begun the SHE RISE Program, an in-house campaign to encourage the active participation of women. Canon U.S.A. is also running a project called Women in Leadership Levels (WiLL) to support the participation of women through a variety of opportunities, including networking events, lectures, and mentoring. In addition, Canon Europe formulated a set of diversity and inclusion commitments, and is monitoring and reviewing these in the regions it oversees. The commitments include activities to raise awareness of diversity and recruitment of diverse personnel.

Canon Inc. applies the same remuneration system to all employees, regardless of gender. The pay disparity between men and women at Canon is mainly due to the lower proportion of women in managerial roles. Going forward, we aim to eliminate this disparity by increasing the ratio of women managers through initiatives to boost female participation, as discussed above.

2024 Base Salary and Total Salary per Employee by Gender (Canon Inc.)

		Female : Male
Base pay	Management	100 : 105
	Non-management employees	100 : 115
Total pay	Management	100 : 106
	Non-management employees	100 : 123

Comment from a Participant in Leadership Training for Women

I took part in the leadership training for women in 2023, which was the 11th year this course was conducted. Lectures and groupwork over a period of half a year helped me to think deeply about how to be a leader. By verbalizing many of the vague worries and anxieties that are part of the daily work of a mid-career employee and by sharing and discussing these with the group, I received many hints on how such issues could be resolved. After the training, I feel much more optimistic about how I can utilize my strengths to display leadership and find ways to address the issues we face in my business division.

Naoko Iwao
Peripheral Products
Operations
Canon Inc.

External Recognition

Canon Inc., Canon Components, Fukui Canon Materials, and Fukushima Canon were granted Grade 3 Eruboshi certification for their outstanding efforts to empower women in the workplace, while Canon Marketing Japan and Canon IT Solutions were granted Grade 2 certification. The Eruboshi certification is granted by the Japanese Ministry of Health, Labour and Welfare based on satisfying certain evaluation criteria.

Encouraging Men to Participate in Childcare

Canon is promoting initiatives to encourage men to participate in childcare, with the goal of realizing a society where men and women participate equally as parents.

At Canon Inc. and Group companies in Japan, we organize roundtable talks by, and publish interviews with men who have used childcare leave-related systems, and we hold seminars to introduce our childcare-related programs to male employees. These initiatives have proven effective: average childcare leave taken by male employees of Canon Inc. in 2024 was 87 days per year; moreover, the childcare leave participation rate for the same group was 64.6% in 2024, up from just 1.9% in 2011. As a result, Canon's KPI to increase the childcare leave participation rate for male employees to at least 50% by 2025 was achieved ahead of target.

LGBTQ+ Inclusion

The Canon Group Code of Conduct emphasizes respect for the individual and prohibits discrimination based on race, religion, nationality, gender, age, sexual orientation or gender identity. Our initiatives also cover sexual minorities, including LGBTQ+ persons. With the goal of eliminating all forms of discrimination from the workplace, training for managers includes education on preventing discrimination. In addition, we make use of various opportunities to educate employees, such as departmental staff meetings and compliance meetings. The Barrier-free Mindsets training program, which we provide for employees of Canon Inc. and Canon Group companies in Japan, features content relating to sexual minorities and aims to deepen understanding of related issues. The Barrier-free Mindsets program is an online training module that aims to help employees understand the problems and hurts created by barriers within society, along with the many issues experienced by those with disabilities or members of sexual minorities, plus related points to consider. In 2024,

around 92% of Canon Inc. employees, including senior management, received this training.

Another provision to promote a barrier-free environment is gender-neutral washrooms. We also provide counseling and consultation services with a specialist counselor.

Utilizing the Abilities of Veteran Employees

Canon Inc. was among the pioneers of the postretirement hiring system in Japan. In 1977, we became one of the first Japanese companies to adopt a mandatory retirement age of 60, to allow veteran employees to maximize the benefits of their extensive knowledge and experience. We further raised the upper age limit for re-employment to 65 in 2007. In addition, we have established a system that allows employees to work flexibly according to their stage in life, including shortened working hours. As of the end of 2024, 2,575 employees rehired after reaching retirement age were active in the Group, 83% of which were rehired under the post-retirement hiring system.

Proactive Support for the Participation of People with Disabilities in Society

Respecting the ideal of normalization[1], Canon proactively employs persons with disabilities at Canon Inc. and Canon Group companies in Japan.

The employment ratio at Canon Inc. for people with disabilities was 2.62% in 2024, exceeding the statutory minimum of 2.5%. Our recruitment processes also include workplace experience days and site tours to ensure all recruits can adapt quickly to life at work.

Moreover, we are doing our utmost to make workplaces more comfortable and accessible for people with disabilities by improving facilities, including providing greater barrier-free access. We are also working to expand the range and nature of jobs for people with disabilities.

Canon Wind[2] primarily hires people with intellectual disabilities. It maintains a high employee retention rate, with a payroll of 25 persons at the end of December 2024. Employees perform specific roles tailored to those with disabilities, while receiving lifestyle support services as well. With the help of our engineering divisions, we have created special jigs to enable employees to be a part of EOS-series camera production. By utilizing a rational approach and the cooperation of related departments, we are creating a work environment that enables disabled people to contribute in an efficient and reliable manner, thereby deriving more satisfaction from work. Canon Wind has been recognized as a progressive leader in this field, which included receiving an MHLW award for excellence in the employment of disabled persons in 2020.

Production of EOS series cameras

Canon Inc. and Group companies in Japan have set up on-site hotlines after the 2016 amendment of the Promotion of Employment of Disabled Persons Law prohibiting discrimination and mandating reasonable consideration for people with disabilities. Canon's measures to prevent discrimination against people with disabilities and ensure reasonable consideration at each

site include providing individual consultations and personalized assistance or instruction during evacuation training drills and disaster preparedness training.

Since 2004, Canon Inc. and Canon Group companies in Japan have organized training courses and created e-learning modules to ensure workplaces are attentive to the needs of the hearing impaired. The training provides an accurate understanding of hearing impairments and introduces sign language to help promote smoother workflow. A total of 1,053 employees participated in this training up to and including 2024.

[1] According to the World Programme of Action concerning Disabled Persons adopted by the United Nations in 1982, society is made up of many different types of people and it is normal for people with and without disabilities to coexist in all settings. Therefore, we should create an environment in which all people can live and work together.
[2] A subsidiary of Oita Canon formed in 2008 as a joint venture with the Social Welfare Corporation Gyoun Welfare Association with the aim of promoting employment for persons with intellectual disabilities.

Support for Balancing Work and Nursing Care

Preventing the flow of people leaving their jobs to provide nursing care for family members has become an important social issue in Japan, which has a falling birthrate and an aging society. At Canon, we are taking steps to reduce the number of employees leaving work for nursing care by promoting activities to support them in balancing both priorities. Canon Inc. and Group companies in Japan hold nursing care seminars, conduct interviews with employees engaged in nursing care, and offer information on steps to take when a relative begins to need care and on nursing care-related systems, both public and internal.

Since 2020, we have been holding online nursing care seminars in cooperation with local authorities.

Occupational Safety and Health Management

We pursue initiatives aimed at improving occupational safety and health so employees can feel safe and secure in their work environment.

Basic Approach

Based on the principle that "management without safety is not management," the safety and health of employees forms the foundation of business activities at Canon.

Moreover, in line with the "Health First" principle, we take a proactive stance on the promotion of health management to ensure employees stay healthy in body and mind.

Promotion System

Canon has established the Central Safety and Health Committee as its highest body overseeing safety and health activities. Chaired by the CFO of Canon Inc., the committee establishes its central activity policies and plans for safety and health, while labor and management also work together to promote the elimination of occupational accidents, the maintenance and improvement of health, traffic safety, fire and disaster prevention, and the creation of pleasant workplaces.

In line with labor agreements, management also works with unions to ensure working conditions are safe for employees.

Canon Inc. and Group companies in Japan have established safety and health teams at each operational site, and set targets based on the situation at each site in line with the policies of the Central Safety and Health Committee, to build healthy and safe work environments for all workers, including those of contractors. We also hold health and safety conferences with contractors to maintain and improve health and safety on site.

We are applying an integrated approach across the Group's overseas production sites, while taking into consideration the specific circumstances of each region and Group company.

Priority Targets and Initiatives

Occupational Safety and Health (OSH)
Canon strives to create workplaces that are safe and secure. Canon Inc. and Group companies in Japan have worked on the following priority targets and initiatives.

Priority Targets for 2024

1. Eliminate all types of machinery-related accidents (0 cases)
2. Eliminate accidents caused by highly hazardous chemical substances (0 cases)

Priority Initiatives

1. Canon Group Occupational Safety and Health Management System
2. Risk assessments
3. Enhanced employee OSH awareness
4. Transition to autonomous chemical substances management system

Health Management

Canon Inc. and Group companies in Japan have declared their commitment to addressing the following priority targets and initiatives through the Central Safety and Health Committee. Health care initiatives carried out in collaboration with the health insurance union include long-term health targets and measures formulated in line with health care plans based on an analysis of medical cost and diagnostic data.

The Central Safety and Health Committee Medium-Term Plan (2022-2024)

Priority Targets
1. Reduce number of lost work days
2. Reduce presenteeism*
3. Reduce number of people at high risk
4. Reduce number of people with metabolic syndrome
5. Establish practice of taking cancer screening tests

Initiatives
1. Mental health-related measures
2. Lifestyle disease prevention
3. Improving health literacy
4. Anti-infection measures

* Decrease in productivity when an employee comes to work with health issues

Occupational Safety and Health

Prevention of Workplace Accidents

In 2024, serious occupational accidents requiring time off work at Canon Inc. and Group companies in Japan comprised two cases relating to use of machinery (getting pinched or caught). There were no accidents caused by hazardous chemical substances. We are taking steps to prevent accidents from reoccurring, in terms of both education and equipment, such as investigating the underlying cause of any accident, retraining workplace personnel, and improving the operability of machinery. We conduct a thorough safety inspection and risk assessment to determine if similar risks exist at the site where any accident occurs. In addition, information about accidents is promptly shared with Group companies, particularly production sites, to prevent similar occurrences elsewhere.

Promoting Effective Operation of Canon Group Occupational Safety and Health Management System

We are expanding the Canon Group Occupational Safety and Health Management System in an effort to promote autonomous safety and health activities across countries and regions. System requirements are based on the Occupational Safety and Health Management System of the Japan Industrial Safety and Health Association and reflect Canon Inc.'s standards and rules. We are also working to cultivate best practices across all sites based on reciprocal supervision as well as develop measures to tackle a variety of issues.

As of the end of December 2024, approximately 31% of Canon Inc. and Canon Group production companies around the world had acquired ISO 45001 certification.

Reference: ISO 45001 Certifications
https://global.canon/en/sustainability/society/pdf/iso45001-e.pdf

Entrenchment of Risk Assessments and Promotion of Effective Use

To help prevent accidents, Canon conducts risk assessments for all installed machinery and related

operations based on common Group-wide standards. For all operations with high risk of injury, illness, or accident, we take appropriate risk mitigation measures and manage any residual risk. Recognizing the especially serious risks posed by machinery-related accidents, we review existing equipment at least once a year. For new businesses, we also identify and evaluate risks from the R&D stage and implement OHS measures based on risk assessment outcomes.

To ensure common standards are applied to risk assessment across the Canon Group, we provide online learning programs for workplace managers and employees with responsibility for equipment operations to deepen their understanding of assessment methods. In addition, if a specific risk is identified, all relevant workers are notified of the risk and given the requisite training, including steps to confirm understanding and mastery of any new work processes.

Improving Health and Safety Awareness by Enhancing Education and Training

Whenever an occupational accident occurs at Canon, we immediately brief all operational sites in Japan and overseas production sites, as well as publish the causes and countermeasures on our intranet to prevent a similar accident from occurring elsewhere.

To help eliminate workplace accidents, we also provide training to managers involved in on-site workplace risk assessment, along with online learning programs to ensure all employees involved with risk assessments have a good understanding of assessment objectives and procedures. A total of 15,234 people received such training up to and including 2024.

In addition, we are also taking steps to foster a workplace culture that is constantly aware of health and safety. For example, at Canon Inc. and Group companies in Japan, we provide health and safety training and use original awareness-raising posters and leaflets to educate employees about checking and enforcing basic safety behaviors in their work.

Canon is working to implement an occupational safety and health management system overseas, mainly at its production sites, on the same level as in Japan. For example, to help employees understand health and safety matters in their native language, we make effective use of work manuals, health and safety training materials, posters, leaflets, and other materials prepared by Canon Inc. in Japanese, English, Chinese, and Vietnamese to suit the situation of each site. At Canon Vietnam, we are making a focused effort to promote activities for early prevention of hazards by raising employees' health and safety awareness. These include an experiential training facility called the Safety Experience Ring that enables trainees to experience the importance of safety through simulated hazard experiences, as well as risk assessment activities and a program for sharing improvement proposals based on on-site experience.

Transition to Autonomous Chemical Substances Management System

Besides working to realize full legal and regulatory compliance through proper chemical substances management, Canon has adopted measures to try to minimize worker exposure to chemicals, based on chemical substance risk assessments that place the highest priority on preventing related employee health issues. In response to the significant recent revisions to OHS laws and regulations, Canon is moving away from the traditional approach based on regulation of individual chemicals to a system of autonomous chemical substances management in which workers choose which measures to apply to prevent exposure. We have promoted improved levels of oversight with chemicals by appointing supervisors responsible for managing chemical substances at each operational site as well as staff in charge of ensuring that workers use appropriate protective equipment at each workplace.

Health Management

Mental Health-Related Measures
Canon conducts a variety of programs to promote comprehensive mental health at Group companies in Japan. These incorporate four types of care: self-care, care from workplace supervisors, care from occupational health staff, and care from external organizations. There are also programs to promote primary, secondary, and tertiary prevention. Specific measures include illness recovery and return-to-work support programs, and training programs to help HR and health management personnel build the relevant skills.

Canon conducts mental health stress checks for workers, with 96.2% of employees at Canon undergoing such assessments in 2024. In addition to check-ups with an occupational physician, any employees showing signs of high stress receive individualized health consultations. In addition, the results of grouped data analysis are distributed to management. The results inform worksite meetings on mental health, in conjunction with the results of the employee opinions survey. Completion rates exceed 90% for online mental health training for managers aimed at enhancing workplace support capabilities.

Lifestyle Disease Prevention
We are taking thorough measures to prevent the onset of serious illness among our employees. These include having all employees at Canon Inc. and Group companies in Japan receive an annual health check-up, and providing personalized follow-up and educational measures based on a common quantitative standard and action standards.

We identify the priority health areas and steps based on an analysis of the employee data gained from workplace health assessments. For example, lack of sleep, smoking, rapid eating, and other factors were linked with the onset of metabolic syndrome through an analysis of physical exam data. Smoking is completely banned inside workplaces at Canon Inc. and all Group companies in Japan, and we provide seminars and online programs to help employees quit smoking.

Based on cooperation with health insurance unions, the provision of health guidance from expert providers has resulted in a decline in the numbers of employees either at high risk of metabolic syndrome or subject to specific health guidance. To prevent and detect cancers, we utilize the cancer screening system of the Canon Health Insurance Union, while ensuring a balance between treatment and work for employees living with cancer.

Improving Health Literacy
We are promoting health activity targets in eight areas (mental health, cancer, exercise, diet, weight, sleep, alcohol consumption, and smoking) across Canon Inc. and Group companies in Japan. We compile a Health Report for each organizational unit using the results of health checks and data on healthy activities. Workplaces use this information to undertake health initiatives. Regarding sleep, we use individualized approaches for those identified as high-risk, and we have conducted an education campaign about sleep for all employees, including those at Group companies. Data suggest that these efforts are translating to improvements in sleep and the results of health checks. Separately, we continue to disseminate health information via ICT and host walking events, among other activities for employees. We provide online learning programs tailored to different ranks and ages, including specific age characteristics and gender-related information, plus an opt-in, points-based self-health management system.

Canon Group companies outside Japan also conduct health support programs and initiatives tailored to the characteristics of each region. Canon Hi-Tech Thailand, Canon USA, Inc., and Canon (China) Co., Ltd. are among the companies that organize mental health seminars by occupational physicians as part of efforts to raise awareness of various health issues.

In addition, the Canon Health Call service provided by the health insurance union offers personal health support to Canon Group employees, including employees on overseas assignments and their families, on a 24/7 basis.

Infectious Disease Prevention
Canon Inc. provides online education courses and other training to staff traveling or being assigned overseas related to HIV, malaria, and other infectious diseases, based on information put out by the Quarantine Information Office of Japan's Ministry of Health, Labour, and Welfare. In addition, the company also recommends various vaccinations depending on the destination country or region, based on information from both the Quarantine Information Office and the Ministry of Foreign Affairs, and covers the cost of such vaccinations.

Health Training for Contract Workers
With increasing rates of heat stroke occurring in both indoor and outdoor worksites throughout Japan, we provide ongoing training to contract workers on heat stroke prevention. We also take preventative measures in the workplace environment.

External Recognition
For five years in a row to 2023, Canon Inc. was selected as a "Health & Productivity Stock" under a scheme administered jointly by the Japanese Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). In addition, in 2024, Canon has been certified for eight years in a row in the Large Organization category of the "White 500" Health & Productivity scheme jointly administered by METI and Nippon Kenko Kaigi. Our progressive health management approach, which is based on the "Health First" principle to which we have adhered since Canon's earliest days, has received external recognition in these ways.

Human Resource Development and Personal Growth

We provide all employees the opportunity to build and advance their career.

Basic Approach

Based on the principle of "respect for human rights," a constant element of our corporate DNA since the company's foundation, we actively invest in human resources since we regard the growth of employees as a source of business competitiveness.

We support employee growth through a system of training/study programs and traineeships, based on the desire of every individual to grow in line with the *San-ji* (Three Selfs) spirit, along with on-the-job (OJT) training that relies on support provided by superiors and workplace colleagues.

We have also created specialist in-house bodies and programs to support business strategy in certain domains. Developing next-generation leaders, software engineers and other human resources will help to drive Canon's future growth.

Promotion System

Led by the Human Resources Management & Organization Headquarters, Canon has put in place a wide range of HR development systems, based on the idea of "developing our people in-house." As a rule, this means training the course trainers in-house as well.

Technical HR development committees have been established for each specialist area. Composed of in-house experts from each field, the groups discuss related HR development issues and training set-ups to support the systematic development of specialist engineering human resources.

In addition, we have created systems to allow Canon engineers to gain the latest external knowledge and technical skills through assignments to universities and research institutions in Japan and abroad.

Developing Globally Minded Personnel

With 345 operational sites* worldwide as of the end of 2024 the globalization of Canon's operations is proceeding apace. Against this backdrop, we are stepping up training to develop human resources with leadership abilities that can be utilized on the international stage.

* Number of operational sites includes Canon Inc., consolidated subsidiaries and equity-method affiliates.

Vitalizing Human Resources Through International Assignments

Canon established the Canon Global Assignment Policy (CGAP) as an international assignment system for its Group companies worldwide to stimulate international personnel exchanges, not only from Japan to other countries, but also from other countries to Japan and within the international Canon Group. The goal of this program is to promote global business cooperation and the development of human resources capable of functioning at the global level.

CGAP is an international personnel dispatch policy shared by our Group companies, and personnel assignment policies in each respective country or region are based on it. Combining these policies allows us to promote personnel exchanges and to share basic philosophies and systems, while providing for flexibility in dealing with the special characteristics of each region, such as laws and culture

For example, in Europe and the United States we have the US/Europe Exchange Program, which enables employees with at least three years of service to participate in a personnel exchange for a period of one year; and, in Asia we have the ASIA CGAP, which is a

one-year training program in Europe and the United States for developing executive management candidates from Asia.

As of the end of 2024, a total of 1,077 employees were deployed on international assignments under these programs.

Global Training for Young Employees

In order to help employees acquire language and international business skills, Canon Inc. has established a system to allow employees to gain overseas work experience early in their careers.

In 2020, we launched the Canon Global Marketing & Sales Trainee Program for new employees. With the aim of fostering human resources who will play an active role in Canon's future global marketing fields, participants spend a year and a half both in Japan and overseas acquiring sales experience and language proficiency.

The Overseas Study Program for Technicians is intended to develop engineers and technicians who can function internationally, as well as enable them to acquire skills that they can use to contribute to Canon's core businesses in the future. This program began in 1984, and to date, a total of 131 employees have participated in the program, studying at universities abroad. With the aim of continually acquiring the latest technology, we plan to select several employees each year for overseas study.

Fostering Experts in Various Fields

Development of Human Resources in Engineering

To aid development of next-generation engineering human resources, Canon Inc. has built specialization-specific training set-ups for machinery, electronics,

optics, materials, software, and other areas. We have also set up committees to oversee development of human resources across these core specializations. Each committee develops rank-based training programs for personnel from new hires and junior engineers to experienced leaders, as well as conducting courses and implementing other initiatives. We also provide training in some non-core specializations such as analytical technology. In 2024, a total of 26,094 engineers from Group companies in Japan took part in 140 related programs. Since 2021, we have also held online training to build general IT literacy for Canon employees across all job types. In 2023, we augmented this further with DX literacy courses to help build literacy in DX-related areas; 7,268 staff took the course.

In 2023, to help recognize advanced technical knowledge, we added the "Top Scientist" and "Top Engineer" designations to our HR system. Recipients are selected by a special committee once a year and are recognized as engineers who drive Canon's technology. This system promises to boost the motivation of engineers and enable them to further contribute to Canon's business success.

Development of Software Engineers
Canon Inc. set up the Canon Institute of Software Technology (CIST) in 2018 to cultivate software engineers. Programs at CIST provide systematic support for the development of human resources in this area, from upskilling for engineers within product development teams to providing basic training for new recruits and people joining from other occupational fields.

Elsewhere, we have sent 4 people to the "Top SE (system engineer) course" programs hosted by the National Institute of Informatics; and 3 people to the "Smart SE course" business school program organized by Japan's Waseda University that focuses on AI, IoT and Big Data technologies.

Based in Tokyo, the CIST develops software engineers

Software engineer training at CIST

Global Development of Manufacturing Personnel at Production Sites
Canon Inc.'s Monozukuri Advancement Center takes the lead in focusing on the development of personnel supporting production activities.

In 2024, the center hosted 71 online training sessions at nine overseas production sites, with a total of 360 participants.

Additionally, to promote participation in training at overseas production sites, we have emphasized the "Training for Site Trainers." In 2024, we held 15 online trainer training sessions, with 48 participants. Training conducted by site trainers was expanded at each site, with approximately 3,800 participants in 2024.

Furthermore, we have introduced and operated the "Skills Certification System" at overseas sites, maintaining the same standards as in Japan. In 2024, we conducted certifications in seven job categories, including injection molding, manufacturing of PCB (printed circuit boards), and metal pressing, at six sites in Thailand, Vietnam, Malaysia, and other locations, with approximately 400 participants.

Human Resource Development System
To motivate employees and enhance skill specialization, Canon Inc. maintains an educational system for rank-based, elective, and self-development training that is in principle open to all employees.

Rank-based training is carried out to help employees more readily understand and fulfill their respective roles and to foster awareness of the actions and behaviors defined by Canon's guiding principles. We also supplement this with elective training that includes e-learning programs and other programs.

On average, Canon Inc. employees spent about 27 hours on average in training in 2024. Related training costs per employee amounted to approximately ¥173,000 at Canon Inc., and about ¥93,000 at major Canon Group companies in Japan and overseas marketing companies.

Managerial Development
For the development of management personnel, we operate the Canon Management School and the Canon Leadership Development (LEAD) Program. The Canon Management School, aimed at division managers and

general managers, is designed to develop top-class management leaders. Led by our CEO, the school invites as instructors experts from such fields as politics, foreign diplomacy, economics, and science and technology. The program has produced many of our Group executives. The LEAD Program is designed to help candidates switch to a management-oriented mindset and develop their leadership abilities while also reinforcing strategy planning and execution capabilities. It provides training prior to and after appointments to management positions, as well as assessments prior to appointments. Our goal is to further reinforce efforts to systematically cultivate the next generation at Canon, concentrating on the development of management personnel as well as personnel for global, technological, and manufacturing roles. These training programs cover such issues as harassment prevention and compliance.

Canon Inc.'s Career Development Support Programs
■ Regular Performance and Career Reviews
Since we evaluate the conduct and performance of every employee under our position-based pay system, supervisors have meetings with all their team members individually three times a year—at the start, midpoint, and end—to confirm duties and targets, monitor progress, and discuss future career development based on a "career sheet" filled out by the employee.

When discussing the evaluation, supervisors offer advice and guidance on improving results and work performance. This enables employees to objectively understand their own strengths and weaknesses, which aids them in achieving further growth. Supervisors also use this information in future development plans for the employee.

■ Career Matching System
Canon Inc. has also established an internal career matching system to support its employees in pursuing satisfying careers. The system matches the right people to the right jobs, promotes internal mobility of human resources, and brings greater vitality to the company.

We also provide a trainee-style career matching system featuring a combination of training and internal recruitment. Employees who wish to take on new work challenges in a field where they have no experience can receive training opportunities to gain requisite skills, and then take up a position based on their skill level. In 2024, a total of 317 moved jobs via our internal recruitment system.

Comment from a Trainee-Style Career Matching System User
After joining the company as an office worker, I worked in the Printing Business in the manufacture and sale of printers. However, I wanted to change jobs due to my interest in software and developing apps in my spare time. In addition to lectures on programming, algorithms and other topics, I learned the basics of being an engineer through more than a month of team-based development exercises. Currently I am involved in the development of cloud services for distributing printer applications and firmware. Utilizing my prior work experience and what I learned from the training program, I can be involved in development operations using my bird's-eye perspective of manufacturing processes. Looking ahead, I want to develop my technical skills as a software engineer further and become an engineer who contributes to society.

Takafumi Suzuki
Digital Printing Business Operations
Canon Inc.

■ Career Development Support for Young Employees
To create an environment where young employees feel at ease and can demonstrate their potential, we follow a three-pronged system involving support from superiors, senior employees and HR. We are upgrading the support offered especially to new employees in the first three years at the company by establishing various training opportunities as well as one-on-one meetings. On first entering the company, we conduct an aptitude test to evaluate aspects such as personality and motivation, while assisting superiors in promoting self-understanding and autonomous career development. We also use monthly pulse surveys to gauge job satisfaction, work relationships, health status and other items. These help to visualize motivation and identify any employees who need follow-up at an early stage. To help new recruits settle quickly, the system also features young HR staff known as "Accompanied Crew" who work alongside the new employees to provide additional support, including holding one-on-one discussions with anybody identified as requiring follow-up via the pulse surveys and organizing social events. Moreover, to ensure close support, we appoint staff from other departments to act as "sibling" mentors for individual young employees. In 2022, we introduced a special training program for young employees in their third year with the company aimed at fostering greater awareness of career development. The program features group work sessions with employees at the same career stage and individual meetings with in-house career counselors. These initiatives have shown positive results in terms of reducing numbers quitting work and preventing mental health issues, with some saying these moves made them feel "the company was looking out for them." Going forward, we will continue to provide support to young employees, while analyzing and utilizing the data collected from the various surveys.

■ Post-Retirement Career and Life-plan Training

Canon holds Creative Life Seminars for employees when they reach the ages of 50 and 54 in order to help them plan for their retirement years. By providing employees with an opportunity to think about their life plan and career plan at an early stage, we help them to systematically plan and prepare for life after the age of 60.

■ Supporting Organizational Invigoration

Canon aims to realize individual and organizational growth at the same time as achieving success in business. To this end, we have established a dedicated division for organizational development, which supports organizational invigoration through consulting on increasingly diverse organizational challenges, post-activity support, and rank-specific training. As of 2024, the division has provided support to 469 divisions and 16,600 employees, including Group companies worldwide.

■ Other Career Development Support

To offer a more diverse range of learning opportunities and support the career development of self-motivated employees, we are developing e-learning content.

Various Recognition and Award Systems to Honor Achievements

Canon has established various sets of awards to recognize the achievements of Group employees.

The Canon Summit Awards honor Group companies, divisions, teams, and individuals who have made significant contributions to the development of Canon's activities and product areas. Other awards include: the Canon Group Invention Awards, for employees who have contributed to invention and intellectual property activities; the Quality Awards and Production Innovation Award, for outstanding contributions to quality improvement and productivity enhancement; the Meister Certification and Award, for individuals who have contributed to manufacturing with a wide range of skills; the Canon Master Craftsman Certification and Award to honor exceptional skills deserving further in-house cultivation; and the Environmental Awards, to recognize excellent environmental activities.

Canon Inc.'s Human Resource Development System
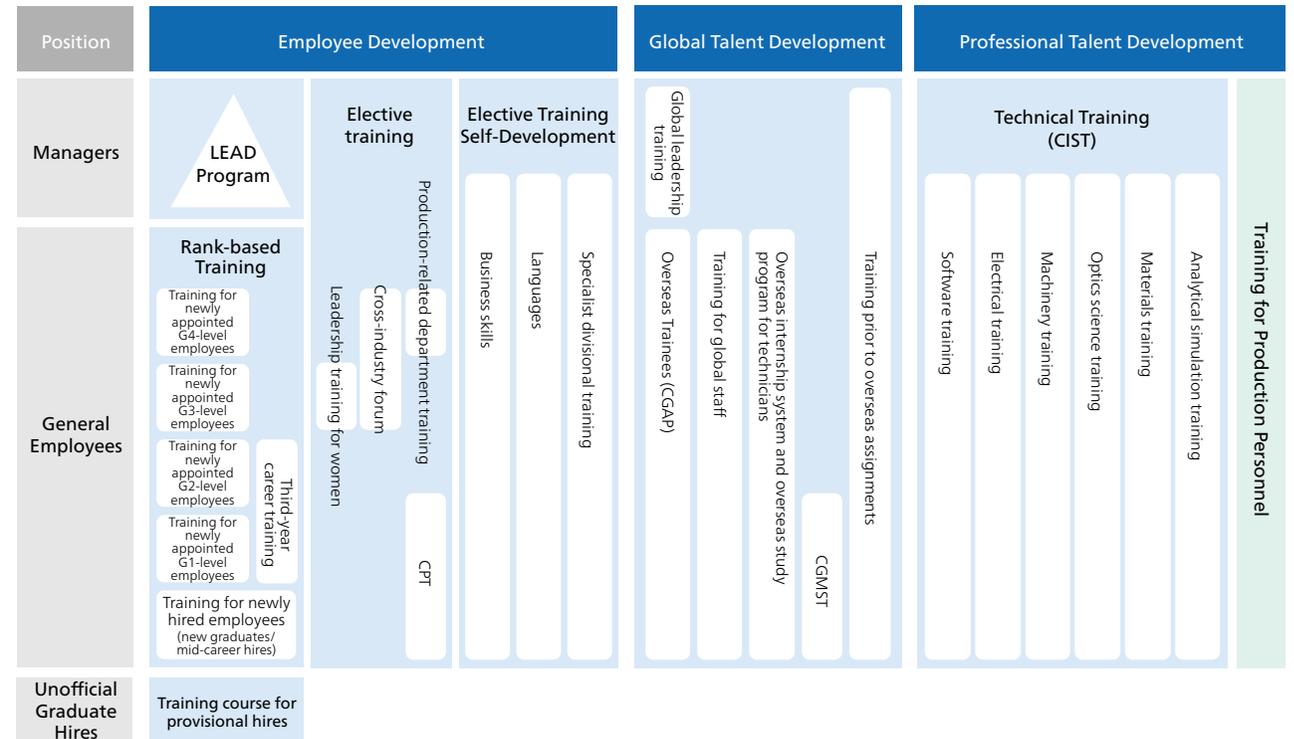
CPT: Canon Production Trainee
CGAP: Canon Global Assignment Policy
CGMST: Canon Global Marketing & Sales Trainee
CIST: Canon Institute of Software Technology

Sociocultural Support Activities

We are contributing to the sustainable development of local communities using technology and knowledge gained in business.

Basic Approach

Contributing to society through business activities has been the ethos underpinning our corporate culture ever since Canon was founded. Based on this thinking, in the important field of social contribution activities, we are engaged in educational and sociocultural support activities that use the technologies Canon has cultivated over many years in the Imaging Group and the Printing Group, and participate in projects that provide medical services to impoverished regions, drawing on the technologies of the Medical Group. These activities are instrumental to four industry-oriented groups we have positioned as means of boosting our competitiveness in the key strategies under our medium- to long-term management plan. Canon is leveraging the technology and knowledge cultivated through these businesses to help bring about the sustainable development of regional communities.

Furthermore, we support the Children's Rights and Business Principles formulated by UNICEF jointly with the United Nations Global Compact and Save the Children. In support of the next generation, Canon is engaged in activities to help protect the rights of children.

Policies

Based on the Canon Group CSR Activity Policy, we are engaged in activities that support the arts, culture and sports; in providing humanitarian aid and disaster relief; and in activities that enrich local communities while also taking care of the global environment. Under this policy, we are developing sociocultural support activities across the Canon Group by leveraging the Group's strengths in terms of advanced technological capabilities, global business development expertise, and diverse, specialized human resources.

Reference: Canon Group CSR Activity Policy
https://global.canon/en/sustainability/society/pdf/csr-activity-e.pdf

Promotion System

The Sustainability Headquarters at Canon Inc. oversees and promotes sociocultural activities across the entire Canon Group. The Group Executive for Sustainability Headquarters, who is an executive officer of Canon Inc., reports important matters periodically to the Chairman & CEO and Executive Vice President for approval.

Moreover, staff in charge of social contribution activities at Group companies around the world regularly share information on such matters, while we actively use our intranet and social media platforms to share with employees information about Group activities, how social issues are being addressed (SDGs, etc.), and other related topics to promote sociocultural support activities across the Group.

Major Initiatives

***Miraisha* Programme Aims to Increase Employment Opportunities and Technical Skills in Africa**
High youth unemployment is a severe problem in Africa. Moreover, while demand is increasing for photography, video production, and printing, most of this business is done by foreign companies because local skill levels often do not reach international standards. In response to this situation, Canon Central and North Africa has been promoting its *Miraisha* Programme, a social investment initiative in Africa. *Miraisha* is a portmanteau of the Japanese word *mirai*, meaning future, and the Swahili word *maisha*, meaning life. Through the program, Canon aims to improve the technical skills of local young people and increase employment

opportunities for local young people in Africa's growing photography, video production, and print industries.

Workshops in photography, film-making, and professional printing have been conducted in 13 countries throughout Africa. In 2024, we conducted training in Cameroon, Democratic Republic of the Congo, Kenya, Morocco, and Nigeria.

Through partnerships with local organizations, educational institutions, event organizers, and with the assistance of Canon Ambassadors, and Trainers, the *Miraisha* Programme has so far provided training to more than 7,000 workshop participants. In 2024, 600 people participated, bringing the total to 7,600 participants trained. Canon has also created a training program to develop local photographers and videographers as Canon-accredited trainers for the *Miraisha* Programme. By 2024, a total of 21 Canon Certified *Miraisha* trainers were working throughout Africa, three of whom were recruited as Canon Group employees.

Miraisha students participating in a photography workshop in Morocco

Canon Young People Programme Harnesses the Power of Positive Visual Storytelling
Canon Europe is working with local NGOs across Europe, the Middle East and Africa (EMEA) to reach out to local communities through the Canon Young People Programme (CYPP). Targeting young people from disadvantaged backgrounds, this initiative aims to create a better, more sustainable future by introducing participants to the power of creative visual storytelling and critical thinking in line with the SDGs, and providing them with opportunities to learn about creative expression using photography and video.

In 2024, CYPP workshops were held across EMEA in 32 countries, supporting over 1,725 young people to have their voices heard and their stories told through 527 days of creative storytelling workshops. These included workshops in a bomb shelter in Zaporizhzhia, Ukraine, and in a wildlife reserve in Botswana, Southern Africa.

The First Lady of Iraq, Shanaz Ibrahim Ahmed, presents Canon Young People Programme certificates to young students in Iraq

Inclusivity Initiatives Using Elevated Printing Technology
Canon Europe is currently hosting the World Unseen campaign in different regions of Europe, allowing visually impaired people to experience photography through Canon's imaging and printing technology.

Works by renowned photographers, including Sebastião Salgado, are printed using Canon's UV-curable large-format flatbed printers, which utilize ink thickness to create a raised effect, allowing people to experience them through touch. In 2024, 27 exhibitions were held in the EMEA region. The campaign was also showcased at drupa 2024 in Germany, the world's largest international trade fair for the printing and media industry, where visitors had the chance to experience some sample photographs created with elevated printing. There are plans for the exhibition to be held in various other countries in 2025.

Works utilizing elevated printing technology

Feedback from one of the World Unseen exhibition partners
The Royal National Institute of Blind People (RNIB) is very proud to partner with Canon. This exhibition is a wonderful initiative for inclusion. The exhibited works taught us that everyone has different perspectives, and these diverse worldviews affect our emotions in various ways.

Anna Tylor
Chair of the Board
of Trustees
Royal National Institute
of Blind People

Photography has a lot of influence, and I was really moved by the creative courage to use elevated printing. This is not just an art exhibition; it demonstrates the power of photography beyond the images taken.

The Research and Education Program "Eyes on Yellowstone" Made Possible by support from Canon U.S.A. Helps to Communicate the Importance of Environmental Conservation
Canon U.S.A. donates products and funds to Yellowstone Forever, the official nonprofit partner of a globally renowned Yellowstone National Park in the U.S.A. to support initiatives such as surveillance activities targeting endangered wildlife species.

Eyes on Yellowstone allows Yellowstone's scientists and managers to break new ground in conservation, endangered species protection, and the application of cutting-edge science and technology to park wildlife and ecosystem management. The data collected from these projects have educated and inspired millions of people around the world. Eyes on Yellowstone helps enrich the visitor experience—real and virtual—and encourages the public to become more involved in national parks and, more broadly, environmental protection.

In 2024, Canon U.S.A's donated 4K Outdoor PTZ Camera captured the Wapiti Lake Wolf Pack from the live-stream of Old Faithful geyser.

Live stream recording of the Wapiti Lake Wolf Pack from Old Faithful using a Canon 4K remote camera

The 4E's Project in India

Canon India carries out the 4E's Project in partnership with the NGO Humana People to People India.
The project provides various forms of assistance in the four fields of eye care, education, environment, and empowerment to impoverished villages near to the Canon India offices.

Especially in the field of eye-care, Canon strives to provide improved medical assistance to the people with vision impairment by utilizing its technology from the Medical Group that Canon plans to further strengthen and expand its operation as part of the priority business strategy. In India, despite the fact that 80% of cataracts, a major cause of visual impairment, are believed to be preventable or treatable, the issue is lack of access to appropriate diagnostic or therapeutic care due to insufficiently developed healthcare infrastructure.

Canon India opens vision centers in selected villages to provide eye examinations using equipment made by Canon. A total of 4,448 people visited these centers in 2024, with 852 receiving free eyeglasses, and 356 patients being referred for treatment in hospital. There were 26,450 beneficiaries in the entire 4E's Project.

Eye testing at a vision center in India

Support for Education in Asia

Canon supports the education of children across Asia who will become leaders of the next generation.

Respecting the right of every child to receive an education, we have set up 11 Canon Hope Elementary Schools in China to provide a better educational environment through improved access to education.

In Vietnam, since 2007 we have been pursuing the Canon Friendship School Chain Project, which involves constructing school buildings, providing desks and chairs, and donating school supplies to improve the learning environment for children. We opened our 54th school in 2024 in an impoverished area in the mountainous region of northeastern Vietnam.

In Thailand as well, Canon staff are engaged in ongoing volunteer activities to support children in impoverished areas in receiving a high-quality education in conducive environments. Employees visit schools to repair facilities, take photographs for student IDs, and donate Canon products and daily necessities.

A Charity Goods Fair was organized at Canon Inc. to allow employees to donate cameras and lenses to be sold at an in-house bazaar. The company matched the proceeds generated by the sales, and donated the funds to organizations supporting education and medical services in Asian countries, including Thailand, Laos, and Cambodia.

Opening ceremony for the 54th school in Vietnam

Collaborating with Other Companies and Leveraging Each Other's Strengths to Support Education

Since 2014, the Canon Marketing Japan Group has been working with Pentel Co., Ltd. on the Memories of School Building Project, which supports the creation of final memories of school buildings that are to be demolished due to rebuilding, closure, or amalgamation. Children draw on the entire school building and the scenes they capture with digital cameras are made into large posters and donated. By leveraging the strengths of both companies, the project supports children's memory-making and contributes to the raising of awareness in the arts and regional revitalization.

Children creating murals

Disaster Relief Activities

The Canon Group donated a total of ¥40 million through the Japanese Red Cross Society to support recovery efforts in the aftermath of the Noto Peninsula Earthquake in January 2024 and the torrential rain disaster in the same area in September of the same year. In addition, employee fundraising was carried out for each disaster, and the funds collected were donated to Japan Platform. Also, Canon Marketing Japan's Tohoku Reconstruction Promotion Office in Sendai continued to hold photography workshops in the areas affected by the Great East Japan Earthquake.

Preserving Ancient Japanese Cultural Assets for the Future Through the Tsuzuri Project

Canon and Kyoto Culture Association (NPO) have been running the Cultural Heritage Inheritance Project, commonly known as the Tsuzuri Project, since 2007.

Many of Japanese precious ancient cultural assets have limited viewing opportunities, often because they have been moved overseas or are preserved in storage as designated national treasures. The Tsuzuri Project combines Canon's imaging technology with traditional craftsmanship from Kyoto to create high-resolution facsimiles that are as faithful to the original as possible. The facsimiles are utilized in a range of ways, including in public exhibitions held by the donating institution and for educational purposes.

In 2024, a high-resolution facsimile of folding screen masterpiece "Maple Leaves on a Stream (front), Mountain Views (reverse)" by Ikeda Koson, a work that never leaves the Smithsonian's National Museum of Asian Art, was donated to the city of Agano in Niigata Prefecture, which is believed to be the artist's hometown. In addition, a high-resolution facsimile of "Waves at Matsushima" by Ogata Korin, housed in the Museum of Fine Arts, Boston, was donated to Kyoto City University of Arts. Moreover, a special exhibition, "Must-See National Treasures and Masterpieces: A Miraculous Collection Realized by High-resolution Facsimiles" featuring 15 high-resolution facsimiles produced in the Tsuzuri Project, was held at the Okayama City Museum, attracting about 10,000 visitors. The exhibition provided visitors an opportunity to appreciate Japan's cultural heritage due to the unique viewing method made possible with high resolution facsimiles. With no glass cases installed, visitors could get up close to works by renowned artists such as Tawaraya Sotatsu, Ogata Korin, Katsushika Hokusai, and Ito Jakuchu, and also experience the world of these works through projection mapping.

Tsuzuri Project works on display in Okayama

Message from the Director of University Art Museum, Kyoto City University of Arts

In October 2023, our university campus relocated close to Kyoto Station, the gateway to Kyoto. At this important time, as we start to set our sights on becoming a vibrant hub of art as a new "creative site," we are deeply grateful for the Tsuzuri Project's donation of the high-resolution facsimile of "Waves at Matsushima" by Ogata Korin.

Akiko Kasuya
Kyoto City University of Arts
Director, University Art Museum

This high-resolution facsimile is of a masterpiece housed in the Museum of Fine Arts, Boston, where Ogata Korin's unique style is really apparent. It is highly regarded for its dynamic depiction of wave crests, among other features, and is known as a renowned work that is rarely seen in Japan. With the donation of this elaborately crafted and high-quality finished facsimile, which features fine brushwork and hand-applied gold leaf, not only students studying art but also visitors to our university can always closely view and appreciate the charm of this replica. This is profoundly significant and valuable for the future. I certainly hope this initiative will continue in the future.

Contributing to Society Through Rugby

Canon Inc. manages the Yokohama Canon Eagles, part of Japan's Rugby League One, with the aim of creating and sharing thrilling experiences with sports fans and local residents through the sport of rugby.

As a social contribution activity targeting elementary, junior high, and high school students nationwide, the team holds career education classes and tag rugby workshops run by current Eagles players and staff. The goal is to contribute to the healthy development of children through rugby by letting them experience the importance of team play and the joy of physical activity.

In 2024, the team held career education classes and tag rugby workshops at 27 elementary schools, with a total of 2,612 students participating. The team also hosted the "Eagles Cup 2024" mini-rugby tournament for rugby schools from the region at their training ground at Canon Sports Park in Tokyo.

"Eagles Cup 2024" mini-rugby tournament

Supporting Research Activities that Contribute to the Sustainable Development of Humankind Through the Canon Foundation

The Canon Foundation was established in 2008 with the aim of contributing to the development of science and technology. Operating completely independently of Canon's business activities, it provides assistance in a wide range of science and technology research fields. The foundation's aim has been to create new value for society by adopting an approach of supporting research that addresses cutting-edge fields of science and technology. Based on this concept, the foundation supports two research programs, focusing on the themes of "Science and Technology that Achieve a Good Future" and "Science and Technology that Create New Industries."

Over the past 16 years, the Canon Foundation has disbursed a total of 235 research grants totaling ¥4.3 billion. The foundation enjoys recognition from universities and public research institutions across Japan as a distinctive research grant foundation which provides an average project grant of around ¥18 million—a relatively high amount mainly for fledgling research projects and young researchers just starting out.

In the former, the foundation provides grants for innovative scientific and technological research aimed at solving social issues expected to arise in the future. In 2024, a total of three projects were selected, including "Enhancing the rice nutrient recycling capacity for sustainable food production without reliance on large fertilizer inputs."

In the latter program, the foundation provides grants for innovative and original scientific and technological research that leads to the creation of new industries not yet known to the world. In 2024, a total of 11 projects were selected. For example, "Restoration and emergence of brain functions by neural fiber transplantation" and "A novel radiocarbon detection technology using ultra-sensitive laser spectroscopy."

In 2024, we also held an online seminar for the general public, featuring four researchers who had previously received research grants. They delivered presentations on cutting-edge research that aims to protect the future of food, touching on topics such as the future of Japanese agriculture. Participants ranged from teenagers to those in their 60s, and considering the many questions and comments received on the day, they most likely experienced firsthand the usefulness and intrigue of science.

Reference: Canon Foundation website
https://jp.foundation.canon/eng/index.html

15th Research Grant Award Ceremony

Canon Institute for Global Studies Aims to Help Address Problems Faced by Humankind

The Canon Institute for Global Studies (CIGS) is a non-profit private-sector think tank established in 2008 as a general incorporated foundation.

In this era of globalization, CIGS analyzes the status quo and offers strategic recommendations from the perspective of how Japan should position itself in the world. Its specific areas of research are centered around three pillars: macroeconomics, energy and environment, and foreign affairs and security.

In the area of macroeconomics, CIGS conducts research on how to achieve healthy economic growth from a broad perspective. Also, as Asia, particularly China, becomes a key player in the global economy, the institute looks at what economic analysis methods exist and what policy-making mechanisms are most desirable.

In the area of energy and environment, CIGS conducts research based on a dynamic approach to see how issues in these fields—which might be constraining economic growth—can be transformed into drivers of growth.

In the area of foreign affairs and security, the institute researches how Japan should consider its role, addressing both urgent issues and long-term strategies.

Other than this, CIGS delves into policy discussions on a wide range of issues and current and future situations, including healthcare schemes, agriculture and forestry, fiscal and social security, and the Chinese economy. Through these activities, CIGS is building a global knowledge network to ensure that various emerging ideas are effectively passed on to the next generation.

Reference: The Canon Institute for Global Studies
https://cigs.canon/en/

Japanese and French economic and financial experts leading a workshop on the economics of aging

Other Major Sociocultural Support Activities

Humanitarian Aid and Disaster Relief

Donations

We donated ¥40 million through the Japanese Red Cross Society to support the areas rocked by the Noto Peninsula Earthquake in January 2024 and then the torrential rain that occurred in the same areas in September of the same year. In addition, support was provided to those affected by the earthquake in Taiwan in April, the typhoon in Asia in September, and the hurricane in the U.S. in October.

Donating relief supplies to support organizations during the flooding in Thailand

Cooperation with UN Support Programs

Canon helped sponsor the Refugee Film Festival, organized by Japan for UNHCR[1], with the cooperation of the UNHCR Representation in Japan. We also participate in activities to support the Japan Association for the World Food Programme[2].

[1] The national partner of UNHCR in Japan
[2] The national partner of the World Food Programme (WFP) in Japan

Local Communities

Making Strides Against Breast Cancer Walk

2024 marks Canon U.S.A.'s 26th anniversary as a flagship sponsor of the Making Strides Against Breast Cancer Walk. The funds raised and donated by Canon U.S.A. go to the American Cancer Society to support breast cancer research, education, and patient services.

URL:
https://www.usa.canon.com/about-us/community-and-social-involvement/walk-for-american-cancer-society

Canon U.S.A. employees taking part in a charity walk

Food Donations

We carry out food drives and food bank activities to donate food to organizations in need at our Shimomaruko headquarters and at other Group locations in Japan and overseas.

Education and Science

Junior Photographers

This project organizes nature-themed photography classes for children with the aims of raising environmental awareness and fostering richer artistic sensitivity. In 2024, photography workshops were held at 21 locations, attended by 753 participants. An exhibition was also held to commemorate the 20th anniversary of the project.

An elementary school student participating in a photography class

Internship Program for Students

Group companies conducted various internships, including programs aimed at supporting the career development of students. Canon Inc. offered a total of 2,043 internships to students on administrative, technical or specialist tracks in 2024.

Art, Culture, and Sports

Oita International Wheelchair Marathon

As an official partner, Canon Inc. supports the Oita International Wheelchair Marathon, which started as the world's first international marathon exclusively for wheelchair users. Many Canon Group employees have volunteered to help run this event.

Wheelchair marathon event in progress

Product Responsibility

Quality Management

Approach to Quality

In 1964, Canon determined that its basic quality concept* is to ensure that customers have "no claims, no trouble," and has since striven to earn the trust and heartfelt satisfaction of customers around the world by providing products and services of surpassing quality. Based on this mindset, the Canon Group's firm commitment is to adhere to the Canon Quality motto that incorporates the three keywords "Safety + Smartness + Satisfaction" —the elements we view as essential to product and service quality. We are dedicated to improving the quality of products and services over their lifecycles.

* "To contribute to the growth of the company and prosperity of the world, with the realization of 'no claims, no trouble' as our goal, based upon the company's corporate philosophy and aims." (Canon Quality Assurance Basic Regulations, Article 2)
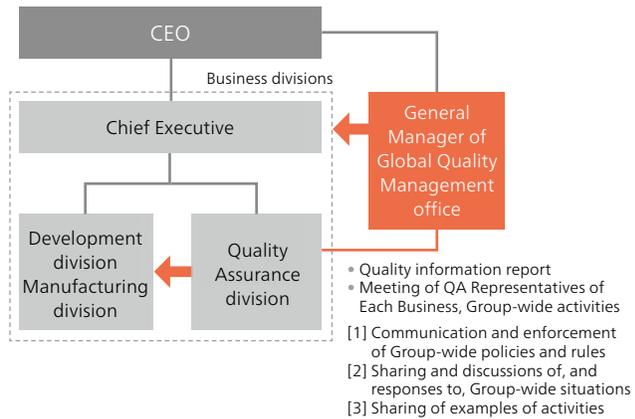
Quality Assurance System

At Canon, we have developed an in-house quality management system that we follow assiduously. The system has three defining characteristics, as outlined below.
(1) Fulfills all the requirements of the international quality assurance standard ISO 9001*[1]
(2) Incorporates the concept of "substantial safety*[2]" as standard for quality management
(3) Introduces a framework for checking quality in product commercialization processes to ensure reliable product safety standards*[3]

Using our in-house quality management system as a base, the various Headquarters divisions at Canon implement rigorous quality control by building quality assurance (QA) systems that are optimized for the characteristics of each business, as well as in compliance with the legal and regulatory standards of each country and region.

Under Canon's quality governance set-up, the quality assurance division within each business division works independently of the development and manufacturing divisions. The Global Quality Management Office, a separate entity reporting directly to the CEO, also oversees quality assurance activities by each business division.

• Quality information report
• Meeting of QA Representatives of Each Business, Group-wide activities
[1] Communication and enforcement of Group-wide policies and rules
[2] Sharing and discussions of, and responses to, Group-wide situations
[3] Sharing of examples of activities

*1 The in-house regulations governing Canon's quality management system are recognized by the International Register of Certificated Auditors (IRCA) as an alternative standard to ISO 9001.
*2 This means safety not only in terms of what is required by laws and statutes, but also any safety issue that can reasonably be expected to arise during customer use even if not regulated or mandated by law.
*3 This involves setting QA standards that must be satisfied for each of the stages in the development of Canon products from development and design to production and shipping. At each checkpoint along the development path, the QA framework requires a decision on whether the QA standard is satisfied to ensure rigorous control of product quality.

Education and Raising Quality Awareness

Canon employs a range of measures to instill high employee awareness of the need to maintain outstanding quality and attain further quality improvements, and to help employees gain related knowledge.

We continually communicate our basic concept and motto on quality, while also conducting annual Group-wide surveys of employees to ascertain the degree of quality awareness. We have designated November as Quality Month, and each year in November hold the Quality Fair and Quality Awards to raise quality awareness and recognize exceptional activities that have improved quality.

In addition, we provide online educational courses on quality for all employees and have developed a tiered training curriculum for Group companies in Japan and abroad. Alongside this, we have training programs customized to the specific circumstances and issues of each division, and we also conduct on-site training at production sites.

We also focus attention on training related to product safety, including a wide range of online and other training courses aimed at all levels from new employees to managers on product safety regulations and technology used in creating designs for safe products.

In 2024, we invited an outside expert on the serious quality issues uncovered at other companies to give a lecture to directors and all senior managerial staff at Canon Inc. on how to prevent such quality issues.

■ Training Completion for Canon Inc. (2024)
• Basic Online Course on Quality (6 parts): 14,245 people
• Tiered Course on Quality (new employees, general/managerial staff): 6,920 people
• Online Course on Product Safety Regulations (4 parts): 9,081 people
• Training Course on Technology for Safety Design (4 parts): 147 people

Canon Sustainability Report 2025

Ensuring Product Safety

Voluntary Action Plan Based on the Basic Policy on Product Safety

Canon Inc. believes one of its important missions as a manufacturer is to provide safe products to customers. With this in mind, we formulated a Basic Policy on Product Safety that Canon Group companies strictly adhere to.

Based on this policy, Canon Inc. and Group companies formulate and follow individual Voluntary Action Plans for Product Safety suited to their business format, working to ensure product safety while remaining customer-focused.

Besides using online training courses to help ensure such information is disseminated and followed, we continually update every Canon Group company involved in the sale, repair or servicing of products with the latest safety information for repairs and part exchanges.

Moreover, we comply fully with government laws and notices, and have developed a system for immediate reporting, for example, in the unlikely event of an accident involving one of our products.

■ **2024 Activities Scorecard for Canon Inc.**
- Carried out review by senior management based on the Voluntary Action Plan for Product Safety (conducted annually since 2008)
- Continued efforts to raise awareness among customers about smoke emission from counterfeit batteries and the safe handling of electric cords and plugs, etc.
- Continued implementation of product safety training and emphasis on the importance of product safety during basic training on quality
- Continued implementation of e-learning course for all employees to promote understanding of the Voluntary Action Plan for Product Safety
- Revised the internal standards relating to product/ chemical safety

Establishment of In-house Product Safety Technical Standards

Canon has established its own safety standards (for substantial safety) for all Canon products, which take into account customer safety as well as legally stipulated product safety standards.

For example, Canon's safety-conscious standards call for the use of plastics that are more flame resistant than the law requires, and we implement double-protection schemes for important safety-related components. We regularly revise these standards in light of technological advances as well as changes in how customers use our products, and changes in customer demands regarding safety.

We use our proprietary safety standards to apply rigorous quality controls to all products within a framework for checking quality across product commercialization processes. Ensuring that all our products are safe to use, we never release to market any product not meeting the standards.

■ **Main Approaches to Safety Technology**
- Conduct safety assessments that address human factors (physical function, abilities, thinking and behavior), taking into account the variety of possible operations a user may perform
- Conduct safety-confirmation testing based on abnormal voltage waveforms in commercial power supplies confirmed at marketing sites in each country and region
- Hypothesize abnormalities, such as glitches or malfunctions, and conduct stricter safety-evaluation testing than is required by the laws of each country or region

Quality Assessment During Development

■ **Creation of Assessment Environment for the Delivery of Safe Products**

Canon has testing facilities for accurate and detailed evaluation of all aspects of product safety in line with official standards and any applicable laws or regulations, including the measurement of chemical emissions, noise, biological safety, EMC[1], and flame resistance ratings.

ISO and IEC[2] accreditation enable Canon to use in-house facilities for the rigorous testing required to apply for safety/environmental labels for Canon products worldwide. This includes one of the largest, most advanced electromagnetic anechoic chambers in Japan, as well as various other world-class facilities. High-level, reliable quality evaluation is built into Canon's product development process.

[1] Electromagnetic Compatibility testing. Testing for electromagnetic interference caused by a product or its power source that may affect the operation of other equipment, and testing for electromagnetic susceptibility of the product itself that may result in malfunction.
[2] International Electrotechnical Commission, an international standardization group that formulates standards on electrical and digital technologies.

Varied Safety-oriented Initiatives

■ **Safety Assessments of Chemical Emissions from Products**

Canon assesses the chemical emissions from its printers, multifunctional devices (MFDs), and other products. Our assessments include measurements of data necessary for acquisition of Germany's Blue Angel environmental label.

To ensure the safety of customers using Canon products, we have also defined our own internal safety standards based on the guidelines for indoor air quality and indicators as set by major bodies in Japan, the US and Europe, along with the related international standards. We also check that our products conform to these standards.

The in-house laboratory conducting these assessments has received accreditation from Germany's Federal Institute for Materials Research and Testing (BAM) and is therefore capable of conducting the assessments required for applications for Blue Angel certification. It has also received ISO/IEC 17025 accreditation to conduct measurements in a fair and neutral manner.

Our evaluation protocols appropriately reflect the most up-to-date knowledge, such as the adoption of the ISO/

IEC 28360-1 international standard for measuring chemical emissions, which was revised in November 2021.

Chemical emission evaluation testing laboratory

■ Biological Safety Assessments for Ink, Toner, and Other Consumables

Canon assesses the safety of its ink, toner, and other consumables, enabling customers to use its printers and MFDs with confidence.

For example, with regard to the materials for ink and toner, we carry out assessments related to genotoxicity, thought to be closely linked to carcinogenicity, using bacterial reverse mutation tests and in vitro mammalian cell micronucleus tests.

Canon's testing laboratories are highly reliable and have been certified by Japan's Ministry of Health, Labor and Welfare as in compliance with Good Laboratory Practice (GLP)*1 standards in the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substances Control Law). Canon's laboratories also comply with GLP standards set by the Organization for Economic Cooperation and Development (OECD). Furthermore, Canon became the first in Japan to have its in vitro mammalian cell micronucleus test certified as in compliance with the GLP standards in the Chemical Substances Control Law.

Canon is actively working on the use of alternatives to

animal testing in chemical safety assessments. Besides researching and utilizing information on Integrated Approaches to Testing and Assessment (IATA) including the use of alternative testing data*2, we are making progress in conducting in-house testing according to OECD Test Guidelines.

*1 The standard for the management, testing and reporting of facilities and organizations that operate as testing agencies conducting chemical substance safety assessments. Testing according to GLP standards ensures reproducibility and data reliability. GLP standards set by the OECD were enacted in 1981, and since then, member countries have developed domestic laws and regulations based on these standards. Facilities certified as compliant under Japan's GLP standards in the Chemical Substances Control Law must have their certification renewed every three years, which involves receiving a new conformity screening prior to the expiration of the certification's validity period.

*2 Canon does not conduct animal tests on ink, toner, or other consumables, unless required by laws or regulations, or requested by authorities, or where such testing is essential to safeguard customer safety. When conducting animal tests, we must comply with the "3Rs (Three Rs)," which are the basic principles of animal testing worldwide. This is stipulated in our internal rule regarding chemical safety.

■ Assessing the Safety of Medical Devices

Canon assesses the safety of medical devices based on ISO 14971 standards for the risk management of medical devices to ensure the health and safety of patients and users. For example, we do not simply identify hazards related to electrical, mechanical, or thermal energy in general. We also identify various related hazards such as biological safety, use error due to inappropriate usability, and cybersecurity, confirming throughout the lifecycle that anticipated risks have been reduced to an acceptable level.

Ensuring Quality and Reliability in Parts Procurement

Canon actively pursues activities to ensure the quality and reliability of procured parts and materials used in products, so that they can be used for years with confidence.

To ensure product quality, we have devised technical checklists by type for important procured components; we also maintain a quality assurance framework to ascertain the technical capabilities of suppliers prior to

any new parts procurement. To enhance quality, we work together with suppliers to optimize quality control systems and manufacturing processes. We also utilize high-precision nondestructive analysis technologies such as X-ray CT scans and thermal analysis to evaluate electronic components and isolate defects. In addition, to detect and resolve quality defects at an early stage, we strive to apply and upgrade technical solutions based on chemical analysis to elucidate the causes of material degradation, component damage or contamination with impurities.

Product/Service Security Measures

Measures to Address Vulnerabilities in Canon Products/Services

Network connectivity via the cloud or smartphones is increasingly enhancing the benefits from Canon products and services. On the other hand, there is a growing need for measures against the increasing cybersecurity risks, including the risk of loss of personal information or confidential data. Canon focuses on the potential cybersecurity risks from the product development stage to prevent any problems. In case specific security issues are identified, a system is set up to prevent or mitigate any negative impact on customers.

■ Development Process

We formulate the security requirements for Canon Group products and services based on regulatory information and the technology trends adopted by industry bodies, software vendors and other parties. The requirements are reflected in the development process by utilizing a secure development process that must include compulsory review checks and vulnerability testing. To prevent recurrence of past vulnerabilities, final quality sign-off requires prior completion of a vulnerability assessment stage within a company-wide process.

■ Education and Training

Product/service vulnerabilities response is a highly specialized area in which it is necessary to acquire and track the latest technical progress as well as increasingly sophisticated attack methods. Canon defines career and skill levels for its new software engineers, customer service engineers and security specialists, and has designed a level-specific security training curriculum to develop human resources. Support to the onsite vulnerability testing is provided as a follow-up to also build practical skills alongside the theoretical knowledge base.

■ Activities of Product Security Incident Response Team (Canon PSIRT)

We created the in-house Canon PSIRT team to respond to security issues as they arise in the field.

Working in the framework of METI's Early Warning Partnership and collaborating with the external groups such as JPCERT*1 Coordination Center and FIRST*2, Canon PSIRT pays close attention to vulnerability related developments in the field, and gathers the latest information. Canon PSIRT website is published as a window to receive vulnerability information from researchers worldwide, and to release customer advisories on vulnerabilities of Canon products and services in a timely manner, thus ensuring cybersecurity response is on a world standard level.

*1 JPCERT: Japan Computer Emergency Response Team
*2 FIRST: Forum of Incident Response and Security Teams (a global community of cybersecurity incident response teams from government entities, educational institutions and companies worldwide)

Reference: Canon PSIRT
https://psirt.canon
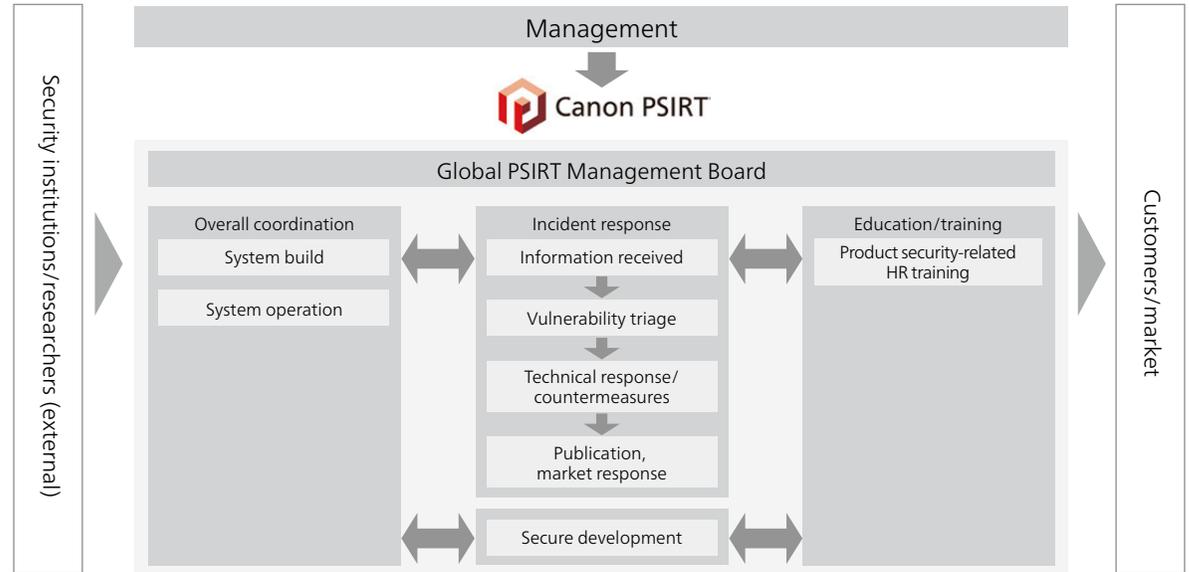
After-sales Support

Enhancing After-Sales Services in Various Countries and Regions

After-sales service is crucial to enabling customers to use our products with confidence. Canon is putting efforts into expanding the after-sales service network to be able to provide the same level of prompt, reliable support anywhere in the world.

For example, to enhance customer usability and more easily resolve issues, we are expanding customer support services globally through our website. In addition to posting FAQs, product specifications, user manuals, and other support information, the latest driver software is also available for download. Support information and software are both based on content shared worldwide, while including needed local content for each country or region. Group marketing companies then localize the content in various languages.

We continually monitor how customers use content and analyze survey responses and other data, feeding back the results to divisions producing content to constantly make updates and improve customer usability. We are also working to offer more user-friendly services by optimizing content to support the greater use of a wider range of information devices.

Market Information Collection and Analysis, Feedback

In order to achieve even greater customer satisfaction, Canon conducts product evaluations from the customer's perspective at the development stage, and incorporates customer feedback and requests in its development and design processes.

For example, using a framework called the Call Information Collection and Analysis System, we built a database of customer feedback and requests received by call centers at our marketing companies worldwide,

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and manage this data centrally. Development divisions take advantage of this data to enhance customer usability, such as improving display methods on product control panels or simplifying the steps needed to connect to wireless LAN. Information gleaned from customers is shared internally throughout the Group, including development divisions, production divisions and marketing companies, and used to improve each local site.

Call Information Collection and Analysis System
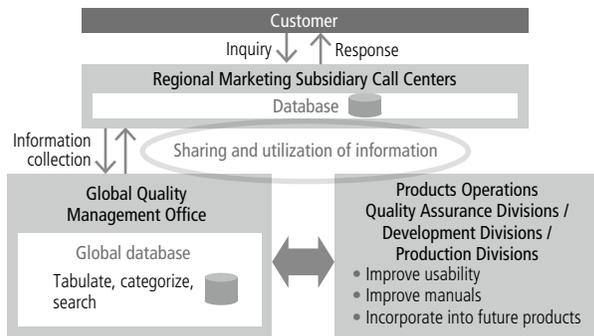
Process for Responding to Quality Issues

Should a quality issue arise, Canon has systems in place to promptly and appropriately investigate the cause, repair products free of charge, and disclose quality information. We also keep our customers informed about product quality issues and remedial procedures by placing product advisory statements in various newspapers and on our website.

There were no such statements in 2024. Should a quality issue arise, our marketing companies in each country or region, which serve as the contact point for customers, file a report with the quality assurance division of the respective Canon Inc. Headquarters division (products operations). The quality assurance division then investigates the cause of the issue as well as countermeasures. Moreover, in the event of a major

issue, related Headquarters divisions (products operations), the Global Quality Management Office , legal division, and public relations division are consulted concerning response measures, and after the matter is reported to the CEO, action is promptly taken.

Critical Quality Issues
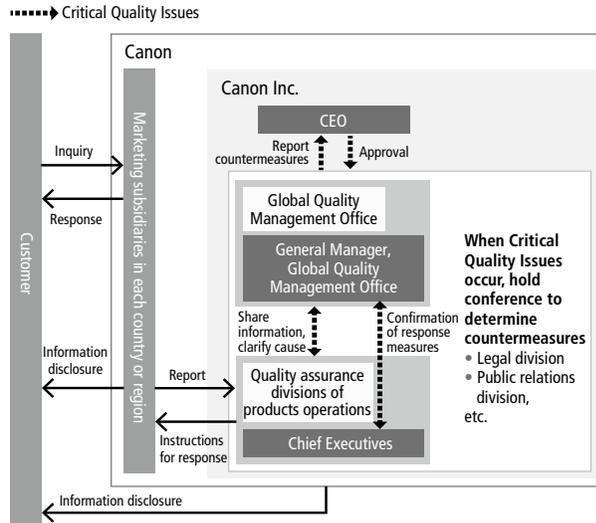
Improving Product Usability

Providing Information on the Appropriate Use of Products

■ **Pursuing Usability for Canon Products**

From consumer products to industrial equipment, to ensure the greatest possible ease of understanding and use for customers with a wide range of needs, Canon carries out usability tests using both internal and external monitors, web-based surveys, and expert staff evaluations at the product development stage.

We objectively test human factors, including physical characteristics, perception, judgment, and operating burden, to develop products that customers can use comfortably and with ease. We built a dedicated monitoring test room equipped to allow

detailed observation and recording of the behavior and actions of testers as they operate devices, including even hand movements.

Moreover, we are working to create safer testing environments by implementing measures to prevent infection such as a mechanism to broadcast testing scenarios for remote observation and the installation of clear plastic panels to block air-borne droplets.

■ **Promoting Universal Design**

Canon strives to develop people-friendly products by pursuing functionality, operability, and convenience from the customer's perspective in actual usage situations. As part of this effort, we have adopted a universal design approach through which we endeavor to create products from a customer perspective from the design stage onward, facilitating use by all customers, regardless of age, gender, nationality, or physical ability. At Canon, we approach product design and development from the perspective of making the customer "look like a natural."

For example, we evaluate and test usability, accessibility, and comfort from various perspectives, regarding aspects such as text sizes that are easy to read and color designs that are easy to recognize for people with various visual sensitivities. Information obtained from these activities is valuable in the development of more user-friendly products.

Moreover, aiming to encourage efforts in universal design, we distribute a guidance booklet to all development divisions that addresses the physical characteristics of users and various other issues that arise during product use, and also conduct e-learning courses to enhance knowledge in this area. We also create customer-oriented pamphlets and post website content among other steps to share information both inside and outside the company about the universal design initiatives underway at Canon.

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Universal Design Action Guidelines

- Ease of use in every aspect
  Beginning with a complete understanding of customers' usage scenarios, we use every means in our designs to provide usability suitable for the customers' usage objectives and situations.
- Aim for products and services that people want to use
  We seek out and generate innovative ideas that go beyond mere improvements in order to create products and services that customers naturally want to use.
- Put the latest technologies to use
  We take advantage of Canon's most advanced technologies to enhance customer convenience and realize richer and more comfortable living and working conditions.

Reference: Canon's Universal Design
https://global.canon/en/design/ud/

■ **Product Accessibility**

Canon is working to increase the accessibility of its products in order to make them easy to use for the elderly and persons with disabilities.

　Section 508 of the United States Rehabilitation Act requires that agencies of the federal government only purchase products that meet stipulated accessibility standards. The results of Section 508 accessibility evaluations of Canon products have been collected into a VPAT* and made available on the Canon U.S.A. website. To facilitate ready access for our developers, content on Section 508 stipulations is also made available internally in the form of Accessibility Evaluation Guidelines. Over in Europe, the European Accessibility Act, an EU Directive, was promulgated in 2019. European Standard EN 301 549, which is consistent with Section 508 standards, is now beginning to be adopted for government procurement, not only in Europe but also globally.

　Canon is committed to continuously gathering the latest information, and to developing products that are compliant with the accessibility requirements of each country and region.

* Voluntary Product Accessibility Template, a document that evaluates how accessible a particular product is according to Section 508 standards.

Corporate Governance

Fundamental Policy

In order to establish a sound corporate governance structure and continuously raise corporate value, Canon Inc. believes that it is essential to improve management transparency and strengthen management supervising functions. At the same time, a sense of ethics and mission held by each executive and employee of a company is very important in order to achieve continuous corporate growth and development.

Reference: An Overview of Corporate Governance at Canon Inc.
https://global.canon/en/ir/strategies/governance.html

Governance Structure

Canon Inc. is globally expanding its businesses in various business fields, including printing, medical, imaging, and industrial, and aims to aggressively expand into new business fields in the future. In order to make prompt decisions in each business field, and make important decisions for the entire Canon Group or matters that straddle several business fields from a company-wide perspective and at the same time secure appropriate decision making and execution of operation, Canon Inc. judges the corporate governance structure shown on the right to be effective.

Change in Corporate Governance Structure

Year	Item
2010	• Reduced the number of Directors (from 25 to 17)
2014	• Appointed Outside Directors (two)
2015	• Appointed female Executive Officer • Measures to assess effectiveness of Board of Directors
2016	• Reduced the number of Directors (from 17 to 6) • Established Nomination and Remuneration Advisory Committee • Established the Independence Standards for Independent Directors/Audit and Supervisory Board Members
2024	• Appointed a female Director • Increased the number of Directors (from 5 to10)

Corporate Governance Structure (as of April 1, 2025)
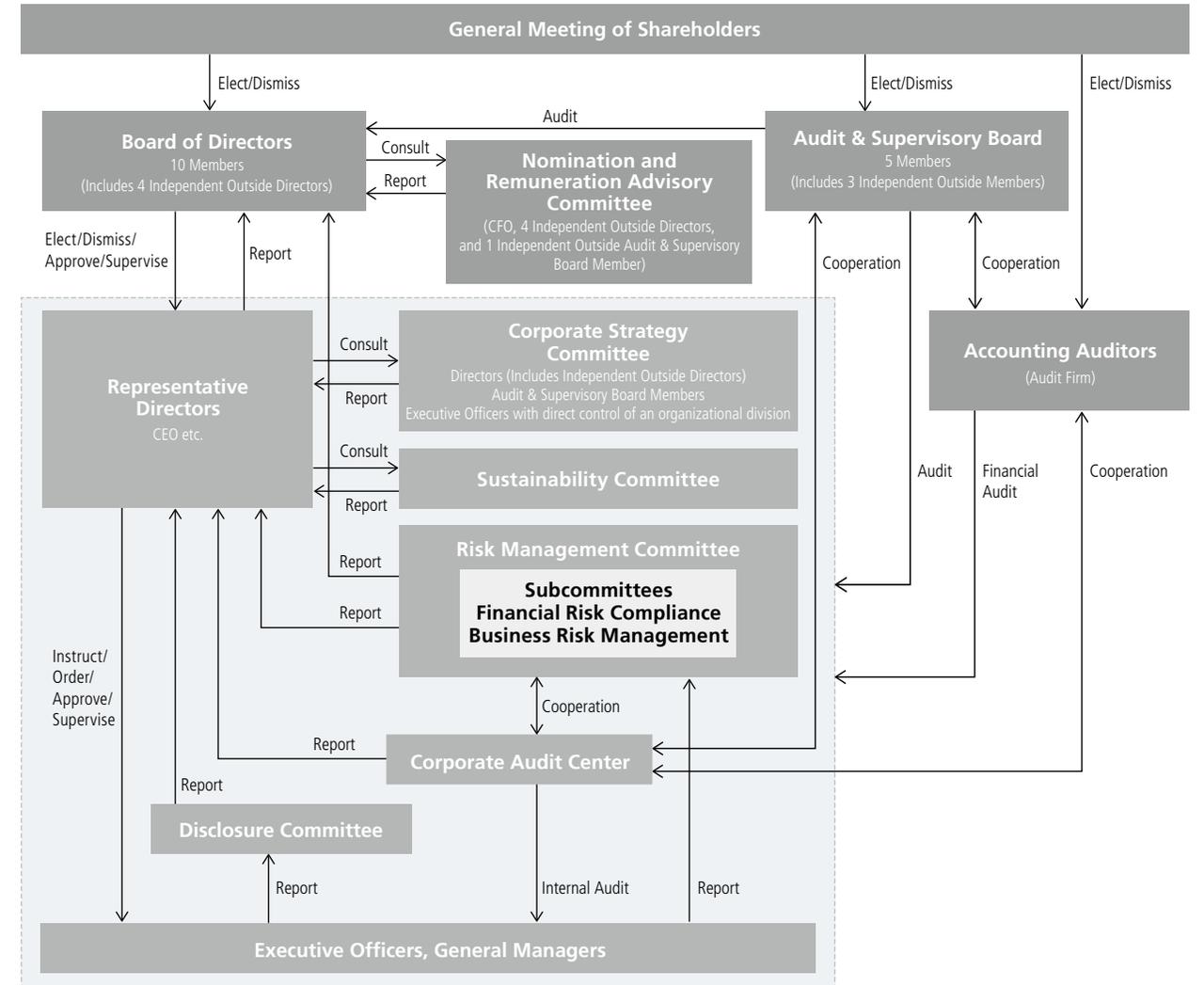
* ▨ The grey boxes represent the Organizations executing operations

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Board of Directors

While the focus of the organizational structure of the Board of Directors is on Representative Directors that oversee company-wide business strategies or execution such as the CEO, COO, CFO, CTO, and Representative Directors or Executive Directors that oversee multiple business fields or headquarters functions, to ensure sound management the Board also includes at least two Independent Outside Directors accounting for one-third or more of the total number of directors. Chaired by the CEO, the Board of Directors, in accordance with laws and regulations, makes important decisions and supervises the execution of duties. Except for the above, the CEO and other Representative Directors are active in decision making and execution, and under the command and supervision of the Representative Directors, Executive Officers that are elected through resolution of the Board of Directors make decisions and execute operations of each business field or function. The Board of Directors consists of ten members, six internal Directors including three Representative Directors and four Independent Outside Directors. The Board of Directors met 10 times in fiscal 2024.

Audit & Supervisory Board

As a body which is in charge of the audit of operations, under the principles of autonomy, which is independent from the Board of Directors, Canon Inc. has full-time Audit & Supervisory Board Members that are familiar with Canon Inc.'s businesses or its management structure, and Independent Outside Audit & Supervisory Board Members that have extensive knowledge in specialized areas such as law, finance and accounting, and internal control. The Audit & Supervisory Board, which is composed of these individuals, cooperates with Canon Inc.'s Accounting Auditors and internal audit division, oversees the status of duty execution of operations and corporate assets to secure the soundness of management. There are five Audit & Supervisory Board Members of which three are Independent Outside Audit & Supervisory Board Members. In accordance with auditing policies and plans decided at Audit & Supervisory Board meetings, the Audit & Supervisory Board Members attend Board of Directors' meetings and other internal important

gatherings such as Corporate Strategy Committee meetings. They are also able to listen to reports from Directors and employees, review documents related to important decisions, and conduct audits by investigating, etc., the situation of businesses and property of Canon Inc. and its subsidiaries. Additionally, the Office of Audit & Supervisory Board Members is independent from the control of the Directors, etc., and it has a dedicated staff. The Audit & Supervisory Board Members can order headquarters management and other operations to conduct investigations in cases of necessity. In this way, the Audit & Supervisory Board plays a role in monitoring management, conducting strict audits of Directors' execution of duty, including the status of development of the internal control system. Furthermore, the Audit & Supervisory Board Members cooperate closely with the Accounting Auditors and Canon Inc.'s internal auditing arm, and such cooperation services to improve each monitoring function. The Audit & Supervisory Board met 21 times in fiscal 2024.

Nomination and Remuneration Advisory Committee

Canon Inc. established the "Nomination and Remuneration Advisory Committee," a non-statutory committee, which consists of the CFO, four Independent Outside Directors and one Independent Outside Audit & Supervisory Board Member. With regard to the nomination of candidates for Directors and Audit & Supervisory Board Members and the election of Executive Officers (including the selection of a successor to the chief executive officer position), the CEO recommends candidates from among those who are recognized to meet predetermined requirements, and after confirming the fairness and appropriateness of the recommendation by the Nomination and Remuneration Advisory Committee, the proposal of candidates is submitted to the Board of Directors for deliberation.

In particular, Canon Inc. regards the succession plan for the CEO as one of the key themes that will lead to sustainable growth and medium- to long-term enhancement of corporate value. The CEO, under his own responsibility, assigns tasks to candidates, checks and evaluates the progress, and selects and develops candidates, through a training system for senior management, training programs

for selected executive officers, a system for accumulating management experience through the transfer of persons who have been selected as executive officers and involvement in company-wide projects. And the process is confirmed by the Nomination and Remuneration Advisory Committee.

Additionally, as for Audit & Supervisory Board Member candidates, prior to deliberation of the Board of Directors, consent of the Audit & Supervisory Board shall be acquired. The committee met four times in fiscal 2024.

Corporate Strategy Committee

Canon Inc. established the Corporate Strategy Committee, consisting of Directors, including Independent Outside Directors, Audit & Supervisory Board Members, and some Executive Officers. Among items to be decided by the CEO, the Committee undertakes prior deliberations on important matters pertaining to Canon Group strategies.

Sustainability Committee

To support appropriate and effective related decision-making by the CEO and the Board of Directors, the Sustainability Committee was established on April 1, 2024 to share information and conduct preliminary deliberations into the sustainability-related matters in which Canon Group is either engaged or should address.

Risk Management Committee

Based on a resolution passed by the Board of Directors, Canon Inc. set up the Risk Management Committee, which formulates policy and action proposals regarding improvement of the Canon Group risk management system. The Risk Management Committee consists of three entities: the Financial Risk Management Subcommittee, which is tasked with improving systems to ensure reliability of financial reporting; the Compliance Subcommittee, which is tasked with promoting corporate ethics and improving legal compliance systems; and the Business Risk Management Subcommittee, which is charged with improving systems to manage overall business risks. The Risk Management Committee verifies the risk management system's improvement and implementation and reports the status to the CEO and the Board of Directors.

Disclosure Committee
The Disclosure Committee was established to undertake deliberations pertaining to information disclosure, including content and timing, to ensure important corporate information will be disclosed in a timely and accurate manner.

Internal Audit Division
Canon Inc. has established the Corporate Audit Center as its internal auditing division, which audits each division and subsidiary of the Company on overall operations and management as well as on various topics such as finance, procurement, asset management, contracts, health and safety, quality, etc., and makes recommendations for improvements as necessary. Audit results are reported not only to the CEO and CFO, but also to the Audit & Supervisory Board Members and the Audit & Supervisory Board as described in "Cooperation between Audit & Supervisory Board Members and Internal Auditing," above. In addition, the Company has established a system in which reports are also regularly given to outside directors and those outside directors can request submission of proposals to the Board of Directors, as necessary.

Attendance at Meetings of Board of Directors, Nomination and Remuneration Advisory Committee and Audit & Supervisory Board (Jan–Dec 2024)

Directors/Audit & Supervisory Board Members		Attendance		
		Board of Directors	Nomination and Remuneration Advisory Committee	Audit & Supervisory Board
Directors	Fujio Mitarai	(10/10) 100%	—	—
	Toshizo Tanaka	(10/10) 100%	(4/4) 100%	—
	Toshio Homma	(10/10) 100%	—	—
	Kazuto Ogawa	(7/7) 100%	—	—
	Hiroaki Takeishi	(7/7) 100%	—	—
	Minoru Asada	(7/7) 100%	—	—
Outside Directors	Yusuke Kawamura	(3/3) 100%	(2/2) 100%	—
	Kunitaro Saida	(10/10) 100%	(4/4) 100%	—
	Masayuki Ikegami	(7/7) 100%	(2/2) 100%	—
	Masaki Suzuki	(7/7) 100%	(2/2) 100%	—
	Akiko Ito	(7/7) 100%	(2/2) 100%	—
Audit & Supervisory Board Members	Chikahiro Okayama	—	—	(15/15) 100%
	Hideya Hatamochi	—	—	(21/21) 100%
	Katsuhito Yanagibashi	—	—	(6/6) 100%
Outside Audit & Supervisory Board Members	Yutaka Tanaka	—	(4/4) 100%	(21/21) 100%
	Hiroshi Yoshida	—	—	(21/21) 100%
	Koichi Kashimoto	—	—	(21/21) 100%

Note: Kunitaro Saida and Katsuhito Yanagibashi retired effective March 28, 2024.

Board Policies in the Appointment of Senior Management and the Nomination of Director and Candidates
Director and Audit & Supervisory Board Member candidates and Executive Officers are people that have the ability to fairly and effectively execute duties and, in principle, are selected from people that have met the following requirements, regardless of personal attributes such as gender, nationality, age, etc.

Requirements of Director Candidates
■ Representative Directors and Executive Directors
Have a true understanding of the corporate philosophy and code of conduct of the company. At the same time, have broad familiarity with the company's businesses and operations, gained through, for example, Executive Officer experience. Have the ability to make effective decisions that overlook multiple businesses and functions. In addition to this, the CEO shall be a person with the ability to lead the Canon Group, having, in particular, a wealth of knowledge and skill related to management and a clear vision and a strong sense of responsibility

■ Independent Outside Directors
In addition to meeting the independence standard that is separately determined by the Board of Directors, have an abundance of experience and superior insight into fields such as risk management, law, and economics

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Skills of Board of Directors

Canon Inc. operates businesses globally with very different market environments. As a whole, the Board of Directors, which oversees important decision-making and execution, needs to possess skills in the seven areas shown in the table on the right.

* The table (right) indicates up to five areas in which we expect each person to particularly demonstrate their skills. It does not represent the entirety of each person's experience, knowledge, or skills.

Directors	Directors Skills to be Possessed by the Board of Directors Overall						
	Corporate Management	Global	Business Experience	Technology and Development	Finance and Accounting	Risk Management	ESG
	As a senior level executive of a listed company that does business globally, and the like Global awareness	Global mindset and experience obtained through working overseas, global marketing, etc.	Business management skills in the Company's business domain	Knowledge and R&D experience in the Company's core competence technologies	Skills as a financial accounting expert, derived from being a financial accounting officer of a listed company, a certified public accountant, etc.	Skills as an expert in risk management, including compliance, and internal control systems	Knowledge and experience in ESG
Fujio Mitarai	●	●			●	●	●
Toshizo Tanaka		●			●	●	●
Toshio Homma	●		●	●			
Kazuto Ogawa	●	●	●			●	
Hiroaki Takeishi	●	●	●	●			
Minoru Asada	●	●			●	●	
Yusuke Kawamura*					●	●	●
Masayuki Ikegami*						●	●
Masaki Suzuki*					●	●	●
Akiko Ito*						●	●

* Outside

Reasons for Appointment of Outside Directors

The rationales for the appointment by Canon Inc. of each Outside Director are shown on the right, in accordance with the Corporate Governance Code of the Financial Instruments Exchange (Principle 4-9) and our "Independence Standards for Independent Outside Officers."

* The "Independence Standards for Independent Directors/Audit and Supervisory Board Members" are available on the Company's website https://global.canon/en/ir/strategies/governance.html

Name		Reasons for Appointing
Outside Directors	Yusuke Kawamura	Yusuke Kawamura has a wealth of experience as an Outside Director along with capacity as an expert with respect to financial and securities systems as well as strategy for managing financial institutions, given that he worked at a securities company and subsequently served in various positions, including as a university professor, a commissioner of councils of Japan's Ministry of Finance and Financial Services Agency, and an Executive Counselor of the Japan Securities Dealers Association. The Company elected him as an Outside Director in hopes that he will furnish particularly useful advice, drawing on his wealth of experience and high level of expertise regarding finance and securities, especially when taking part in discussions on M&A and ESG-related topics from a shareholder and investor perspective.
	Masayuki Ikegami	Masayuki Ikegami has been involved in various matters, including corporate cases, in legal professions over many years, having served in important roles at the High Public Prosecutors Office in both Nagoya and Osaka and as a Justice of the Supreme Court for seven years. The Company has selected him as a candidate for Outside Director in hopes that he can provide insightful opinions and supervision, particularly regarding internal control systems and corporate governance, including from the perspective of ensuring corporate compliance, based on his abundant experience and advanced knowledge.
	Masaki Suzuki	Masaki Suzuki worked for many years at the Ministry of Finance, before transferring to the Ministry of the Environment, where he held important positions such as Vice-Minister. After retiring from the ministry, he also served as the representative director of a private financial institution. The Company has selected him as a candidate for Outside Director in hopes that he can provide insightful opinions particularly concerning the areas of corporate finance and environment, in addition to opinions and supervision based on his managerial experience at financial institutions which require a high degree of appropriateness and compliance.
	Akiko Ito	Akiko Ito joined the Ministry of Construction (currently the Ministry of Land, Infrastructure, Transport and Tourism) as a technical official, served as its first female Director (Director of Housing Bureau), and was responsible for policies for regional revitalization, including human resource development and job and town development, before becoming Commissioner of the Consumer Affairs Agency. Since retiring from the Consumer Affairs Agency, she has continued to participate in research in related fields, while serving as the Outside Director of a corporation. The Company has selected her as a candidate for Outside Director in hopes that she can provide insightful advice and supervision particularly from the perspective of clients and consumers, as well as advice related to the active promotion of diverse human resources.

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Analyzing and Evaluating the Effectiveness of the Board of Directors

Once a year, a questionnaire survey of Directors and Audit & Supervisory Board Members on the items shown on the right is conducted. Based on the result of the questionnaire survey, analysis and evaluations regarding the effectiveness of the entire Board of Directors are carried out at the Board of Directors' meeting.

- As for the operation of Board of Directors (including the appropriateness of when documents are distributed, how often meetings are held, and the time spent deliberating)
- As for the decision making and supervisory function of the Board of Directors (including the appropriateness of agenda items and agenda criteria of the Board of Directors as well as appropriateness, etc., of content that is reported)
- As for the roles of Outside Directors and Audit & Supervisory Board Members (including the necessity of training, etc., regarding the understanding of company affairs and corporate structure)

In fiscal 2024, the Board of Directors made continuous efforts to vitalize deliberations at the Board of Directors, such as providing advance explanations on proposals to Outside Directors and the Board of Corporate Auditors, sharing information on management through the attendance of Outside Directors at Corporate Strategy Meetings, etc., regular exchanges of opinions between Outside Directors and the Board of Corporate Auditors, individual explanations and exchanges of opinions on business strategies from each business division to Outside Directors and the Board of Corporate Auditors, explanations and exchanges of opinions on specific initiatives from the division in charge of sustainability to Outside Directors and the Board of Corporate Auditors, and providing opportunities for Outside Directors to visit business sites. As not only directors in charge of business execution but also Outside Directors and the Board of Corporate Auditors made positive and useful comments, the at the Board of Directors meeting held in February 2025 evaluated that there were no problems with the effectiveness of the Board of Directors.

In the future, yearly analysis and evaluations will be continued and an overview of the results will be disclosed. At the same time, when necessary, efforts will be made to improve the running, etc., of Board of Directors meetings.

Training Policy for Directors and Audit & Supervisory Board Members

Canon Inc. conducts training for directors and Audit & Supervisory Board members on appointment for the purpose of ensuring that they understand their roles and job responsibilities and that they have the knowledge necessary or useful to appropriately fulfill their duties. In addition, the Company has established a system in which they can attend internal and external training sessions at the Company's expense after taking office.

In addition, to help Outside Directors and outside members of the Audit & Supervisory Board gain a deeper understanding of Canon operations, we afford them opportunities to attend important internal meetings (such as the Corporate Strategy Committee), meet with divisional heads, and visit business facilities.

Executive Compensation

The remuneration of Representative Directors and Executive Directors consists of basic remuneration, a bonus and stock-type compensation stock options as described below.

Basic Remuneration	Basic remuneration consists of a fixed amount of monetary remuneration paid monthly as consideration for the performance of duties of Directors. The amount is prescribed according to each Director's position and the degree to which the Director contributes in this role and the total remuneration amount is within the limit approved at the General Meeting of Shareholders. (Total remuneration amount here refers to the total basic remuneration of all Directors including Outside Directors.)
Bonus	As a reward for Director service over a one-year term, Directors receive a bonus once a year for which "consolidated income before income taxes" is used as a financial indicator to measure the results of annual group-wide corporate activities. The total amount of the Director's bonus is determined by multiplying such consolidated income with a given predetermined coefficient that corresponds with the Director's position. It is also determined through individual assessment based on the degree to which the Director contributes in this role. Matters including whether a payment is allowed or the total amount of bonus as calculated above, are deliberated during the General Meeting of Shareholders every year.
Stock-type Compensation Stock Options	Once a year, stock acquisition rights on Canon Inc.'s shares are granted with the intent of providing an incentive for Directors to further contribute to the improvement of medium- and long-term performance and raising corporate value through sharing the benefits and risks of share price fluctuations with Canon Inc.'s shareholders. The total amount of the stock acquisition rights is within the amount approved at the General Meeting of Shareholders and the number of those stock acquisition rights granted is calculated based on the amount determined by the Director's position, the consolidated income before income taxes in the previous year, as well as the degree to which the Director has contributed in this role (the amount of monetary compensation claims granted to Directors for the payment in exchange for the stock acquisition rights), and the stock price level at the time of granting. As remuneration is linked to the achievements throughout one's term in office, Canon Inc. has a system in place that allows the exercising of acquisition rights at the time of retirement.

As for Outside Directors and Audit & Supervisory Board Members, remuneration is limited to the basic remuneration, which is a fixed amount, paid each month.

Risk Management

Basic Approach

At Canon, we recognize that to ensure proper operations and to continually improve corporate value, implementation and maintenance of a risk management system to deal with significant risks that the Group may face in business operations is vital.

Risk Management System

Canon Inc. has established a risk management committee based on a resolution of the Board of Directors. Chaired by the CFO, the committee has established three subcommittees: the Financial Risk Management Subcommittee, Compliance Subcommittee, and Business Risk Management Subcommittee.

The Risk Management Committee develops various measures to implement Canon's risk management system, including identifying any significant risks (violations of laws and regulations or corporate ethics, inappropriate financial reporting, environmental issues, quality issues or information leaks, etc.) that the Group may face in the course of business.

Canon Inc. administrative divisions responsible for various risks associated with business activities, including the Legal Division, Logistics Division, Quality Management Division, Human Resources Division, Finance & Accounting Division, belong to the relevant subcommittee and according to their areas of responsibility, control and support the risk management activities of each Canon Inc. division and Group company.

Processes for Implementation and Maintenance of Risk Management System

P	D	C	A
Risk Management Committee and Board of Directors • Develop various measures including the identification of significant risks **Divisions and Group companies** • Formulate annual risk management policies and plans	**Divisions and Group companies** • Establish appropriate rules and work flows • Carry out employee education • Conduct audits and checks	**Divisions and Group companies** • Evaluate the state of implementation and maintenance **Risk Management Committee, CEO and Board of Directors** • Confirm results of evaluation	**Risk Management Committee and Board of Directors** • Discuss various measures of the risk management activity in the next fiscal year

Risk Management System

Board of Directors

CEO

Risk Management Committee
Develop various measures for the implementation of the Canon Group risk management system, and evaluate the state of implementation and maintenance

Headquarters Risk Administrative Division
Legal Division
Logistics Division
Quality Management Division
Sustainability Division
Facilities Management Division
Human Resources Division
Finance & Accounting Division
Information & Communication Systems Division
Procurement Division
Intellectual Property Division

Control and support risk management activities in the areas that each division is responsible for

Implement and maintain a self-directed risk management system
Business operations
→
Affiliated group companies

Implement and maintain a self-directed risk management system
Regional sales headquarters
→
Affiliated group companies

Implement and maintain a self-directed risk management system
Other divisions / companies directly reporting to the CEO
→
Affiliated group companies

Under this system, each Canon Inc. division and Group company implements and maintains a self-directed risk management system and makes a yearly report to the Risk Management Committee on the results of its activities.

Having received the report of each subcommittee, division, and Group company, the Risk Management Committee evaluates the state of implementation and maintenance of the risk management system and reports its findings to the CEO and Board of Directors. The evaluation conducted in 2024 found no material flaws in the system.

Group-wide Risk Management Communication

At Canon Inc, during training for newly appointed executives of Group companies, participants are educated on the importance of autonomously implementing and maintaining a risk management system at each company, and the role of executives in implementing and maintaining such a system.

We also distribute the Canon Group Risk Management Handbook to executives and senior managers of Canon Inc. and Group companies in Japan. Moreover, the handbook is used in training for newly appointed general managers and section heads to emphasize the importance of risk management and the role played by managers in building our risk management system.

In addition, an intranet website provides employees of Canon Inc. and Group companies with timely information, including our approach to risk management and updates on activities.

Financial Risk Management

The internal controls for financial reporting used at Canon Inc. are consistent with the basic framework outlined in the On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions) issued by the Business Accounting Council; these controls are maintained and operated accordingly. The Financial Risk Management Subcommittee also conducts activities to strengthen internal controls pertaining to financial risks for the entire Canon Group, including compliance with Japan's Companies Act and Financial Instruments and Exchange Act.

Specifically, we support each Group company to implement independent initiatives and self-driven educational activities, with each company implementing its own PDCA cycle on financial risk-related business procedures to target qualitative improvement in the reliability of the Group's financial reporting.

As a result of these initiatives, we determined that our internal controls over financial reporting as of December 31, 2024 were effective.

Promoting Compliance

The Compliance Subcommittee works to promote corporate ethics across the Group in accordance with the Canon Group Code of Conduct, developing and regularly reviewing the Group's compliance system. As a result of these initiatives, Canon had another year free from material fines or other sanctions in 2024.

Sections of the Canon Group Code of Conduct (Extract)

Management Stance
1. Contribution to Society
   - Provision of excellent products • Protection of consumers
   - Preservation of the environment
   - Social and cultural contributions • Communication
2. Fair Business Activities
   - Practice of fair competition
   - Observance of corporate ethics
   - Appropriate disclosure of information

Code of Conduct for Executives and Employees
1. Compliance with Corporate Ethics and Laws
   - Fairness and sincerity • Legal compliance in performance of duties
   - Appropriate interpretation of applicable laws, regulations and company rules
2. Management of Corporate Assets and Property
   - Strict management of assets and property
   - Prohibition against improper use of company assets and property
   - Protection of the company's intellectual property rights
3. Management of Information
   - Management in compliance with rules
   - Prohibition against personal use of confidential and proprietary information
   - Prohibition against insider trading
   - Prohibition against the unlawful acquisition of confidential or proprietary information pertaining to other companies
   - Appropriate use of confidential and proprietary information pertaining to other companies
4. Conflicts of Interests / Separation of Personal and Company Matters
   - Avoidance of conflicts of interests
   - Prohibition against seeking, accepting or offering improper gifts, entertainment, or other benefits
   - Prohibition against acquisition of pre-IPO shares
5. Maintenance and Improvement of Working Environment
   - Respect for the individual and prohibition against discrimination
   - Prohibition against sexual harassment
   - Prohibition against bringing weapons or drugs to the company workplace

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Promoting Corporate Ethics

■ **Canon Group Code of Conduct and Compliance Card**

We have established the Canon Group Code of Conduct to clarify the management stance of the entire Group and the standards that executives and employees must comply with in their duties. To ensure that its content is understood by executives and employees in countries and regions worldwide, in addition to Japanese, the Code of Conduct is translated into more than 20 languages, including English, French, and Chinese, and adopted by a resolution of the Board of Directors of each Group company. A copy of the Code is issued to Group executives and employees worldwide and/or its text is posted on our intranet system as part of further efforts to ensure that it is known and practiced by all.

In addition, a Compliance Card that employees can carry with them is created in Japanese and more than 20 other languages, including English, French, and Chinese, and issued to Group executives and employees worldwide. Written on one side of the card is the *San-ji* (Three Selfs) Spirit, which has been a guiding principle since our founding, and on the other side is a compliance test that enables employees to conduct a daily self-evaluation.

Compliance Card

■ **Corporate Ethics and Compliance Training**

Canon carries out corporate ethics and compliance training for employees suited to the circumstances and conditions of the region where they operate.

For example, Canon Inc. and Group companies in Japan conduct relevant training for executives and employees as part of new recruit training, etc. Additionally, we have since 2004 designated a Compliance Week twice a year—once in the first half of the year and the other in the second half—in order to foster discussions in the workplace about compliance issues. Through these efforts, we strive to develop and improve operational processes to ensure that employees are aware of compliance and abide by the law.

■ **Compliance Hotline System for Internal and External Whistleblowers**

Canon Inc. has a compliance hotline system to handle reports of compliance issues, including violations of laws, bribery and other forms of corruption, and other breaches of the Canon Group Code of Conduct. We encourage appropriate use of the system by using the intranet, compliance training and other means to build awareness.

Canon Inc. also has a hotline for external stakeholders, which they can use to report specific human rights-related concerns and information in connection with Canon's corporate activity or other specific concerns relating to various risks in the supply chain.

With both the internal and external hotlines, due care is taken to protect the privacy of informants and to ensure they do not suffer disadvantageous treatment as a result, including the option of anonymous reporting.

When a report containing a possible compliance violation is received, an investigation is launched to establish the facts and a final decision is made as to whether there is a compliance violation. If a compliance violation is found, the necessary corrective action is taken along with measures to prevent recurrence.

Nearly all Group companies worldwide have a compliance hotline.

Canon Inc. receives biannual reports from Group companies on the operational status of their respective compliance hotline systems. These biannual reports from each Group company include not only the number of cases they received but also a summary of each case, investigation results and responses, and measures to prevent recurrences. Reports for which Canon Inc. and Group companies completed investigation are analyzed statistically by category of case, including those where a compliance violation is found. The analysis results are reported on a yearly basis to the Risk Management Committee and fed back to each Group company.

The table below shows the numbers of whistleblowing reports, whistleblowing cases and compliance violations recognized after investigation into each case of whistleblowing, over the past three years. There have been no serious compliance violations.

Reports, cases and compliance violations (no.)

	2022	2023	2024
Reports of whistleblowing during year	284	298	374
Cases of whistleblowing during year (at year-end)	311	336	409
Compliance violations recognized after investigation into whistleblowing (at year-end)	52	43	66

Compliance System

We have identified the significant compliance violation risks that Canon may face in the course of business (for example, violations of competition laws, anti-bribery laws and export control regulations) based on an assessment of the likelihood of the risk materializing and the scale of its potential impact on our business. To reduce these risks, we are working to improve the system to ensure legal compliance by improving operational workflows and rules, providing compliance training to applicable employees, and conducting audits and checks.

■ **Strict Compliance with Security Trade Control**

Canon implements a security trade control framework headed by the President. The framework ensures that we comply with regulations on the export of goods and technologies that could be diverted for use in weapons of mass destruction or conventional weaponry. Specifically, prior to entering into business we strictly check such issues as whether export goods and technologies are controlled by regulations, or whether counterparties are engaged in the development of weapons of mass destruction.

Security Trade Control is insufficient if undertaken by a single country or region. It is important to have international cooperation based on international treaties and export control regime agreements. To provide a unified policy and standard in the field of Security Trade Control, we established the Canon Security Trade Control Guidelines, which is implemented at Group companies worldwide.

In recent years there has been a move to use regulatory frameworks for security trade control in order to restrict the transactions of certain countries, regions, or corporations, mainly for reasons related to competition in the development of advanced technologies, information security, and protection of human rights. As it expands its range of business fields, Canon has also seen an increase in business transactions that require careful attention. We will pay close attention to the international situation and to the latest regulatory trends in our activities to ensure full compliance with Security Trade Control.

■ **Compliance with Competition Laws**

Business divisions of Canon Inc. and Group companies worldwide with sales and service functions conduct regular training for employees of divisions exposed to the risk of competition law violations to educate them about competition laws, give examples of legal violations, and provide everyday operational compliance guidance. Employees are encouraged to make use of Canon's competition law hotline (connected to the Legal Division) when unsure of how to interpret or apply competition laws.

■ **Prevention of Corruption**

The Canon Group CSR Basic Statement includes "9. Prevent corruption in all its forms including bribery," making clear to all stakeholders, both internal and external, the management stance adopted by Canon on bribery and other forms of corruption. In addition, the Canon Group Code of Conduct (→P85) clearly stipulates that Group executives and employees are prohibited from receiving benefits from business partners and corporate customers in the form of gifts or entertainment, etc., that exceed the social norm, and from providing similar benefits to government agencies, business partners and corporate customers. It also clearly prohibits actions that may cause conflicts of interest or constitute insider trading. In line with the above Basic Statement, we have formulated the Canon Supplier Code of Conduct, which requires our suppliers to refrain from engaging in any form of corruption, including bribery.

Based on the above policy, following identification and assessment of the risks that Canon may face in conducting business, the Risk Management Committee has identified violation of anti-corruption laws as a significant risk. As a countermeasure, corruption risk is assessed based on the country/region and type of business using such references as the Corruption Perceptions Index published by Transparency International, and then depending on such risk, anti-corruption systems are established in accordance with laws and guidelines related to anti-corruption in major countries, such as the Foreign Corrupt Practices Act

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(FCPA) of the United States and the Bribery Act of the United Kingdom. Specifically, for businesses and regions assessed as high risk, each Group company has established a responsible division and has clarified its management stance on anti-corruption and matters to be observed through the formulation of basic policies and company rules on anti-corruption. We are also putting in place systems to prevent corruption among suppliers, intermediaries, and other third parties outside Canon (performance of due diligence and inclusion of an anti-bribery clause in the contract) and conduct annual training for employees engaged in high-risk duties to deepen their understanding of the anti-corruption laws and regulations in major countries and regions. Moreover, we not only conduct audits depending on the risk of corruption but also conduct an annual survey (→P90) of suppliers as part of our supply chain management to check whether measures are in place to prevent the acceptance of bribes or inappropriate benefits. Finally, the Risk Management Committee undertakes an annual evaluation of the implementation and maintenance of the risk management system, which includes such anti-corruption systems, and reports the results of such evaluations to the CEO and Board of Directors.

Reference: Canon Suppliers Code of Conduct
https://global.canon/en/procurement/pdf/coc-e.pdf

■ Protecting Personal Information

Based on its Personal Information Protection Policy, Canon Inc. has drawn up and is improving its internal rules for processing of personal information, including its Personal Information Protection Regulation.

　The Risk Management Committee has also identified violation of the Protection of Personal Information Act as a significant legal risk for Canon. Accordingly, besides keeping abreast of related regulatory trends, Group companies worldwide are working to build systems where all personal information is properly acquired and utilized, based on the application of internal controls and use of regular self-audits and education programs.

Recent privacy legislation affecting Canon

Japan	Act on the Protection of Personal Information
EU	General Data Protection Regulation (GDPR)
The State of California, U.S.	California Consumer Privacy Act
China	Personal Information Protection Law

Promoting Business Risk Management

The Business Risk Management Subcommittee is responsible for identifying significant operational risks in terms of their potential impact and managing them.

　Action policies and plans for each identified significant risk are decided in cooperation with the responsible divisions across the Group, and system implementation and risk mitigation activities are promoted through each business division and the responsible division at each Group company.

Business Continuity Plan

Canon's Headquarters building and core facilities for information systems and research and development are concentrated in suburban areas of Tokyo. As the incidence of earthquakes in Japan is relatively high, it is also at greater risk of earthquake damage than other countries and regions. Canon also has a global network of facilities and offices. The occurrence of earthquakes, floods, other natural disasters, or terrorist attacks could cause disruption of the infrastructure for such facilities and offices. Canon believes that establishing a system to ensure that business operations can continue in the event of such a natural disaster or emergency represents one of the most important social responsibilities of any company. Based on this recognition, we have formulated a business continuity plan (BCP)[1] and Canon Group Disaster Preparedness Guidelines, and are taking other measures to ensure business continuity in the event of a disaster. Such measures include putting in place a backup system based on parallel production of similar models at a number of sites, upgrading buildings constructed according to old aseismic design standards, concluding disaster agreements with local communities, and developing systems for collecting information and reporting.

　Due to the critical importance of our Shimomaruko headquarters in Tokyo, Japan, as the home base for all Group operations, we have established a crisis control center, installed backup generators, stockpiled fuel, equipment, and supplies, and established a multiplex communication system. Moreover, we set up a Disaster Recovery Center[2] to back up information systems to ensure that the core IT system will operate securely in the event of a large-scale disaster such as an inland earthquake in the Tokyo capital region.

We have updated all Group company facilities in Japan, setting up emergency communications equipment and support structures, and inculcated a sense of readiness in our employees through practical disaster-preparedness training. We also have systems that use data from surveillance cameras installed at each Group site so that any damage caused by natural disasters or other emergencies can be evaluated swiftly. Furthermore, we have prepared a leader's manual in order to safeguard human life immediately following a natural disaster or fire, prevent secondary disasters, and protect company assets. Using this manual as a model, Group companies are also creating localized manuals based on the unique risks in the areas where they operate to facilitate the smooth restoration of services in the event of a disaster. Last year, 45 operational sites conducted emergency drills based on these manuals.

*1 An action plan that includes measures to provide for the continuation of a minimal level of business in the event of disaster, accident, or other such event, and to restore operations promptly.
*2 A facility prepared for data backup in the event of a system breakdown due to a disaster.

Economic Security Initiatives

In response to the recent rise in geopolitical risk, activities to promote economic security by maintaining and reinforcing factors such as strategic autonomy and strategic necessity –the stated aims of Japan's Economic Security Promotion Act, enacted in May 2022 – have gained in importance. This includes stronger initiatives to prevent technology outflows and the introduction of new export controls with expanded geographical scope.

Canon Inc. is addressing economic security issues systematically at the divisional level. Besides coordinating company-wide activities; the Economic Security Office collates, researches and analyzes related internal and external information, sharing and reporting appropriately with management and the relevant divisions to promote the Group's economic security activities while bolstering related risk mitigation capabilities.

Proper Payment of Taxes

Canon believes that, as a multinational corporation with operations spanning the globe, the proper payment of taxes in the countries and regions where it operates is one of its most fundamental and important social responsibilities. Accordingly, Canon Inc.'s Finance & Accounting Headquarters operates an integrated tax management system in accordance with the principles set out below. As a result, Canon did not receive any negative tax-related judgments or assessments in 2024, nor was it subject to any major punitive measures, such as fines.
1. Pay taxes properly in accordance with the letter and the spirit of tax-related laws and ordinances without employing tax planning for tax avoidance purposes.
2. Ensure that tax accounting and other related processes are carried out unfailingly, according to law.
3. Develop tax-related governance systems and work to raise awareness about tax compliance.
4. Adhere to common international rules on international taxation (guidelines set by the Organization for Economic Co-operation and Development and the United Nations) and ensure that actions are in compliance with the tax laws of each country.

Corporate Income Taxes

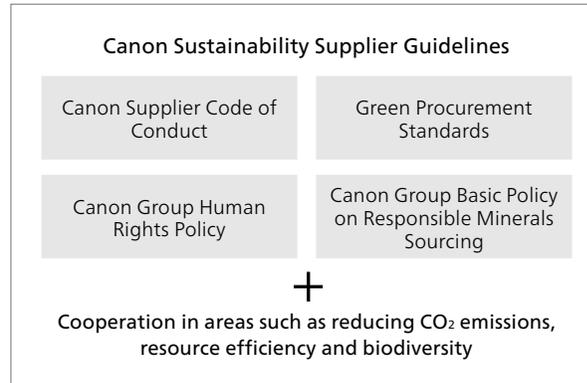|	2020	2021	2022	2023	2024
Taxes on income before income taxes (hundred million yen)	343	719	924	1,063	1,183
Effective tax rate on income before income taxes (%)	26.4	23.7	26.2	27.2	39.3

Supply Chain Management

Basic Approach

Having formed partnerships with suppliers worldwide, from whom it purchases considerable numbers of components, such as electronic parts, mechanical parts, units and materials, Canon believes it has a responsibility as a global manufacturer to consider the social and environmental impact of its procurement activities. In 2019, in line with this approach, Canon joined the Responsible Business Alliance (RBA), a coalition of companies that promotes socially responsible global supply chains.

Besides focusing on legal and regulatory compliance related to procurement from a global standpoint, Canon believes in the importance of dealing with suppliers in a fair and transparent manner. We promote an open procurement approach utilizing a broad base of suppliers worldwide.

Policies

Canon's Procurement Policy establishes our basic stance on procurement, with the emphasis placed on observing corporate ethics, environmental conservation, and fair and equitable business conduct. We are working to develop a socially responsible global supply chain on issues such as labor, occupational health and safety, the environment, corporate ethics and management systems. We have also formulated the Canon Supplier Code of Conduct, based on the RBA Code of Conduct that has been translated into more than 20 languages, including English, Chinese, Japanese, Thai, and Vietnamese. In July 2024, we also formulated and distributed to suppliers the Canon Sustainability Supplier Guidelines, which summarize our initiatives for addressing climate change, human rights, and other important issues related to sustainability; requests for supplier cooperation and surveys; and the standards set out in the Canon Supplier Code of Conduct and Green

Procurement Standards. Based on these guidelines, we will continue to strengthen sustainable procurement in our supply chain. Our Procurement Policy and the Canon Sustainability Supplier Guidelines are published on our website to inform all stakeholders.

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│     Canon Sustainability Supplier Guidelines  │
│                                               │
│  ┌─────────────────┐  ┌─────────────────┐    │
│  │ Canon Supplier  │  │ Green           │    │
│  │ Code of Conduct │  │ Procurement     │    │
│  │                 │  │ Standards       │    │
│  └─────────────────┘  └─────────────────┘    │
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│  │ Canon Group     │  │ Canon Group     │    │
│  │ Human Rights    │  │ Basic Policy on │    │
│  │ Policy          │  │ Responsible     │    │
│  │                 │  │ Minerals Sourcing│   │
│  └─────────────────┘  └─────────────────┘    │
│                    +                          │
│  Cooperation in areas such as reducing CO₂    │
│  emissions, resource efficiency and biodiversity│
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To strengthen cooperation with suppliers, the procurement annual meeting with our major suppliers is utilized to explain procurement policies, request compliance with the Canon Sustainability Supplier Guidelines, and report on related activities. In addition, we raise awareness of the code by conducting an annual survey of our suppliers worldwide, while also asking first-tier suppliers to ensure their supply chain (Canon's second-tier suppliers) understand and comply with the Canon Sustainability Supplier Guidelines.

Promotion System

The Procurement Headquarters at Canon Inc. oversees and promotes procurement activities across the Group. A central unit has been established to manage internal procurement-related controls, including setting rules, monitoring operational status, and training staff.

Policy items and significant matters regarding legal violations and risks relating to business operations are deliberated by the Risk Management Committee (→P80) in terms of ways of responding to business risks and opportunities and needed measures, with relevant reporting to the CEO and Board of Directors.

Initiatives with Suppliers

Supplier Evaluation

Before starting business dealings with a new supplier, Canon conducts an assessment based on the Canon Sustainability Supplier Guidelines and other reference standards of whether the company fulfills all requisite standards in terms of corporate ethics, environmental conservation (chemical substance management, prevention of air pollution and water pollution, proper disposal of waste, initiatives aimed at conserving energy and resources, reduction of GHG, and biodiversity conservation), finance, and production structure. Only those suppliers who meet these criteria are accepted as suppliers. We aim to preferentially deal with suppliers evaluated highly in our comprehensive assessment including our annual supplier survey as well as each supplier's trade performance. In addition, we conduct on-site audits of suppliers with low evaluations, providing guidance and instruction for improvement. In particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment.

Supplier Evaluation System

New supplier (candidate)		Annual survey

New supplier qualification check	Annual Evaluation
• Corporate ethics* • Environmental conservation • Responsible minerals sourcing • Finance • Production structure (quality/cost/delivery/manufacturing capacity/management) • Compliance with security trade controls • Non-association with anti-social forces	• Corporate ethics • Environmental conservation • Responsible minerals sourcing • Finance • Production structure (quality/cost/delivery/manufacturing capacity/management) • Business continuity management (BCM) in the event of a disaster • Compliance with security trade controls • Non-association with anti-social forces

Pass: start business dealings

Feedback

Conclude supply contract

Improvements

Supplier list

Existing supplier
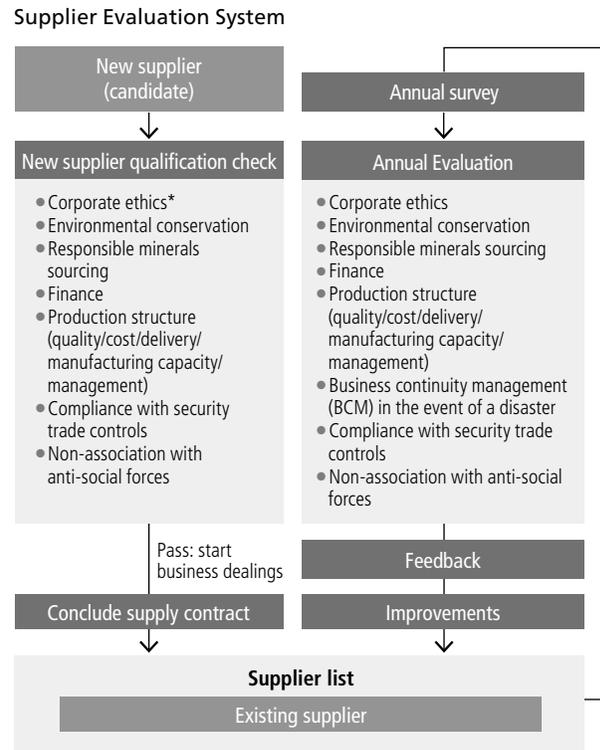
* Corporate ethics covers areas including legal compliance, product safety, management of confidential information, human rights, labor, health and safety, and intellectual property right protection.

For parts and materials suppliers of its main business products ("major suppliers"), Canon uses an RBA-approved SAQ to identify their labor, health and safety, environmental, and ethical risks. Our 2024 survey of 378 companies elicited responses from 372 companies (representing 98.4%). Suppliers that did not reply to the survey were followed up individually. No businesses were identified as high risk among these suppliers, but we provided feedback on the results to our major suppliers and requested that they identify weaknesses and improve on them.

We also conduct online meetings and arrange site visits to help verify the SAQ responses of a select number of major suppliers around the world. During on-site inspections, we check that suppliers have instituted proper policies and internal regulations relating to labor, health and safety, the environment, ethics and supplier management, and that the systems for formulating and managing annual plans for environmental performance targets are functioning effectively. Recognizing the need to reinforce systems for compliance with the RBA Code of Conduct, we also confirm that suppliers and Canon should be committed to working together to achieve continuous improvements.

■ Example of Items Checked in On-site Inspection
• Availability of hotline for reporting harassment and related compliance processes
• Condition of firefighting and fire protection equipment/systems and emergency exits
• Regulations for using personal protective equipment and managing chemicals; implementation of OHS education activities
• Records of target-setting and plans for cutting usage of energy and hazardous substances, plus related reviews
• Whether code of conduct and policies are widely known

We also request major suppliers to sign an agreement concerning the RBA Code of Conduct. In 2024, agreements were signed with 371 of 378 major suppliers, equating to a consent rate of 98.1%.

Since 2022, at our core business production sites, we have also been carrying out risk assessments relating to labor, health and safety, the environment, and ethics, for the major onsite service providers related to security, cleaning, and cafeteria, labor agencies, and facility or dormitory management companies. The assessments conducted in 2024 identified risks mainly in the

following areas, and we worked for improvement in collaboration with suppliers.

■ Charge for Expenses Incurred for Employment
In line with a company rule, employees were being charged for essential work items such as uniforms and tools. After requesting that charges be refunded and the company regulations revised, we checked that the rule had been changed.

■ Prohibition on Punitive Fines
Disciplinary regulations included fines and pay cuts. Since these are not permitted under RBA standards, we requested that the company revise its regulations. Later, we checked that the rules had been revised.

■ Appropriate Pay Slips
Since short-term workers were not receiving details of their paid hours or rates, we advised the company to provide them more detailed wage statement.

■ Physically Demanding Work
We requested a review of the work standards to ensure that tasks requiring the transportation of heavy objects (over 50 pounds) are carried out by two or more people. Additionally, we confirmed that pregnant women are not assigned tasks involving heavy objects.
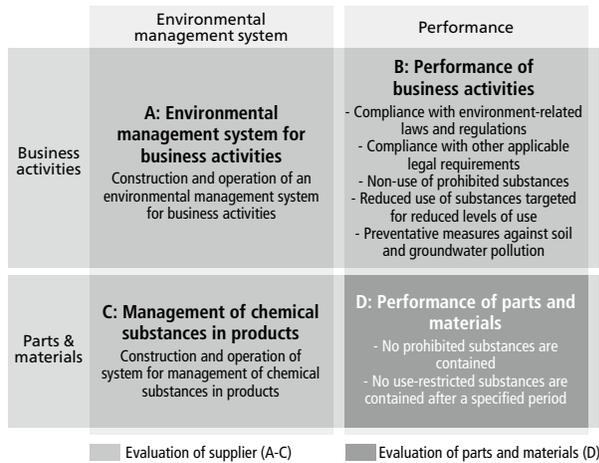
■ Management of Personal Information
With a supplier where the access to personal information about employees was not restricted properly, we requested that a framework of appropriate access controls be created. Later, we checked that a system involving password-setting had been established.

Green Procurement and Guidance to Suppliers

In the environmental area, Canon has established Canon Green Procurement Standards, which outline its environment-related requests to suppliers. Suppliers must comply with these standards to do business with Canon. Specifically, we view a supplier's environmental management as consisting of two interrelated elements: management of business activities, and management of parts and materials. We require that the supplier must operate effective environmental management in each of the four frameworks labeled A–D in the diagram below. If a supplier is found to have a negative impact on the environment, we immediately demand corrective action be taken and check the status of improvements made.

Requirements of the Canon Green Procurement Standards

	Environmental management system	Performance
Business activities	**A: Environmental management system for business activities** Construction and operation of an environmental management system for business activities	**B: Performance of business activities** - Compliance with environment-related laws and regulations - Compliance with other applicable legal requirements - Non-use of prohibited substances - Reduced 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** Construction and operation of system for management of chemical substances in products	**D: Performance of parts and materials** - No prohibited substances are contained - No use-restricted substances are contained after a specified period

Evaluation of supplier (A-C)   Evaluation of parts and materials (D)

To promote environmental conservation activities, we require Canon suppliers throughout the supply chain to work for environmental impact reduction in their business activities by putting in place and operating an environmental management system. Specifically, regarding the chemical substance content of products, alongside the requirements of our Green Procurement Standards, we have designed and deployed a system for managing information on the content of such substances in parts and materials to prevent the possibility of product contamination with prohibited substances.

It was already Canon's practice to check the organization and environmental performance of a supplier's business activities and any corrective measures taken. Now, we have further strengthened our risk management to help prevent pollution in our supply chain. For example, in order to ensure compliance with stricter regulations, we are taking measures to boost information gathering and analysis activities regarding laws and regulations on wastewater and emissions in emerging countries. We also conduct risk management in plating processes, where there is a relatively high risk of environmental pollution associated with wastewater treatment as a certain volume of heavy metals is used. Expanding the scope of risk management in this way helps ensure pollution prevention.

Reference: Green Procurement
https://global.canon/en/procurement/green.html
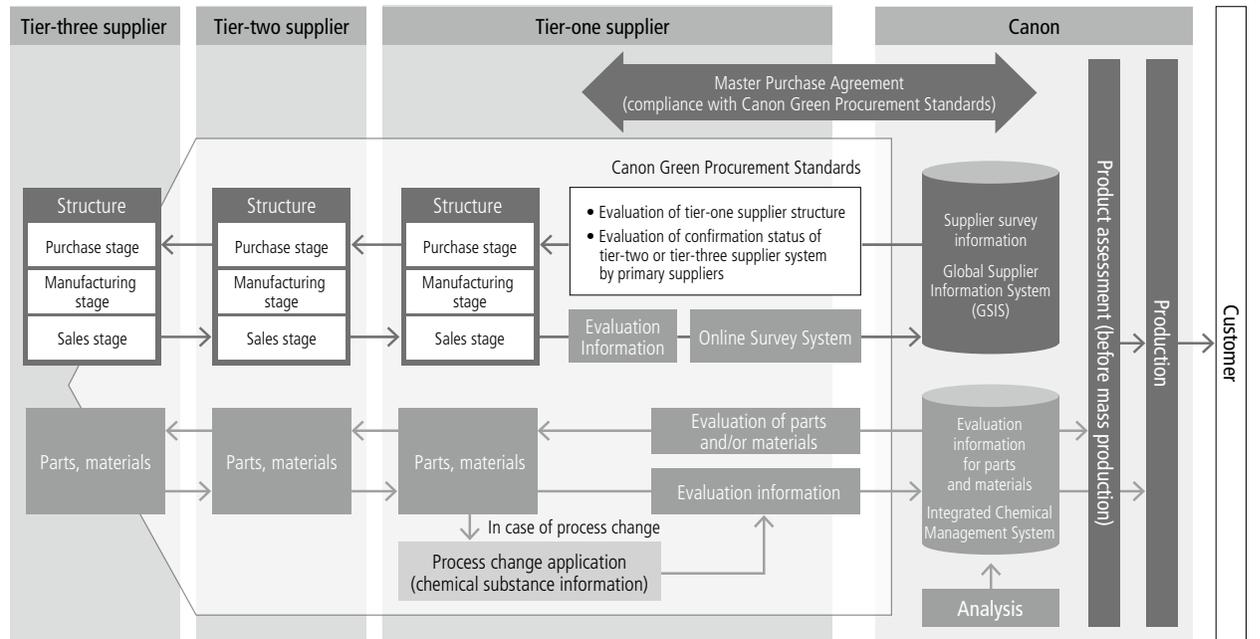
Hazardous Chemical Substances Management System

Reduction of Supply Chain Environmental Risk in Partnership with China's Institute of Public & Environmental Affairs (IPE)

Based on supply chain information published by the Institute of Public & Environmental Affairs (IPE), a Chinese environmental NGO, we help secondary and tertiary suppliers and other Chinese businesses located in the upstream of the supply chain to reduce environmental risk by making recommendations and carrying out improvements. By sharing information regularly and communicating with the IPE on best practice, we contribute to reducing environmental risk throughout the supply chain.

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Cooperation with Suppliers

Canon is enhancing its cooperative relationships with suppliers through implementation of the EQCD concept (→P12).

Specifically, as part of our environmental initiatives, we are working in partnership with suppliers to reduce CO_2 emissions using varied measures such as emissions visualization and the adoption of parts and materials with lower CO_2 emissions; to promote materials recycling; and to promote regulatory compliance relating to chemical substances.

In addition, as part of our initiatives to improve quality, besides clarifying evaluation standards, we are looking at cooperative approaches that utilize supplier feedback to help raise quality.

Through these types of communication, we aim to share information with suppliers, strengthen collaboration, and grow together.

Hotline for Risks in the Supply Chain

Canon has set up a hotline to allow anyone inside or outside the company to anonymously report any concerns about the supply chain. This enables whistleblowers to share any specific concerns or information relating to human rights or other responsible business practices, such as instances of child labor or forced labor. This process is detailed in the Canon Supplier Code of Conduct and publicized.

Reference: Responsible Business Conduct Hotline
https://global.canon/en/contact/csr/csr-form-e.html

Addressing the Issue of Responsible Minerals Sourcing

Products manufactured and sold by the Canon Group and numerous other corporations contain materials that originate from a variety of minerals. These materials are sourced through diverse supply chains from their places of origin throughout the world. Mineral mining sites, smelters or other processing sites for some of those materials have been shown to have links to armed groups, serious human rights violations or environmental destruction. Corporations are therefore being called upon to exercise their social responsibility by identifying conflict/high-risk regions and avoiding the use of materials supplied from business operators disrespecting human rights or environmental conservation in those regions.

To reassure customers using Canon products, we are working with suppliers and industry bodies on responsible mineral sourcing initiatives.

Reference: Canon Group Basic Policy on Responsible Minerals Sourcing
https://global.canon/en/sustainability/society/conflict/policy/

Due Diligence

Canon investigates the countries of origin of minerals and exercises due diligence, following the 5-step framework recommended by the Organization for Economic Co-operation and Development (OECD) in its Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance).

Based on a common Group-wide policy and survey reporting system, Canon identifies products that could contain certain metals or minerals and then conducts investigations of the parts and materials in question, tracing up the supply chain to determine places of origin. Canon exercises due diligence to identify human rights and environmental risks in conflict-affected and high-risk areas around the world.

Risk Identification and Evaluation

Tin, tantalum, tungsten and gold (3TG) produced in the Democratic Republic of the Congo (DRC) and neighboring countries are said to have been used in some cases to provide funding for armed groups allegedly responsible for serious human rights violations, environmental destruction, illegal mining, and other issues. These are generally referred to as "conflict minerals." Canon conducts research and risk assessments for 3TG sourced from high-risk regions around the world due to conflict or other factors, including the DRC and neighboring countries.

Moreover, there has been heightened worldwide attention in recent years to the procurement risk associated with non-3TG mineral substances. Specifically, cobalt—used in lithium-ion batteries and other applications—is the focus of concern over potential human rights violations, including child labor, at mining locations. Canon began assessing cobalt procurement risks in 2021.

In identifying and evaluating the above risks, Canon uses the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT) published by the Responsible Minerals Initiative (RMI*), as well as internally developed formats based on survey indicators where necessary. We use the results of these surveys to inform risk-mitigation efforts in this area.

* An international program that plays a leading role in the response to conflict minerals.

Initiatives to Reduce Risk

Supplier cooperation is essential in identifying places of origin for minerals and related smelters. Besides assisting eligible suppliers by compiling a guidance manual for our surveys, we also encourage suppliers to ascertain and use only those smelters confirmed as conformant by the RMI. Where significant risk is found, we seek to mitigate it by requesting that suppliers switch to a supply chain with lower mineral procurement risk.

Canon established a page entitled "Procedure for the Submission of Concerns Regarding Mineral Risk" on its official website to recognize such risks in the early stage. Parties with specific concerns and/or information regarding circumstances of extraction, trade, handling and export of minerals in conflict-affected and high-risk areas as they pertain to Canon product supply chains (such as facts indicating that those minerals are the source of funds for armed groups in conflict-affected areas and human rights violations) can contact Canon through this page.

Reference: Procedure for the Submission of Concerns Regarding Mineral Risk
https://global.canon/en/contact/conflict/conflict-form-e.html

Cooperation with Industry Groups

Since April 2015, Canon has supported the activities of the RMI, an international program focused on addressing the issue of conflict minerals.

In Japan, Canon is active as a leading member of the Responsible Minerals Trade Working Group (RMTWG) of the Japan Electronics and Information Technology Industries Association (JEITA).

2024 Surveys and Disclosure

In 2024, Canon requested CMRT/EMRT-based surveys relating to 3TG and cobalt sourcing from eligible suppliers. The response rates were approximately 90% for 3TG and 83% for cobalt (tentative response rate as of March 14, 2025).

Based on the survey responses, there is no evidence pointing towards significant human rights or environmental risks in Canon's supply chain. However, the complex nature of the supply chain makes it difficult to identify specific smelters or in many cases to obtain clear responses. Given these and a range of other survey challenges, Canon is working for further risk identification and improvement.

In line with OECD Guidance, the assessment framework of Canon Group surveys, the results, risk analyses and information relating to specific smelters are published annually in the Conflict Minerals Report on Canon's website.

The Responsible Minerals Sourcing Report (3TG) is audited by independent private-sector experts to provide some assurance that the Group's initiatives on conflict minerals investigation conform to international standards in the form of the OECD Guidance.

A total of 22 Canon Group production sites underwent VAP audits by the RBA in 2024. Canon was recognized as being compliant with standards for 'D. Ethics 7. Responsible Mineral Sourcing' of the RBA Code of Conduct.

Reference: Responsible Minerals Sourcing Report (3TG)
https://global.canon/en/sustainability/society/conflict/

Compliance with Modern Slavery Act

Modern slavery laws mandate enterprises of a certain scale that operate in a target jurisdiction to publish annual statements detailing the risk of forced labor, human trafficking and child labor in their own operations and supply chain. Such laws have been enacted in the UK (2015), Australia (2018) and Canada (2024). Canon group companies falling within the scope of the laws publish annual statements, based on the information on human rights risk assessments conducted by Canon Group production sites and suppliers.

Annual statements are also published by Canon Medical and Axis in compliance with this legislation.

Reference: Canon Europa N.V., Canon Europe Ltd., and Canon (UK) Ltd. Modern Slavery Act Statement
https://canon.a.bigcontent.io/v1/static/modernslaverystatement2023_cabfbae7d97a4ceca42e0669b12d60e5
Reference: Canon Australia Pty Ltd. Modern Slavery Statement
https://www.canon.com.au/about-canon/compliance/csr
Reference: Canon Canada Inc. Modern Slavery Statement
https://www.canon.ca/dam/about/Org/Corporate-Profile/Statements/Forced-Labour-and-Child-Labour-in-the-Supply-Chain-Report_052224_EN.pdf
Reference: CMSC Slavery and Human Trafficking Statement
https://global.medical.canon/about/corporate/Slavery_and_Human_Trafficking_Statement
Reference: Axis Modern Slavery Act Transparency Statement
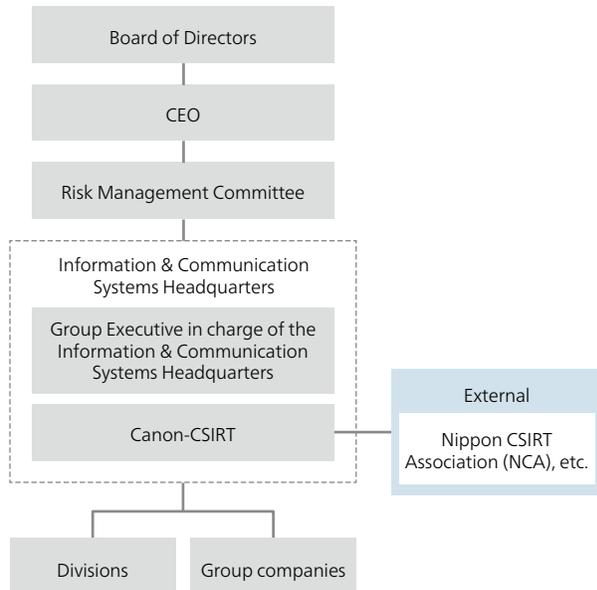https://www.axis.com/dam/public/9b/3c/fd/axis-modern-slavery-act--transparency-statement-2023-en-US-436358.pdf

Information Security

Basic Approach

Recognizing it as a vital management issue, Canon conducts Group-wide information security initiatives in line with the fundamental principles of information security regulations. Since information security poses potentially major and direct business risks to Canon operations, we have created an information security promotion system as part of our risk management approach (→P84).

Information Security Promotion System

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                Board of Directors
                       |
                      CEO
                       |
             Risk Management Committee
                       |
  ┌────────────────────────────────────┐
  │  Information & Communication         │
  │     Systems Headquarters             │
  │ ┌──────────────────────────────┐    │
  │ │ Group Executive in charge of  │    │
  │ │ the Information & Communication│    │
  │ │    Systems Headquarters        │    │         ┌──────────────────┐
  │ └──────────────────────────────┘    │         │     External      │
  │ ┌──────────────────────────────┐    │─────────┼──────────────────┤
  │ │        Canon-CSIRT             │    │         │   Nippon CSIRT    │
  │ └──────────────────────────────┘    │         │ Association (NCA),│
  └────────────────────────────────────┘         │       etc.        │
              │                                    └──────────────────┘
       ┌──────┴──────┐
  ┌─────────┐   ┌────────────┐
  │Divisions│   │   Group     │
  │         │   │ companies   │
  └─────────┘   └────────────┘
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Information Security Promotion System

Canon has constructed a system for the rapid collection and reporting of information on any information security-related incidents, based on the Risk Management Committee (→P80) established through a Board resolution.

Any incidents that occur must be reported to the Information & Communication Systems Headquarters. Depending on the circumstances and the business implications, they are also reported to the CEO and Board of Directors via the Risk Management Committee. Moreover, the Group Executive in charge of the Information & Communication Systems Headquarters is the senior executive in charge of information security at Canon Inc. and has decision-making responsibility for information security measures. The executive oversees the Information & Communication Systems Headquarters, which is the organization responsible for managing information security across the Canon Group.

The Information & Communication Systems Headquarters is also responsible for any input into medium-term business planning relating to information security, prior to CEO approval.

CSIRT* is a dedicated team for dealing with information security incidents established inside the Information & Communication Systems Headquarters. Canon CSIRT joined the Nippon CSIRT Association (NCA) to strengthen collaboration with CISRTs of other companies.

The Information & Communication Systems Headquarters formulated the Canon Group Information Security Rules to ensure that uniform measures and a consistent approach to information security are applied across the Group, both in Japan and overseas.

Each Group company creates regulations and guidelines based on these rules in line with its needs and conducts related training and awareness activities.

* Computer Security Incident Response Team. This is a dedicated, organized group that deals with incidents involving computer security.

Information Security Management System

Information Security Training & Development
In order to maintain and improve information security, Canon is focusing on raising awareness among employees who use information systems.

Canon executives and all employees undergo annual information security training using an online platform. Roughly 23,000 employees of Canon Inc. received the information security training in 2024. Course content focused on improving information security literacy, including vulnerability risks and related mitigation measures, and critical points to consider when web conferencing.

In addition, special training sessions based on a targeted email attack were conducted involving roughly 60,000 Canon Inc. and Group company employees. This was intended to provide practical instruction in how to respond appropriately to suspicious emails and thus avert widespread damage. Specifically, newly hired employees unaccustomed to using email in the work environment received separate training to reinforce their awareness.

Information Security Audits
The status of each Group company's information security measures is confirmed by means of internal inspections based on the Canon Group Information Security Rules as well as through periodic audits by the Information and Communications Systems Headquarters, and improvements or revisions are made as needed.

In 2024, information security audits were conducted at 23 Group companies in Japan and 27 Group companies overseas. No major security risks with business implications were detected through these audits.

External Certification

Canon Inc.'s information security division has acquired ISO 27001 certification, the international standard for building and operating information security management systems.

Information Security Initiatives

Information System Security Measures

As part of measures to prevent the leakage of confidential data, we ensure that critical information is stored using a dedicated, access-controlled system with reinforced security and auto-recorded user activity. In addition, we have established an environment in which employees can safely access the company's information assets from outside the office, and we also carefully manage email attachments as well as the taking of company computers and storage media offsite.

As a measure against cyber-attacks, we use monitoring systems to identify any suspicious emails with possible malware attachments. We also monitor unauthorized online communications from internal sources to try and prevent attacks from causing more widespread damage.

In addition, we have participated each year since 2017 in cyber-attack response training (NISC*/NCA affiliated cross-field company-wide training), in order to strengthen our system for countering obstructions.

* National center of Incident readiness and Strategy for Cybersecurity.

Security Measures for Production Facilities

Canon implements security measures for its production facilities to ensure malware, cyberattacks or other information security issues do not reduce productive capacity or otherwise disrupt production plans.

In the past, corporate mainframes or online information systems were the major targets for cyberattacks. Today, the growing use of off-the-shelf OS software and IoT means that production facilities attract the same level of information security risk. A separate approach is needed for production systems because production lead-times are longer than the customer support periods for off-the-shelf OS software. To ensure that Canon Inc. and Group manufacturing companies in Japan and overseas do not have to suspend operations due to a virus infection or similar attack, we also monitor the networks linked to important facilities and production lines for any unauthorized activity.

We also conduct security audits of production facilities to maintain a safe production environment.

Product/Service Security Measures

Canon is engaged in initiatives to prevent any cyber-security risks with products or services before they appear. In addition, our systems are designed to try to minimize the customer impacts if a cyber-security incident occurred.

See Product/Service Security Measures (→P75).

Security Measures for Supply Chain

Risks have grown in recent years of an attack against one part of the supply chain impacting the entire chain, leading to interruptions in the supply of products and services or the leaking of confidential information. In turn, this could result in economic losses, the loss of credibility and brand value, or other negative outcomes.

To mitigate such risks, Canon Inc. is promoting to eliminate information security risks throughout the entire supply chain by the cooperation of suppliers in information sharing and other activities.

Third-party Assurance

Canon has received third-party assurance from LRQA Limited for GHG emissions, energy consumption and water consumption data within Canon Sustainability Report 2025 for the year 2024.

LRQA Independent Assurance Statement

Relating to *CANON Group's Environmental Data within CANON Sustainability Report 2025 for the calendar year 2024*

This Assurance Statement has been prepared for *CANON INC.* in accordance with our contract but is intended for the readers of this report.

Terms of Engagement

LRQA was commissioned by CANON INC. ("the Company") to provide independent assurance of its Environmental data within CANON Sustainability Report 2025 ("the Report") for the calendar year 2024, against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using ISAE 3000 (Revised) and ISO 14064 -3:2019 for greenhouse gas emissions.

Our assurance engagement covered operations and activities of the Company and its subsidiaries in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies in accordance with the GHG Protocol for the selected dataset; and
- Evaluating the accuracy and reliability of data for the selected environmental indicators listed below:[1]
  - Scope 1 GHG emissions (tonnes CO_2e)
  - Scope 2 GHG emissions, [market-based and location-based] (tonnes CO_2e)
  - Scope 3 GHG emissions associated with Categories 1 to 15 (tonnes CO_2e)
  - Energy consumption by energy type
    - Electricity (MWh)
    - Gas (km^3)
    - Oil (kL)
    - Heat (steam, DHC, other) (TJ)
  - Water consumption (m^3)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the *Company* has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable environmental data as summarized in Table 1.

The opinion expressed is formed on the basis of a limited level of assurance[2] and at the materiality of the professional judgement of the verifier.

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[1] GHG quantification is subject to inherent uncertainty.

[2] The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISAE3000 (Revised) and ISO 14064-3:2019. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification;
- Interviewing with key people responsible for compiling the data and drafting the report;
- Sampling datasets and tracing activity data back to aggregated levels;
- Verifying the historical GHG emissions, energy consumption, water consumption and records for the calendar year 2024; and
- Visiting Canon Chemicals Inc.'s Iwama Plant and Canon IT Solutions' Nishi-Tokyo data centre to confirm the data collection processes, record management practices, and to physically check emission sources.

Observations

The Company should continue efforts for implementing quality assurance and quality control (QA/QC) systems in the data and information management of GHG emissions, energy consumption and water consumption. In particular, it is expected that data management at overseas sites will be more accurate.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LRQA for Company and as such does not compromise our independence or impartiality.

Signed   Dated: 17 March 2025

Kazuyori Yukinaka
LRQA Lead Verifier
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LRQA reference: YKA4005113

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The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.

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Canon Sustainability Report 2025

Table 1. Summary of *CANON Group's* Key Data for CY2024:

Data Category			
Scope 1 GHG Emissions		197,992	tCO_2e
Scope 2 GHG Emissions (Location-based)		847,121	tCO_2e
Scope 2 GHG Emissions (Market-based)		732,929	tCO_2e
Scope 3 GHG Emissions		7,172,953	tCO_2e
	Category 1	3,200,909	tCO_2e
	Category 2	732,848	tCO_2e
	Category 3	171,014	tCO_2e
	Category 4	391,050	tCO_2e
	Category 5	24,276	tCO_2e
	Category 6	49,723	tCO_2e
	Category 7	138,142	tCO_2e
	Category 8	0	tCO_2e
	Category 9	52,351	tCO_2e
	Category 10	0	tCO_2e
	Category 11	2,196,011	tCO_2e
	Category 12	174,963	tCO_2e
	Category 13	41,665	tCO_2e
	Category 14	0	tCO_2e
	Category 15	0	tCO_2e
Energy consumption			
	Electricity	1,865,395	MWh
	Gas	37,978	km^3
	Oil	24,285,727	kL
	Heat (steam, DHC, other)	408	TJ
Water consumption		8,692,968	m^3

Canon