

AT A GLANCE

PRINTING GROUP

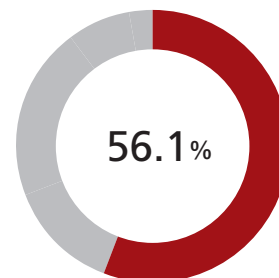
Composition of Sales (%)



Digital continuous feed presses



Large format printers (Inkjet)



Main Products

- Digital continuous feed presses
- Digital sheet-fed presses
- Large format printers
- Office multifunction devices (MFDs)
- Document solutions
- Laser multifunction printers (MFPs)
- Laser printers
- Inkjet printers
- Image scanners
- Calculators



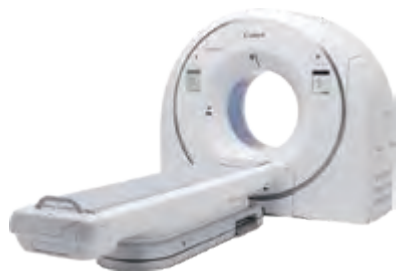
Office multifunction devices (MFDs)



Laser multifunction printers (MFPs)

MEDICAL GROUP

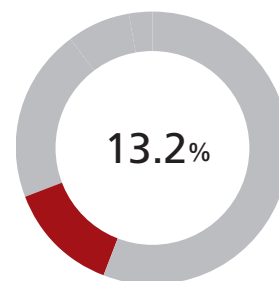
Composition of Sales (%)



Computed tomography (CT) systems



Diagnostic X-ray systems



Main Products

- Computed tomography (CT) systems
- Diagnostic ultrasound systems
- Diagnostic X-ray systems
- Magnetic resonance imaging (MRI) systems
- Clinical chemistry analyzers
- Digital radiography systems
- Ophthalmic equipment



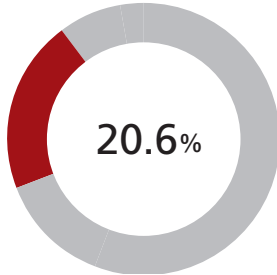
Diagnostic ultrasound systems



Digital radiography

Note: The percentage figures for the four groups presented in the pie charts above do not add up to 100% because "Others and Corporate" and "Eliminations" recorded in consolidation accounting, were not included in calculation considerations.

Composition of Sales (%)



Main Products

- Interchangeable-lens digital cameras
- Interchangeable lenses
- Digital compact cameras
- Compact photo printers
- MR Systems
- Network cameras
- Video management software
- Video content analytics software
- Digital camcorders
- Digital cinema cameras
- Broadcast equipment
- Projectors

Interchangeable-lens digital cameras
—Mirrorless camerasInterchangeable-lens digital cameras
—Digital SLR cameras

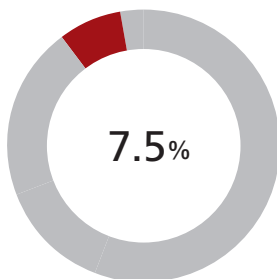
Interchangeable lenses



Network cameras

IMAGING GROUP

Composition of Sales (%)



Main Products

- Semiconductor lithography equipment
- FPD (Flat panel display) lithography equipment
- OLED display manufacturing equipment
- Vacuum thin-film deposition equipment
- Die bonders



Semiconductor lithography equipment



FPD (Flat panel display) lithography equipment



Organic LED (OLED) display manufacturing equipment



Die bonders

INDUSTRIAL GROUP

Canon looks to solve social problems through innovation.

Canon's R&D

As remarkable technological developments in DX and AI continue to drive major changes in society, a paradigm shift is occurring in R&D whereby companies are adding innovation-focused R&D for solving social problems to their existing invention-focused R&D portfolios.

From the time of Canon's founding, we have continued to diversify our business operations by practicing a style of core competency management that intertwines our technologies in various ways. Namely, the core competency technology to create industry-leading core products, the fundamental technology as the basis for technological accumulation, and value

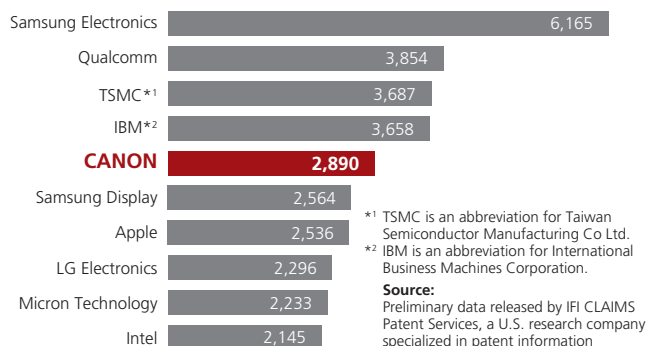
creation technology that underpins commercialization technology. Going forward, we will make an effort to further expand our operations by leveraging open innovation, including industry-academia partnerships and collaboration with partner firms, alliances with other companies, and M&As and the like.

In 2023, R&D expenses amounted to ¥331.9 billion, which equates to 7.9% as a percentage of net sales. Our focus on R&D has also helped us cement our leading position in the intellectual property field. Canon was granted 2,890 patent applications in the U.S. in 2023, ranking it fifth in the world. We also maintained our number one ranking among Japanese companies for the 19th consecutive year.



Our technologies showcased new possibilities in society at Canon EXPO 2023

2023 Top Ten U.S. Patent Holders by Company



Research and development of a terahertz device

Efforts to Develop and Expand Latest Technologies

Canon EXPO 2023

In October 2023, we held our very own event, “Canon EXPO 2023.” By presenting our latest products, services, and underlying technologies, we showcased a Canon reborn that had adapted to the demands of the times and the changing business environment by significantly transforming its business portfolio. Seeds of innovation are generated from a holistic development environment in which the technology that goes into products and the technology that supports products can be fully utilized in an integrated manner throughout the Group. We also demonstrated the potential for co-creation with partners to sow such seeds in new areas.

Development of compact terahertz device with world’s highest output

Canon has developed a compact and high-performance device capable of transmitting terahertz waves more strongly and over longer distances. Terahertz waves consist of electromagnetic waves that enable high-speed, high-capacity communication and are expected to be deployed in such fields as 6G telecommunications. They also have the potential to be used in security applications because they can penetrate the clothes and plastic without causing exposure of the human body and certain objects to radiation.

Canon has been able to develop a device that is smaller than conventional equipment, and delivers the world’s highest output* and a high level of directivity (the concentration of energy in a single direction).

* Among 450GHz output semiconductor devices. As of December 28, 2022 (based on Canon research)

Development of perovskite quantum-dot ink for use in next-generation displays

Canon has developed quantum-dot ink with improved practical durability* that contributes to higher image quality of displays. As quantum dots are semiconductor particles that can emit light with high brightness and high color purity, they have the potential to help realize ultra-high definition OLED displays. Canon has enhanced the durability of perovskite quantum dots without using the hitherto preferred material of cadmium (Cd) by covering them with a protective layer based on the technological know-how honed from the development of ink and toner.

* T90=10,000 hours. The time until the brightness reaches 90% of the initial level under conditions equivalent to actual usage, with blue light exposure at 1,000 nits (a unit indicating the degree of brightness).

Strengthening joint research initiatives in the medical field

Canon has reached an agreement with US-based Cleveland Clinic Foundation to form a strategic research partnership to develop innovative medical imaging solutions and healthcare IT technologies. The partnership will undertake joint research by leveraging Cleveland Clinic’s expertise in biomedical research and clinical care, alongside Canon’s imaging technology. Research will be focused on the three major components of pre-clinical imaging, human imaging, and image analysis in the fields of cardiology, neurology, and musculoskeletal medicine with the aim of continuously providing technologies and solutions that meet the expectations of medical professionals and patients alike.

PRODUCTION & QUALITY

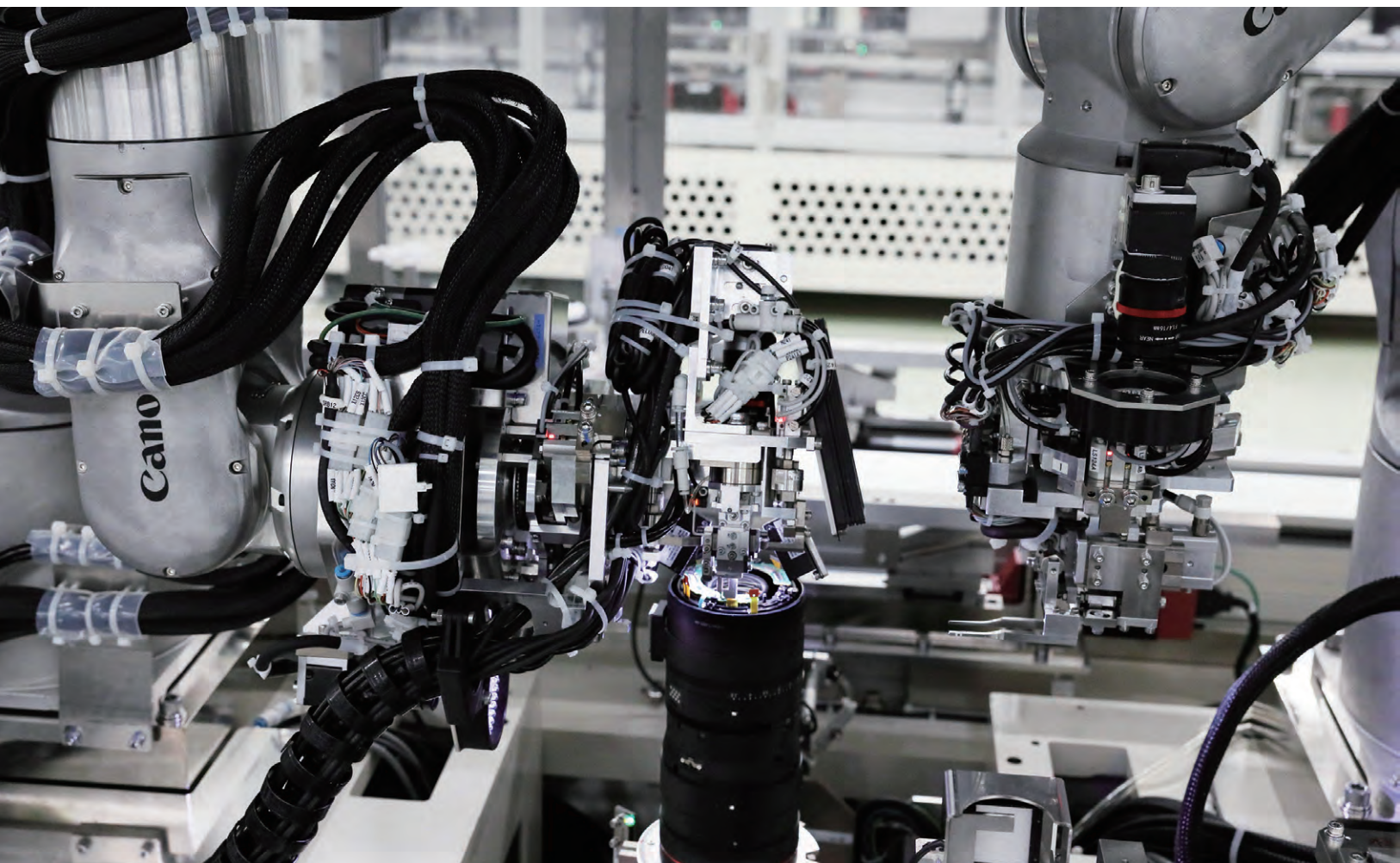
Canon strives to further improve production-engineering technology, including the automation of assembly lines, whilst also focusing on the development of human resources armed with outstanding technical skills. To ensure customer satisfaction, the company works to improve and ensure Canon Quality at each stage of the product lifecycle.

Production Automation and In-house Production

By transcending the boundaries between divisions to leverage the technologies honed in different businesses, Canon is integrating the processes for many of its products, from the production of materials to processing, in an effort to achieve

more efficient production.

To produce high-quality products at low cost, we rolled out fully automated production lines, first for toner cartridges, and then for cameras. Also, Canon endeavors to create original products by actively pursuing the in-house production of not



Automated production process for interchangeable lenses



Young engineers entering competitions to further hone their technique



Meister contributing to Canon's manufacturing with a wide range of skills and knowledge

only CMOS sensors and other key devices and components, but also production equipment like automatic assembly machines and high-precision processing equipment, as well as molding dies.

Development of Human Resources

To further enhance its manufacturing capabilities, Canon is actively engaged in the development of technicians to support production. We are focusing on nurturing our most skilled technicians in specialist fields, known as Master Craftsmen, and those who contribute to the advancement of manufacturing with their wide-ranging skills and knowledge of mainly assembly and component processing, known as Meisters. These technicians contribute to the improvement of Canon's production-engineering technology and play an active role at the front line of production by passing on the skills they have honed over the years to the next generation.

Globally Optimized Production

Given the unsettled state of world affairs, supply chain restructuring is a major challenge for manufacturers. Canon employs a globally optimized production system under which it comprehensively determines the most rational locations to produce products. This decision takes into account country and region-specific factors such as costs, tax systems, logistics, ease of procuring parts, and labor. In Japan, production is centered around high-value-added products with the use of automation and in-house production capabilities with an eye

on improving quality and keeping costs down. In emerging countries and regions, we are boosting productivity by further honing the skills of employees and we manufacture products by utilizing agile and flexible systems that leverage the characteristics of each region.

Quality Control

Guided by our "no claims, no trouble" basic policy on product quality, we have drawn up our own rules in the form of a quality management system that we adhere to exhaustively. This guarantees that our products are safe, can be enjoyed with peace of mind, and provide satisfaction to our customers. Our unique quality standards not only comply with international quality management standards and relevant laws and regulations in each country or region, but they also take safety into account, based on assumptions of how our products will be used by customers. Moreover, we endeavor to bring to market only the products that have satisfied our quality standards after putting them through rigorous evaluations with well-developed testing equipment and thoroughgoing checks in each manufacturing process, from development through to production.

SALES & MARKETING

Canon reinforces its sales and marketing capabilities by providing innovative products and advanced solutions tailored to meet the characteristics of each region.

Japan

Sales in Japan amounted to ¥901.6 billion, or 21.6% of consolidated net sales.

Mirrorless camera sales increased, mainly for new products of entry-level models. Of our mainstay business equipment, sales volumes for office MFPs increased, buoyed by a recovery in product supply. In the IT solutions business, sales to large corporations in the system integration (SI) services and

data center businesses were boosted by active IT investments by corporations. Alongside the recovery in the provision of business PCs, sales to SMEs in our core focus area of maintenance and operations services for mainly IT equipment also increased. Going forward, we will make every effort to further enhance profitability in Canon products businesses and expand sales in the IT solutions business in line with improvements in profitability.



Mountain bikers being photographed for autofocus testing at CP+ 2023



Canon Europe was Official Imaging Supplier of Rugby World Cup France 2023

The Americas

Sales in the Americas amounted to ¥1,312.4 billion, or 31.4% of consolidated net sales.

Canon U.S.A. handles operations for North, Central, and South America. In the US, following the previous year, it maintained its firm grip on the number one share of unit sales for both color and monochrome office MFDs. Meanwhile, Canon's lineup of entry-level mirrorless cameras, including the EOS R50 and EOS R100 models, was enhanced. In this product category too, Canon U.S.A. has held the leading market share in terms of sales volume for the last three years and the number one share in terms of sales revenue for the last two years. Sales of laser and inkjet printers grew sharply after sales to the B2B market gained momentum.

In the medical business, a new group company, Canon Healthcare USA, Inc. was established in 2023. It will seek to collaborate with distinguished medical institutions and realize product development and solutions tailored to healthcare market trends and clinical needs.

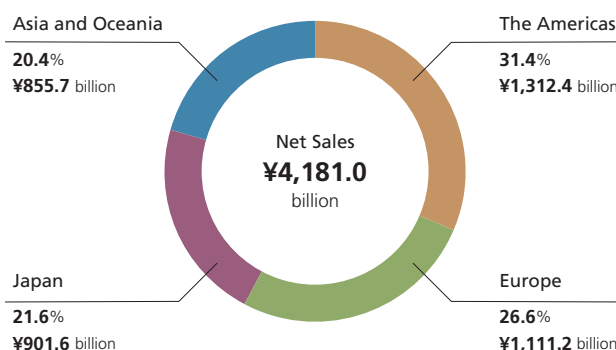
Europe (Europe, Middle East, Africa)

Sales in Europe region amounted to ¥1,111.2 billion, or 26.6% of consolidated net sales.

Canon Europe operates in the EMEA region - Europe, Middle East and Africa in approximately 120 countries.

We are expanding business in a range of areas such as commercial and industrial printing, office digital services, B2B imaging and in developing markets. We supported Rugby World Cup France 2023, where Canon Professional Services

Composition of Sales by Region



(CPS) aided professional photographers capture the tournament; and through an innovative mentoring scheme we supported a new generation of professional photographers with young people participating from every nation in the tournament. Through this sponsorship, alongside other partnerships, we are promoting our brand purpose of 'Imaging to transform our world.'

Asia and Oceania

Sales in Asia and Oceania amounted to ¥855.7 billion, or 20.4% of consolidated net sales.

Canon China and Canon Marketing Asia oversee operations in China, India, South Asia, and Southeast Asia.

In particular, in the key market of India, we established showroom-cum-offices in the two cities of Mumbai and Kolkata in 2023 with the aim of providing entirely new product experiences to customers. Also, in the rapidly expanding Chinese market, where the potential for growth is significant, we are developing and marketing products more suited to the market there in line with our "in China, for China" strategy. We are also endeavoring to further enhance the recognition of the Canon brand in the Asian region. For example, we were the only foreign company among The "Official Sponsors" of the 19th Asian Games held in 2023 in Hangzhou, China. Held once every four years, the Asian Games is the largest sports event in Asia.

Environment

Canon seeks to supply products and services that enrich people's lives while also reducing environmental impact based on initiatives across the entire product lifecycles.



A



B



C

A. Bird Branch Project activity in progress in the Shimomaruko Forest on the grounds of Canon's global headquarters

B. Canon promotes the closed-loop recycling of used toner cartridges

C. Remanufacturing of office MFDs at Canon Giessen (Germany)

Basic Approach

In 2008, Canon expressed “Action for Green” as our environmental vision, positioning “environmental value” as the main concept in initiatives to realize a society that achieves a beneficial balance between lifestyle enrichment and the environment. To create this value, Canon seeks to supply products and services that enrich people’s lives while also reducing environmental impact based on initiatives across the entire product lifecycles.

We are focusing on four material areas : (1) Climate change; (2) Resource efficiency; (3) Chemical substances; and (4) Biodiversity. In particular, we endeavor to take heed of, and reduce, CO₂ emissions and other environmental impacts not only in our own business activities such as development, production, and sales, but also at each stage of a product lifecycle, including those of suppliers and customers. To further accelerate these activities, we are seeking to generate a heightened level of awareness among all employees by establishing the slogan of *Minimum Energy 360* for all employees to embrace based on the idea of minimizing energy usage in all directions (360°). In addition, we support the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) and we constantly disclose climate-related information in our securities reports, integrated reports, sustainability reports, and on our website.

Climate change

By working closely with society and implementing a number of initiatives across the entire product lifecycles, Canon aims to achieve net-zero CO₂ emissions by 2050.

We have set targets to reduce our Scope 1 and 2 emissions by 42% and Scope 3 emissions (categories 1 and 11) by 25% compared to 2022 levels by the year 2030. These targets have been certified by the Science Based Targets initiative (SBTi). We also have a longstanding goal of 3% average annual improvement in the index of lifecycle CO₂ emissions per product unit as a yardstick for reducing our environmental footprint across the entire product lifecycles.

For example, in 2023 we achieved a 15% reduction*¹ in power consumption in the series of imageRUNNER ADVANCE DX C3900 office MFD by adopting industry-leading low-temperature fixing toner with significantly improved fixing temperature over conventional toner, thereby placing it among the industry’s top performers in terms of typical energy consumption (TEC) *².

In addition, we have 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.

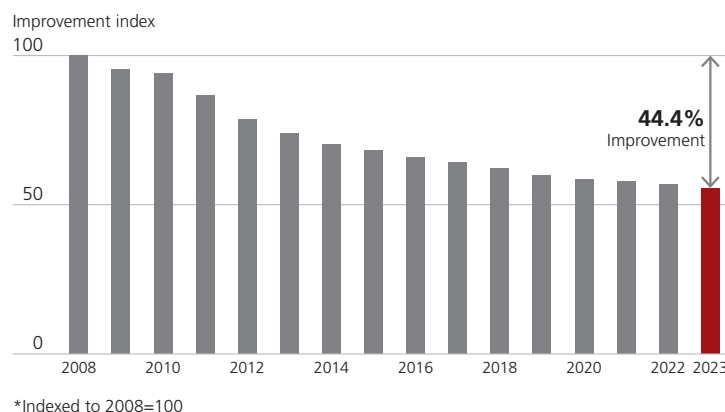
As a result of these initiatives, in 2023 we reduced our Scope 1 and 2 emissions by 10.3% and Scope 3 (categories 1 and 11) emissions by 18.5% compared to 2022 levels. We also achieved a 44.4% improvement (average annual improvement of 3.95%) in lifecycle CO₂ emissions per product compared to 2008.

Our GHG emissions data are disclosed every year and verified by third-party assurance.

*1. A3 model only. The previous model was “imageRUNNER ADVANCE DX C3835F/C3830F/C3826F” (released in October 2021).

*2. In comparison with products used in the International Energy Star Program (Digital color multifunction machine with copy/fax/scanner function of 25~35 sheets/minute class). As of August 1, 2023. (Research by Canon)

Lifecycle CO₂ Emissions Improvement Index per Product



Resource efficiency

Canon operates five recycling centers in four regions around the world. Having established systems under which we can recycle resources in the regions where they are consumed, we continue to promote more efficient use of limited resources and reduce waste. In particular, we are pursuing a form of recycling that turns used products into new ones, including the remanufacturing of MFDs and the closed-loop recycling of toner cartridges. Also, at the Canon Eco Technology Park that opened in 2018, we strive to realize state-of-the-art material recycling. Moreover, Canon's digital printing business is targeting a resources recycling rate of 20% by 2025 and 50% by 2030. This rate represents the weighting of recycled materials as a percentage of total sales volume.

We are also working to reduce, reuse, and recycle plastic waste at our business sites worldwide, for instance, by switching from polystyrene foam to pulp mold for use in product packaging materials in order to reduce, and ultimately phase out, single-use plastics, a movement that is gaining traction on a global scale.

For the PowerShot V10 vlogging camera, we have almost eliminated the single-use plastics used in the cushioning and packaging materials by replacing the plastic trays and bags with cardboard, plant-based non-woven fabric, and paper materials.

Canon is also developing products designed for reuse and recycling. In order to recycle plastics, it is necessary to accurately sort out various types such as colors and sizes. Canon has developed a technology that enables the sorting of black plastic, which has been difficult in the past, by combining its own measurement and control technology based on a laser measurement system called Raman spectroscopy. This is expected to accelerate plastic reuse and promote the creation of a circular economy.

We are also promoting the recycling of water resources. The Kitsuki Plant of Oita Canon Materials, which faces out to Beppu Bay in an area blessed with precious natural resources and an abundance of living things, has installed a closed drainage system that discharges only rainwater in consideration of the impact on the local ecosystem. It also conducts coastal and riverside cleanup activities and runs educational programs, including factory tours and environmental outreach classes, to raise awareness about the importance of water resources.

Chemical substances

Canon strictly manages chemical substances in products as well as those used in manufacturing processes to prevent

pollution of the global environment and adverse effects on people's health. 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. Particularly for chemical substances in products, we have built a group-wide environmental assurance system, and we develop products in conformity with standards established in-house that are in line with the most stringent regulations in the world.

Biodiversity

Canon recognizes biodiversity as essential for a sustainable society. We express our Biodiversity Policy to carry out various activities to conserve and protect biodiversity under "Nature Positive" slogan which applies to the entire Canon Group. As part of these activities, we globally run the Canon Bird Branch Project.

The site of Canon's global headquarters in Tokyo is home to the thickly wooded Shimomaruko Forest of approximately 1,000 trees. An environment conducive to wild bird life is maintained owing mainly to the installation and cleaning of nesting boxes for birds. Surveys on the migration of wild birds to the site are also carried out. In recognition of this initiative, the Shimomaruko Forest has been certified by the Ministry of the Environment of Japan as a site of natural symbiosis. As part of the project to certify such sites of natural symbiosis, the Japanese government recognizes areas where biodiversity is being protected through private initiatives and other means with the aim of achieving the 30by30 target, a worldwide initiative to effectively conserve at least 30% of the earth's land and oceans as healthy ecosystems by 2030. The areas certified as sites of natural symbiosis are then registered in a global database of OECMs (other effective area-based conservation measures), excluding those that overlap with places already designated as protected areas. Elsewhere, Canon U.S.A. is making an effort to protect sea life by supporting the New York Marine Rescue Center (NYMRC), an organization engaged in the rescue and rehabilitation of injured marine mammals and sea turtles. Canon Business Machines (Philippines) is engaged in activities aimed at preventing the environmental impact of dumped garbage, promoting the healthy renewal of animal and plant ecosystems, and maintaining and protecting sound forest environments. Employees regularly volunteer to clean up the designated area of forest reserve.

Social

We have inherited the spirit of “Respect for humanity” from the time of our founding and we aim to realize a society in which all people can live and work together in happiness into the future.



- A. Visitors appreciate the high-resolution facsimile of “Scenes in and around Kyoto (Funaki Version),” a national treasure in the collection of Tokyo National Museum
- B. Photography and videography workshop of the Canon Young People Programme at the UN SDG Action Awards
- C. Photography and videography workshop in Nigeria as part of the *Miraisha* Programme

Basic Approach

Canon adopted *kyosei* as its corporate philosophy in 1988 with the aim of creating a society in which all people, regardless of culture, customs, language or race, harmoniously living and working together in happiness into the future. In keeping with this corporate philosophy, we carry out a multitude of initiatives for the benefit of people and society, contribute to the achievement of the SDGs, and strive for the achievement of Canon's own sustained growth and development, all the while fulfilling our role as a member of society. Such measures include respecting human rights, promoting diversity, upholding occupational safety and health management, developing human resources, and implementing sociocultural support activities.

Respecting Human Rights

In accordance with the United Nations' Guiding Principles on Business and Human Rights, we have expressed the Canon Group Human Rights Policy. Guided by this policy, we set in motion a human rights due diligence process to identify significant human rights risks in the Canon Group. We also put in place a grievance mechanism, roll out e-learning program and conduct human rights awareness training, engage in dialogue with stakeholders, and address human rights risks in supply chains. In 2023, our initiatives were highlighted on the websites of the International Labor Organization (ILO) and the Japan External Trade Organization (JETRO) as outstanding examples of human rights due diligence. We have also expanded the scope of the e-learning program to Group companies overseas in an effort to promote awareness and understanding.

Promoting Diversity

Under our corporate philosophy of *kyosei*, Canon respects global diversity and actively encourages the fair hiring and promotion of employees, regardless of gender, age, or disability. We make every effort to empower female employees, and we support the intentions of male employees to participate in child rearing, help employees balance work and nursing care duties, and encourage the active participation of employees with disabilities. In particular, we are focusing on female em-

powerment and encouraging men to participate in childcare. And after establishing the ratio of women in management positions and the percentage of male employees taking childcare leave as KPIs, we continue to implement various initiatives. As part of this, we have established VIVID, a company-wide horizontally integrated organization spearheaded by the Executive Vice President. VIVID stands for Vital workforce and Value Innovation through Diversity. For example, it provides a female leadership training that aims to nurture female candidates for managerial positions, holds lectures with female executives as keynote speakers, and organizes online seminars for those employees who have returned to work from childcare leave and their superiors. The ratio of women in management positions reached 3.8% in 2023 compared to 1.4% in 2011, which includes the appointment of two female executive officers. We are also steadily advancing other measures to enable male employees to help out more with child-rearing, nursing care, and other obligations.

Percentage of Male Employees Taking Childcare Leave (Canon Inc.)

	(%)				
	2019	2020	2021	2022	2023
	16.3	27.7	33.4	47.7	65.8

Ratio of Female Employees by Position (Canon Inc.)

	(%)				
	2019	2020	2021	2022	2023
Employees	16.1	16.5	16.6	16.8	16.9
Managers	2.9	3.0	3.3	3.6	3.8
Executives	3.9	4.2	4.0	3.8	4.0



A female executive officer who lectures employees in her department

Responsible Procurement in the Supply Chain

Canon is committed to the fulfillment of procurement that takes CSR into consideration in cooperation with its business partners. In 2019, we joined the Responsible Business Alliance (RBA), and then in 2023 we conducted a self-inspection using SAQ for major suppliers. No serious risks were identified in the SAQ. Also, every year we produce and publicly disclose a conflict minerals report with third-party assurance.

Sociocultural Support Activities

To commemorate Canon's 70th anniversary, in 2008 we established the Canon Institute for Global Studies and the Canon Foundation.

The Canon Institute for Global Studies is a think tank that investigates and analyzes issues from a global perspective and makes policy recommendations with an eye on the future of Japan and the world, mainly in the fields of macroeconomics, resources and energy, the environment, and diplomacy and security. In addition, the Canon Foundation provides grants to assist a broad range of science and technological research with the goal of contributing to the advancement of science and technology. Its activities are based on the concept of assisting research studies in cutting-edge science and technology fields with the aim of creating new value for society.

Furthermore, as a company that contributes to the development of visual culture, since 2007, Canon and Kyoto Culture Association (NPO) have been working on the Tsuzuri Project (officially named the Cultural Heritage Inheritance Project) with the aim of preserving original cultural assets and utilizing high-resolution facsimiles. By combining Canon's advanced imaging technologies, ranging from input to image processing and output, with traditional Kyoto craftsmanship, we have produced high-resolution facsimiles of important Japanese cultural assets. These cultural assets include folding screens, sliding doors known as *fusuma*, and handscrolls. These facsimiles have been donated to temples and shrines, local municipalities, and museums with a special connection to them so they can be widely viewed by the public.

In 2023, we held special exhibitions at Fukushima City Museum of Photography, featuring the facsimiles of five

national treasures, at Canon's showroom in Tokyo, showcasing the diverse beauty of Japanese art, and at Kenninji Temple in Kyoto, displaying the facsimiles of 19 masterpieces from the collection of the Smithsonian National Museum of Asian Art.

Meanwhile, as part of its efforts to help bring about a sustainable society, Canon Europe is running the Canon Young People Programme (YPP) in 33 countries in Europe, the Middle East, and Africa. The workshops of the program aim to provide young people with opportunities to express themselves through photographs and videos with the incorporation of creative visual storytelling and critical thinking based on the concepts of the SDGs. The program was attended by more than 1,500 students in 2023. In addition, the program's workshops were also held at some international events of the United Nations, including the Fifth United Nations Conference on the Least Developed Countries (LDC5) in Qatar and the UN SDG Action Awards in Italy.

Also, in Africa, where the unemployment rate of young people is a serious problem, Canon Europe is promoting its *Miraisha* Programme with the aim of improving the technical skills of young people in the region and expanding their opportunities for employment in the photography, video production, and printing industries. *Miraisha* is a portmanteau of the Japanese word for future, *mirai*, and the Swahili word for life, *maisha*. So far, photography, videography, and printing workshops have been held in Kenya, Ghana, Nigeria, and other African countries in collaboration with local government agencies, professional photographers selected as Canon Ambassadors, and Canon-certified *Miraisha* trainers.

Governance



Fujio Mitarai, Chairman & CEO speaking at an executive meeting

Fundamental Approach

In order to establish a sound corporate governance structure and continuously raise corporate value, Canon believes that it is essential to improve management transparency and strengthen management supervising functions.

Governance Structure

| Basic Policy

Canon is globally expanding its business 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 on matters that straddle the entire Canon Group or several business fields from a company-wide perspective and at the same time secure appropriate decision making and execution of operation, Canon judges the corporate governance structure below to be effective.

| 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, at least two Independent Outside Directors are appointed while also assuring that they account for one third or more of the total number of Directors, in order to secure sound

management. The Board of Directors, in accordance with laws and regulations, makes important decisions and supervises the execution of duties by officers.

Other decisions and execution are made by the CEO and other Representative Directors. And under the direction 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 Directors from inside Canon Inc., including three Representative Directors, and four Outside Directors that qualify as Independent Directors (including one female), chaired by the CEO. Additionally, there will be 37 Executive Officers, including two females and one non-Japanese as of April 1, 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 has full-time Audit & Supervisory Board Members that are familiar with Canon'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 the Canon 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 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 headquarter 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.

Procedures in the Nomination of Directors etc.

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. At the time, Director and Audit & Supervisory Board Member candidates are nominated and Executive Officers are appointed, including the selection of a successor for the chief executive officer position, the CEO recommends candidates thereof from among individuals that have been recognized as having met the prescribed requirements, and the Committee checks the fairness and validity of such recommendation prior to submission to and deliberation by the Board of Directors. 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.

Requirements of Director and Audit & Supervisory Board Member Candidates and Executive Officers

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.

Representative Directors and Executive Directors	Have a true understanding of the corporate philosophy and code of conduct of Canon Inc. At the same time, have broad familiarity with Canon Inc.'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 business management, risk management, law, and economics.
Audit & Supervisory Board Members	Be familiar with Canon Inc.'s businesses or its management structure or have an abundance of experience and superior insight into professional fields such as law, finance, accounting, and internal control. As for Outside Audit & Supervisory Board Members, additionally meet the independence standards that are separately determined by the Board of Directors.
Executive Officers	Have been highly evaluated in terms of character and ability in managerial assessment and managerial talent training programs, and also have sufficient knowledge, experience and judgment ability, to shoulder the responsibility of execution in specific fields, and truly understand the corporate philosophy and code of conduct of Canon Inc.

Corporate Strategy Committee, Risk Management Committee, and Disclosure 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 mat-

ters pertaining to Canon Group strategies.

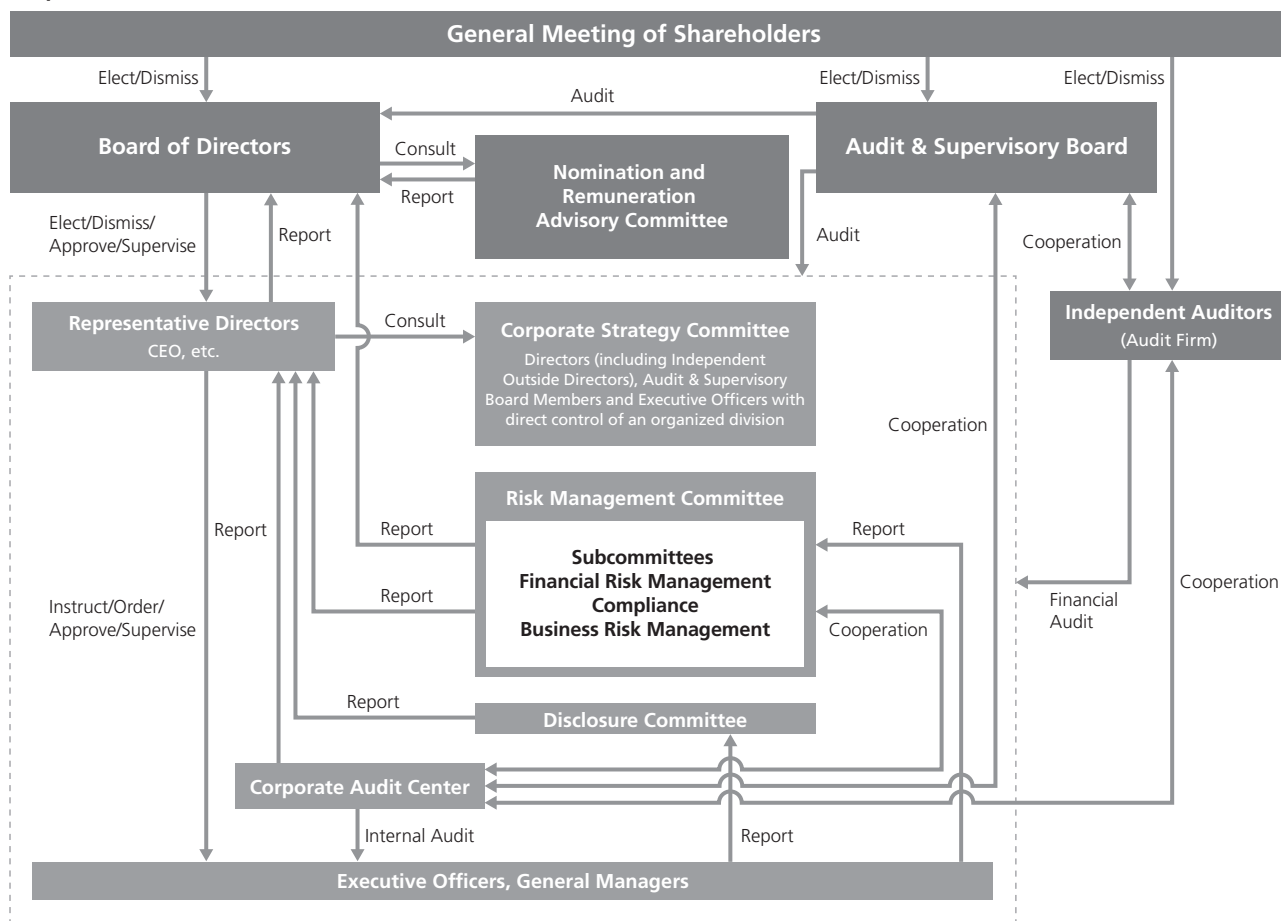
Based on a resolution passed by the Board of Directors, Canon Inc. set up the Risk Management Committee, which formulates policy and action proposals regarding improvement of the Canon Group risk management system. The Risk Management Committee consists of three entities: the Financial Risk Management 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, including risks related to product quality and information leak. 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.

In addition, 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, evaluates, and makes recommendations on compliance and internal control systems etc. The Corporate Audit Center also conducts audits on topics such as quality, and health and safety. Audit results are reported not only to the CEO and CFO, but also to the Audit & Supervisory Board Members and the Audit & Supervisory Board. In addition, Canon Inc. 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.

Corporate Governance Structure



Details of Canon Inc.'s corporate governance structure are available on Canon Inc.'s website under "an overview of Corporate Governance at Canon Inc." <https://global.canon/en/ir/strategies/governance.html>