

CSR Management

Basic Rationale

The expectations and responsibilities placed on companies by society are wide-ranging. In line with the times, they are expanding from product quality and safety, and measures to address environmental issues, to compliance, information security, employee rights and labor management, and even to supply chain management.

In the field of business as well, with the advancement of globalization the demand from customers and business partners to deal with companies that meet certain criteria in terms of consideration paid to the global environment and society is increasing.

Against this backdrop, we formulated the Canon Group CSR Activity Policy (right) to express, together with our corporate philosophy of *kyosei*, the Group's commitment to

social contribution as a corporate citizen. Under this policy, we strive to utilize Canon's strengths effectively to conduct CSR activities based on the needs of countries and regions where we operate. To provide stakeholders an easy-to-understand explanation of the Group's stance toward fundamental and universal elements of corporate social responsibility, top management approved the drafting of the Canon Group CSR Basic Statement (below), which we disseminate widely both internally and externally.

Details of our CSR activities are disclosed to stakeholders through this report, which is published annually.

Reference: Canon Group CSR Basic Statement
<https://global.canon/en/csr/policy/pdf/statement-e.pdf>

Canon Group CSR Basic Statement

In accordance with our corporate philosophy of *kyosei*—living and working together for the common good—Canon makes sincere efforts to engage with the social responsibilities that come with operating a business and to disclose any relevant information.

This basic statement reiterates our stance regarding the fundamental and universal corporate social responsibilities that the Company must fulfill in order to ensure Canon products and services can be used with peace of mind and maintain the reliability of the Canon Group.

1. Provide safe and secure products and services
2. Comply with the laws and regulations of each country and region, and conduct fair and honest business activities
3. Practice fair and free competition, and ensure transparency in business transactions
4. Contribute to realizing a society that promotes both enriched lifestyles and the global environment
5. Minimize environmental burden through initiatives aimed at conserving energy, conserving resources, eliminating hazardous substances, and preserving biodiversity
6. Ensure thoroughness in managing information, prevent information leaks, and protect personal information
7. Prevent infringements of the intellectual property rights of others
8. Ensure thoroughness in security trade control
9. Prevent corruption in all its forms including bribery
10. Avoid complicity in armed insurgencies and anti-social forces
11. Disclose relevant and accurate corporate information
12. Respect fundamental human rights and prohibit discrimination based on such factors as race, nationality, gender, religion and creed
13. Promote diversity
14. Prohibit child labor and forced labor (including human trafficking)
15. Promote sincere dialogue between employees and management in accordance with the laws and regulations of each region
16. Pay employees wages equal to or greater than legally mandated wages
17. Prevent excessive overtime work and grant appropriate holidays
18. Ensure occupational health and safety, and prevent occupational injuries
19. Request that business partners take steps to address basic social responsibility for such issues as the environment, human rights, labor and compliance within the supply chain, and confirm the implementation of said steps

Canon respects the following international initiatives and complies with them in line with the above basic statement:

- Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

Canon Group CSR Activity Policy

— Contributing to the Realization of a Better Society as a Good Corporate Citizen—

The Canon Group, recognizing that its corporate activities are supported by the development of society as a whole, aims to achieve growth through sound and fair business activities while contributing to the realization of a better society as a good corporate citizen.

Therefore, Canon will promote its CSR activities within the international and local communities, effectively leveraging the company's advanced technological strengths, global business deployment, and diverse, specialized human resources.

Key Activities

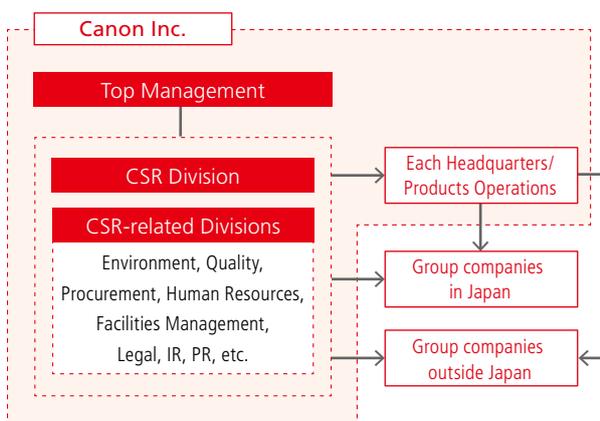
- Contribute to cultural improvement; support the arts, science, sports, etc.
- Provide humanitarian support to people and regions facing harsh conditions due to disasters, etc.
- Contribute to the promotion of both enriched lifestyles and the global environment
- Contribute to society through business activities
- Contribute to the realization of a sound and fair society

CSR Promotion System

The CSR Division directly under top management promotes and coordinates CSR-related activities across the Canon Group. The CSR Division works together with relevant divisions to address any CSR-related issues that require inter-departmental cooperation, such as environmental, quality, procurement, human resource, facilities management, legal, IR or PR issues. Divisions directly in charge of fields with high societal expectations, such as environmental protection, compliance, or quality management, take the lead in CSR activities in those areas.

The CSR Division reports on CSR-related matters to top management as needed.

CSR Promotion System



Educational and Awareness-Raising Activities

To disseminate CSR-related information across the Canon Group, management executives from Canon's headquarters and product operations divisions, and Group companies in Japan and overseas are given briefings by the CSR Division General Manager at annual managerial conferences on CSR-related matters, including the basic rationale, specific CSR initiatives, the UN-adopted SDGs, and ESG investing.

For specialized topics, such as quality assurance, environmental protection, information management, or compliance, the respective division provides employee training as required. Canon also works to develop managers with a broad perspective by including an overview of CSR trends and Canon's CSR initiatives in the training for newly appointed managers. In addition, the CSR managers from Group companies around the world meet regularly to share information to support dynamic CSR initiatives across the Group.



CSR briefing for management executives from headquarters/product operations divisions and Group companies worldwide

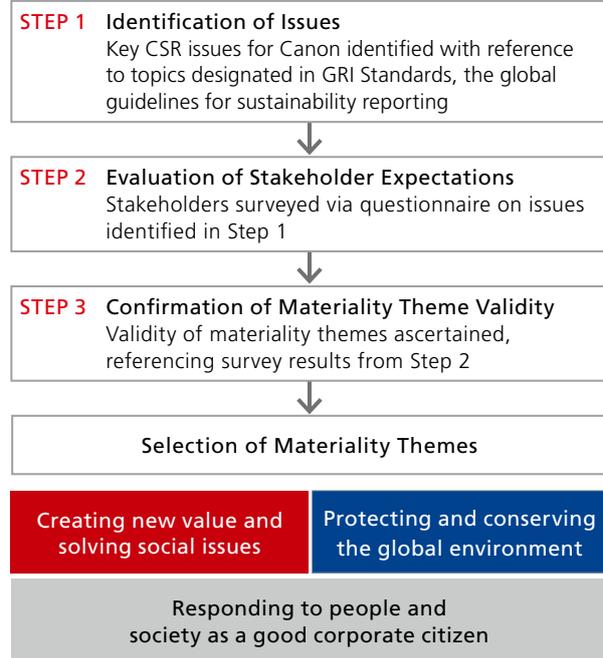
Identifying and Reviewing Materiality

Taking into account the treatment of materiality themes in the GRI Standards for sustainability reporting, we collect and examine information on Canon initiatives and medium- to long-term business plans enacted thus far, demand in regard to society and corporations, and stakeholder expectations of Canon identified through our independent survey campaigns. In light of this information, we have identified “Creating new value and solving social issues” and “Protecting and conserving the global environment” as major themes, along with “Responding to people and society as a good corporate citizen” as the foundation for supporting these activities. Under these themes, we are actively working towards solutions to issues faced by global society.

In the environmental field, to support the development of activities, we identify materiality issues at the topic level as stipulated in the GRI Standards. (→P62)

We also use the annual stakeholder surveys to confirm whether the materiality themes and related activities we have selected are considered appropriate. Such feedback ensures we can make suitable revisions as required.

Materiality Identification Process



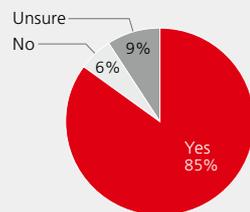
Stakeholder Questionnaire Survey

Canon carries out stakeholder questionnaire surveys once a year to better understand the social issues stakeholders are interested in as well as the expectations they have of the Company. Based on the results of these surveys, Canon confirms the validity of its materiality themes and makes an appropriate review. In addition, these surveys help Canon analyze its impact on society and further improve its CSR activities. To assist the future expansion of CSR activities, Canon also asks stakeholders for their views on its integrated reporting and the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015.

Validity of Materiality Themes

We asked stakeholders about materiality themes following the revisions we made in line with the third-party opinion. At least 85% of stakeholders surveyed in 2018 viewed our current assessment as appropriate.

Is our current assessment of materiality themes appropriate?



Comments on Sustainability Activities and CSR Disclosures

Specific stakeholder comments included: “The materiality themes are dictated by areas where Canon can contribute, based on business sectors and technical capabilities” (customer, Japan); “It is good that Canon is taking action in line with its *kyosei* philosophy to help achieve the SDGs” (customer, Asia); “The integrated report is valuable in linking the issue of sustainability to Canon’s operations” (investor/analyst, Europe); “We want Canon to adopt a future-oriented perspective in telling us what it is trying to do and the areas it is investigating” (university, research institution, the Americas). The survey also confirmed the environmental issues that stakeholders have high expectations for action, with the top three priorities identified as “reuse and recycling of products,” “management of air emissions and prevention of pollution,” and “management of chemical substances contained in products.”

Stakeholder Questionnaire Survey Outline

Method: Questionnaire survey
 Survey period: December 2018 to February 2019
 Target: Stakeholders including consumers, suppliers, investors/analysts, non-profits, civic groups, persons affiliated with universities/research institutions, national/local governments in Japan, the Americas, Europe, Asia, and other regions (total: approximately 50 stakeholders)

SDGs to Address

Survey respondents identified the following three SDGs where Canon is expected to contribute most.



Please refer to the pages below for information on Canon’s activities contributing specific SDGs.

About the SDGs: P17
 SDG 8: P97 Human Rights and Labor
 SDG 9: P59 Supporting Industrial Innovation, P121 Social Contribution
 SDG 12: P78 Contributing to a Circular Economy, P113 Product Responsibility

Please refer to the pages below for information on the environmental themes indicated at left.

Reuse and recycling of products: P78 Contributing to a Circular Economy
 Management of air emissions and prevention of pollution: P74 Contributing to a Low-Carbon Society
 Management of chemical substances contained in products: P83 Eliminating Hazardous Substances and Preventing Pollution