Management Approach

We respect the diversity of our employees, and aim to create workplaces in which they can express their individuality and work with a sense of worth and achievement.

**Canon’s Approach**

With the global spread of economic activities, finding ways for individual employees of diverse backgrounds and values to utilize their individuality has become an important factor for sustainable development of corporations. In the international community, the United Nations “Guiding Principles on Business and Human Rights” and the International Labor Organization (ILO) “International Labor Standards” have been established, and the United Nations’ Sustainable Development Goals (SDGs) are encouraging companies to respect human rights as well.

Amid this situation, Canon is taking steps to create a workplace environment in which each employee’s rights are respected, and in which they feel highly motivated and are able to realize their full potential. We believe that having each employee utilize their unique strengths and viewpoints will enable the company to realize sustained growth.

Based on our corporate philosophy of *kyosei*, we have made concerted efforts to create a workplace environment that fosters mutual respect among our ethnically and culturally diverse workforce. In addition to working to ensure full compliance with laws and regulations in each country and region and to respect human rights as part of the development of global business activities, under Phase V of the Excellent Global Corporation Plan, Canon has set the cultivation of globally competent human resources that think and act with a global mindset as one of its key strategies. We provide varied types of training to assist employees with skills improvement, alongside stepping up efforts to develop human resources that can provide leadership on the international stage. We also ensure workplaces to support the health and safety of employees.

* For information about our activities on human rights within our supply chain, refer to Supply Chain Management (→P113-117).

**Relationship with SDGs**

Canon’s efforts to address issues related to human rights and labor are contributing to the achievement of the following SDGs.

1. **GRI102-11**
2. **GRI102-15**
3. **GRI103-1**
4. **GRI103-2**
Respecting Human Rights
We respect the rights of every employee and work to ensure that our workplaces are free of all forms of discrimination and harassment.

Basic Policy
The Canon Group Code of Conduct (⇒P103) prohibits all Group executives and employees, irrespective of their position or duties, from engaging in discrimination based on race, religion, nationality, gender, age or other unfair grounds. The Code of Conduct has been translated into many languages and given out to Group executives and employees worldwide.

In addition, in 2019 Canon joined the Responsible Business Alliance (RBA). Going forward, we will increase our efforts to create work environments that are free from unfair discrimination.

Preventing Harassment
Canon maintains a zero-tolerance policy on harassment, which it communicates to all management executives and employees.

In addition to sexual harassment and 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 Canon Group companies in Japan, and many have instituted similar rules based on them. Furthermore, following a revision to the law in 2020, we will review the rules as necessary.

In a further effort to maintain a comfortable workplace environment, Canon Inc. and its many Group companies in Japan have established a Harassment Hotline, and conduct information sharing at liaison meetings of the consultation staff. Confidentiality is strictly maintained and a firm guarantee against detrimental treatment is provided to victims and informants. The number of harassment complaints has remained mostly unchanged in recent years.

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. Reviews of procedure manuals are conducted at such meetings, and guidance on how to respond to reports of harassment is also provided.

In addition, we periodically conduct employee awareness surveys that enable us to gather the opinions. Based on this information, we then act to improve the workplace environment by instituting corrective measures as necessary.

Educating Employees on Harassment Prevention
Canon conducts a variety of training programs and poster campaigns to raise awareness of harassment issues among employees.

Canon Inc. conducts harassment-prevention training for executives, managers and managerial candidates. The aim is to develop measures to address decreased productivity due to deteriorating workplace conditions, mental health issues, occupational injuries, lawsuit risks and corporate legal responsibilities. In 2019, the number of participants in Japan totaled 299. Additionally, training was provided for 33 executives and managers returning from overseas postings.

The same training program will be held for staff in charge of Harassment Hotlines at Group companies, who will in turn assist with training employees at their respective companies.

Eliminating Child Labor and Forced Labor
All Canon Group companies manage human resources in compliance with the laws and regulations of each country and region in which they operate, as well as Canon’s own regulations.

With regard to child labor and forced labor, we carry out investigations every year at our main overseas manufacturing companies*, primarily in Asia, to confirm their compliance with laws pertaining to minimum working age and health considerations.

To date, no Canon Group company has violated laws relating to child labor or forced labor.

* Investigations cover more than 88% of employees at all overseas manufacturing companies (as of 2019 end).

Respecting Basic Workers’ Rights, Including Freedom of Association
Canon respects workers’ basic rights, including freedom of association and collective bargaining. We also strive to address various 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.

In addition, in the Canon Group CSR Basic Statement (⇒P111), we clarify our intent to promote sincere dialogue between management and employees in compliance with the laws and regulations of countries and regions where we operate.
Hiring and Treatment of Human Resources
We strive to create an attractive, motivational workplace environment for employees.

Basic Policy
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. At the same time, we are focused on developing our next generation of leaders.

Guiding Principle of the Three Selfs Spirit
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 Group 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.

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 2019, Canon Inc. and Group companies in Japan embarked on a vigorous recruitment program, resulting in the hiring of 1,325 employees in total. Canon has also established various programs and systems, such as a career matching system (→P73-74) and a work-life balance program for employees engaged in childcare or nursing to support the continued employment of each and every employee so that they remain motivated and can maximize their skills and abilities over the long term. Moreover, we regularly conduct biennial in-house employee awareness surveys, and the results are used to improve employee satisfaction; for example, survey feedback is provided to each division, including management, so it can be used in policy formulation. Thanks to these initiatives, Canon Inc. boasts one of the highest retention rates in the industry in Japan. As part of maintaining high job satisfaction, regular employee awareness surveys are conducted by domestic Group companies, Canon U.S.A., Canon Europe and Canon Group sales companies based in Asia.

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.

Canon China actively promotes local employees to managerial positions as part of developing business operations. Local appointees occupied 75% of all managerial positions across the region in 2019, up from 38% in 2013.

Creating Local Employment Opportunities at Production Bases
In order to help stimulate local communities and economies through job creation, we focus on local employment when establishing or expanding production bases.

For example, Canon Prachinburi (Thailand) has hired approximately 5,600 people locally, and Canon...
Business Machines (Philippines) employs approximately 5,800 local residents (as of 2019 end).

Our production bases in Asia have continued to employ over 60,000 local employees since 2007.

Canon ensures that its employees are paid substantially more than the local minimum wage.

**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.

This system is being applied across the Group worldwide, and has already been adopted by the majority of 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 Canon Group sales companies based in Asia.

Regarding basic salary amounts and increases as well as calculation and payment of bonuses, a committee meets with the Canon Workers’ Union 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.

**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 and customs of each region. In addition, employee benefit programs have been developed in line with each Group company’s 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.

**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.

**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 encourage workplaces to ban overtime in principle and to review work practices. We have also taken measures such as encouraging employees to take paid leave. Annual hours worked per employee were 1,725 in 2019, a reduction of 74 hours compared with the equivalent figure in 2010 (1,799 hours) when we initiated efforts to reduce working hours.

**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. Based on this plan, we are 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 a number of leave programs that enable employees to take time off flexibly to respond to their personal circumstances. These include a time-unit leave program in 30-minute increments that...
is available for reasons such as childcare, nursing care, injury or illness, as well as an open vacation program in which employees can take five consecutive days of vacation once per year. Such programs are designed to promote flexible work styles. We are currently implementing the sixth phase of the action plan. This phase spans the three-year period to March 2021.

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.

Furthermore, to support employees who are undertaking fertility treatment, we have put in place a fertility treatment subsidy program that subsidizes 50% of the treatment cost up to a maximum amount of ¥1 million, and a fertility treatment leave program that allows employees to take leave for the period required for treatment.

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 40 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.

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

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

Action Plan Phase VI (from April 2018 to March 2021)

<table>
<thead>
<tr>
<th>Action Plan</th>
<th>Measures</th>
<th>Results as of 2019 End</th>
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<tbody>
<tr>
<td>(1) Promote use of work-life balance programs with aim of raising participation rate.</td>
<td>• Regularly check the performance of employees using work-life balance programs, and have VIVID*1 and the Workstyle Innovation Committee work together to consider and implement specific measures before March 2021.</td>
<td>• Confirmed that, in addition to female employees, who have made up the majority of those taking advantage of these programs, the trend for use of these programs by male employees is on the upswing</td>
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<td>(2) Promote workstyle reform further by encouraging workstyles that do not rely on overtime work, continuing efforts to promote use of paid leave, and maintaining an appropriate level of total work hours.</td>
<td>• Using total work hours as an indicator for work-life balance, bolster measures to encourage use of paid leave and maintain an appropriate level.</td>
<td>• Prohibited overtime work, in principle, throughout the year. • Implemented earlier work hours from July–September in a campaign to promote work-life balance, and continued efforts to promote workstyle reform. Provided employee benefits program for encouraging self-development during the earlier work hours. • Total work hours company-wide decreased by 74 hours compared to 2010*2</td>
</tr>
<tr>
<td>(3) Continuing from Phase V, carry out community contribution activities open to participation by children— who are the future of our communities—through social contribution activities.</td>
<td>• Continue reaching out to local regions and communities and implement appropriate initiatives from April 2018 to March 2021.</td>
<td>• Continuously conducted the following community contribution activities for children throughout Japan: (1) Unique tutorial program for children, including lessons on lens-crafting and environmental education outreach programs (2) Photography classes (Junior Photographers) (3) Support for girls soccer (Canon Girls-eight, Canon Girls-Camp) (4) Tag rugby lessons and rugby lessons, etc.</td>
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</tbody>
</table>

*1 VIVID: Vital workforce and Value Innovation through Diversity, a company-wide horizontally integrated organization for promoting diversity (→P67-68).
*2 The year that activities to reduce total work hours commenced.
Supporting Employees’ Volunteer Activities

In recognition of the growing interest in volunteer activities, Canon Inc. has in place a volunteer leave system. 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). The system was used by one employee in 2019.

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.

Every month, 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 senior management attend the monthly conferences. Additionally, special committees have been established to consider wages, working hours, safety and health issues, and benefit programs. Based on these conferences, new systems are established and policies enacted. As of the end of 2019, combined employee membership in the Canon Workers’ Union totaled 26,449, bringing the union membership rate to 80% for Canon Inc.’s workforce.

Group companies in Japan hold a similar conference, which they refer to as the Canon Group Workers’ Union Conference (Canon Inc. representatives also attend). This conference brings together 19 Group workers’ unions and executives from 23 Group companies. In 2019, reports on the current situation of both labor and management throughout the Group as a whole were presented. As of the end of 2019, there were 55,029 employees in unions that belonged to the Canon Group Workers’ Union Conference, bringing the union membership rate to 84% for the workforce of 23 Group companies in Japan.

In accordance with the labor laws of each country and region where we operate, Canon continuously maintains proper labor relations based on thorough dialogue between labor and management at Group companies outside Japan. The union membership rate*2 for employees of the Canon Group overall was 90%.

Minimum Notification Period for Changes in Work Duties

Canon Inc. has established a minimum notification period clause within its labor agreement to ensure that personnel transfers do not negatively impact the lives of employees. Employees receive official notice of personnel transfers at least two weeks in advance for temporary assignments and at least one week for other types of transfers. Employees who need to relocate due to the transfer are officially notified up to four weeks in advance.

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

*1 The Canon Workers’ Union consists of employees from Canon Inc., Canon Marketing Japan, Fukushima Canon and Ueno Canon Materials.
*2 Union membership rate: Calculated for companies that have internal workers’ unions.
Diversity and Inclusion

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

Policy on Respecting Diversity
Guided by its corporate philosophy of kyosei, Canon respects diversity of culture, customs, language, and ethnicity, and actively encourages the fair hiring and promotion of employees, regardless of gender, age or disability.

Canon Inc. has in place Vital workforce and Value Innovation through Diversity (VIVID), a companywide, horizontally integrated organization to promote diversity, headed by the Executive Vice President.

Furthermore, we hold the Presidents’ Meeting for Diversity Promotion with participation from Canon Inc.’s Executive Vice President and presidents of Group companies in Japan. At the meeting, participants confirm action plans and results, and share key initiatives.

In addition, at Canon Inc., we held the Barrier-free Mindsets training in e-learning format in 2019. The training aims to help individual employees understand the difficulties and pain caused by barriers in society. Over 90% of employees including senior management took the training.

176 women have completed the training and are playing active roles in their workplaces, including at overseas locations. Partly as a result of these measures, the number of female managers had risen to 127 in 2019, compared with 58 in 2011.

Furthermore, we hold return-to-work seminars for employees returning from childcare leave and their supervisors, and provide mentoring by female managers. We also provide lectures and interviews with female executives, and share the experiences of female managers to create opportunities for raising awareness around working with purpose and balancing work with life events.

Meanwhile, Group companies in Japan are also promoting a range of initiatives to support career development for women, including career advancement training, 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, and career training for women who have returned from childcare leave.

Looking outside Japan, Canon U.S.A., for example, has launched 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. At Canon Bretagne, a corporate agreement on gender equality aimed at creating a company where women can participate actively was concluded with the labor union in 2019. The company is aiming to achieve a ratio of 33% for women in management by 2022 with measures such as working hours adjustment for pregnant workers and improved conditions for women returning from maternity leave. Meanwhile, at Canon Vietnam, steps have been taken to alleviate the burden on pregnant workers by setting up production lines where people can work while seated.

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.

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 skills. Since its launch in 2012, a total of

Promoting the Active Participation of Women
Canon is committed to providing equal opportunities according to ability and fair treatment for all, irrespective of gender.

Furthermore, we formulate action plans and disclose information as mandated by the Act on the Promotion of Female Participation and Career Advancement in the Workplace, while conducting initiatives that go beyond the minimum legal requirements.

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Promotions

Policies

• Respecting diversity as an important issue, promote the introduction of new systems across the Canon Group, seeking to replace existing systems, and strive to change employees’ thinking and awareness of diversity issues.
• Revise HR policies and workplace conditions to avoid any limitations or restrictions being placed on the career opportunities afforded to talented people with the ambition to succeed.
• Promote internal/external dissemination of information on diversity promotion activities to help identify/develop role models and encourage wider adoption of optimal workplace conditions.

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At Canon Inc. and Group companies in Japan, we organize round-table talks by, and publish interviews with men who have used childcare leave-related systems, and hold seminars to introduce the childcare-related systems to employees who have newly become fathers. Furthermore, at Canon Inc.,
we have implemented a system that allows male employees whose spouses have given birth to take two days of paternity leave. These initiatives have proven effective; the childcare-leave acquisition rate among men at Canon Inc. has risen from 1.9% in 2011 to 16.3% in 2019.

**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 lesbian, gay, bisexual and trans (LGBT) 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.

With regard to provisions for employees who identify as a sexual minority, Canon provides such amenities as gender-neutral washrooms. We also have an internal hotline for employees wishing to speak with a specialist counselor.

**Utilizing the Abilities of Veteran Employees**
Canon Inc. makes full use of the wealth of knowledge and skills of its veteran staff. In 1977, Canon Inc. was one of the first companies in Japan to set its retirement age at 60. In 1982, we introduced a system for re-employing retired employees until the age of 63.

In 2000, we partially revised our system for re-employment after retirement and introduced a system of open recruitment internally for re-employment posts. Further, we raised the age limit for re-employment to 65 in 2007. As of the end of December 2019, there were 1,400 rehired employees in total.

**Proactive Support for the Participation of People with Disabilities in Society**
Respecting the ideal of normalization**,† advocated by the United Nations, Canon proactively employs persons with disabilities at Canon Inc. and Canon Group companies in Japan.

For example, at Canon Inc., we have been proactive in employing persons with disabilities for many years. We are doing our utmost to make workplaces more comfortable and accessible for people with disabilities by improving our facilities, including providing greater barrier-free access. Additionally, we are working to expand the range and nature of jobs for people with disabilities, while also ensuring that they are settling into and becoming active members of their assigned workplaces. Canon has incorporated workplace experience and observation sessions into the selection process in some cases to ensure that new hires can contribute quickly after they are hired and assigned to a workplace. Canon Wind**,‡ primarily hires people with intellectual disabilities. In addition to maintaining a high employee retention rate, this employment helps us realize our corporate philosophy of Kyosei.

Canon Inc. and Group companies in Japan have set up onsite 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. In 2019, Canon Inc. established a dedicated internal unit and took other measures to bolster support for helping employees with disabilities to settle into their workplaces.

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 includes providing knowledge of hearing disorders and introducing sign language to help promote smoother workflow. A total of 766 employees participated in this training up to and including 2019.

In addition, we hold Visual Impairment Experience Workshops led by employees who have visual impairments, with a total of 179 participants at four locations in 2019.

**Support for Balancing Nursing Care and Work**
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 people leaving work for nursing care by promoting activities to support them in balancing both priorities. Canon Inc. and Group companies in Japan provide 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. In 2019, nursing care seminars were held in six locations with a total of about 400 participants.

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**Notes:**

† The principle of normalization: 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.

‡ Canon Wind: A subsidiary of Oita Canon formed in 2008 as a joint venture with the Social Welfare Corporation Gyoan Welfare Association with the aim of promoting employment for persons with intellectual disabilities.
Occupational Safety and Health Support

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

**Policy and Structure**

At Canon, the safety and health of employees form the foundation of our business activities. Adhering to the principle of “management without safety is not management,” labor and management work hand in hand to support safety and health. In line with this principle, we have established detailed rules and regulations regarding occupational safety and health (OSH), which are also reflected in agreements with labor unions.

Canon has established the Central Safety and Health Committee as its highest body overseeing safety and health activities. Chaired by the Executive Vice President of Canon Inc., the committee establishes policies and plans for safety and health primarily within Japan, while also promoting the elimination of occupational accidents, the maintenance and improvement of health, traffic safety, fire and disaster prevention, and the creation of pleasant workplaces.

Moreover, at Canon Inc. operational sites and Group companies in Japan, we are setting targets based on the situation at each site in line with these policies and taking action on them.

Overseas, at production bases in Asia, we are implementing unified initiatives with support from Canon Inc., while giving consideration to specific circumstances in each region and at each company.

**Occupational Safety**

Canon strives to create workplaces that are safe and secure. Currently, Canon Inc. and Group companies in Japan are working on the following priority targets and initiatives.

<table>
<thead>
<tr>
<th>Priority Targets</th>
<th>Initiatives</th>
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<tbody>
<tr>
<td>1. Eliminate accidents caused by machinery requiring time off work</td>
<td>1. Promote use of the Canon Group Occupational Safety and Health Management System</td>
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<tr>
<td>2. Eliminate serious accidents caused by hazardous substances</td>
<td>2. Promote risk assessments based on new management standards</td>
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<tr>
<td></td>
<td>3. Improve health and safety awareness by enhancing education and training</td>
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</table>

In 2019, there were no serious occupational accidents classified as accidents requiring time off work for any of these priority targets.

**Promoting Use of the 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 at each of our operational sites in Japan. 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.

We are also promoting adoption of the occupational safety and health management system overseas, and three companies—Canon Zhuhai, Inc., Canon Hi-Tech (Thailand) Ltd., and Canon Opto (Malaysia) Sdn. Bhd.—have acquired certification under the international standard OHSAS* 18001. Moreover, the system is also being revised to comply with international standard ISO 45001, and in 2019 Canon Inc.’s Toride Plant and Canon Prachinburi (Thailand) Ltd. acquired certification under the standard.

* OHSAS: Occupational Health and Safety Assessment Series

**Promoting Risk Assessment under New Management Standard**

Canon conducts wide-ranging risk assessments to identify all operations that have a high risk of injury, illness or accident. We take appropriate measures to mitigate risks and manage residual risks.

In 2019, we formulated a new risk assessment and management standard for all companies in the Canon Group. By conducting risk reviews at least once a year based on the standard, we will ensure that all companies thoroughly implement uniform risk management. To ensure that the new standard is implemented properly, workplace managers and people in charge of operations undergo training to learn about and enhance their understanding of risk assessment methods.
Fostering Health and Safety Awareness by Improving Education and Training
Whenever an occupational accident occurs at Canon, we immediately distribute information about it to all operational sites in Japan and overseas production sites, as well as publish the causes and countermeasures on our internal intranet in an effort to prevent similar accidents from occurring.

In addition, we are also taking steps to foster a workplace culture that is constantly aware of health and safety. For example, in Japan we provide health and safety training and use 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 bases, on the same level as in Japan. For example, at overseas production sites, 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. In addition, at Canon Vietnam we are making a focused effort to promote activities for nipping hazards in the bud at an early stage by raising employees’ health and safety awareness. These include the 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.

Health and Safety Initiatives for Onsite Contract Workers
Canon is taking steps to construct healthy and safe work environments for all workers, including those of contractors. At Canon Inc. and Group companies in Japan, we hold health and safety conferences with contractors and cooperate together to maintain and improve health and safety on site.

Health Support
Health Management Based on the “Health First” Principle
Canon believes that initiatives based on the “health first” principle of its Guiding Principles can help individual members of the workforce reach their full potential. We therefore consider such initiatives a driving force for generating positive results, and we are promoting proactive health and productivity 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.

Priority Targets
1. Reduce the number of lost work days
2. Reduce presenteeism
3. Reduce the number of people in high risk situations
4. Establish the practice of taking cancer screening tests

Items to be Implemented under the Medium-Term Plan (2019-2021)
1. Mental health-related measures
2. Measures against lifestyle diseases
3. Awareness activities for all employees

Mental Health-Related Measures
To promote comprehensive mental health measures, Canon conducts a variety of programs in Japan. These incorporate four care guidelines: self-care, care from workplace supervisors, care from occupational health staff, and care from organizations outside Canon. The programs also promote three prevention guidelines: primary prevention (preventing illness and improving health), secondary prevention (early detection and appropriate treatment), and tertiary prevention (support for return to work, prevention of recurrence).

Canon Inc. has established manuals and programs on supporting the return to work of employees who have been on long-term or frequent leave due to mental health issues, in a bid to create a standard response for Group companies in Japan. At the same time, they have conducted training to improve the skills of the human resource division managers and people assigned to handle this issue. As a result, return-to-work support programs have been used in 100% of cases at all sites, and the rate of returnees going back on leave in 2018 was down 7.3 percentage points from 2016.

The participation rate for stress checks across Canon Inc. and all Canon Group companies in Japan was 94.0%, maintaining a high level compared with the national average. Highly stressed individuals receive an interview with a physician and a health consultation. Test results will undergo group analysis for use in management training and organization support activities.

Employees on overseas assignments are given the same stress checks and follow-up procedures as in Japan, and their mental health cared for in coordination with local human resource managers.
Measures Against Lifestyle Diseases

Canon Inc. and Group companies in Japan have established a unified standard for post-examination measures for health checks and take every measure to prevent health issues from becoming serious. For high-risk employees who require treatment and consultation, we ensure they receive treatment as well as consideration of their workload. We also provide specific health guidance in coordination with the Health Insurance Union.

We also use analysis results of employee health check data to prioritize issues and determine key issues to address. For example, the analysis results of 10 years’ worth of data revealed that items such as short sleep duration and smoking that have an impact on the emergence of metabolic syndrome, and we use these in health guidance and in training and education for all employees. Support for sleep is provided through awareness-raising activities and individual guidance using sleep meters. This has proved effective in increasing sleep quality and improving the issue of presenteeism. We have been also promoting initiatives to help people quit smoking since 2004, and a ban on smoking at any Canon Group property since 2016 has also been effective. Overall, the rate of smoking has decreased by 16 percentage points in 15 years.

In its countermeasures against cancer, Canon works together with the Canon Health Insurance Union. In fiscal 2019, we reviewed the cancer diagnostic fee subsidy program, and changed it to reflect risks according to age and gender. We also actively support people who are dealing with illnesses such as cancer in balancing their treatment with their work.

Awareness Activities for All Employees

In addition to support for high-risk individuals, Canon Inc. provides ongoing training and education to help all employees manage their own health. Specifically, we provide training at various times for different age groups and ranks, as well as campaigns on the themes of sleep, nutrition and exercise, and monthly bulletins to deliver information via the company intranet. We also gather information on the intranet to make it available for use any time.

In 2019, we focused our efforts on campaign activities, undertaking collaborative projects with the Health Insurance Union, Labor Union, and in-house stores, among others, and reflecting in-house medical opinions in our cafeterias and in-house stores to create a health-conscious environment. In addition, we hold walking events using ICT tools twice a year.

Canon conducts various health management programs at its Group companies outside Japan as part of its health promotion initiatives for employees. Each Group company also conducts its own initiatives suited to its characteristics and needs. At Canon Vietnam, which has a high number of female employees, we conduct pregnancy and childbirth education as well as education around maternal health issues. In addition, we provide health information for all employees using internal noticeboards and monitors at our operational sites, and run health consultations and lectures with physicians. In addition, at Canon Business Machines (Philippines), we conduct awareness-raising campaigns to promote such themes as dental health and quitting smoking.

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 prevent heat stroke to contract workers. We also take preventative measures in the workplace environment while cooperating and sharing information with relevant divisions.
Human Resource Development and Personal Growth
We provide all employees the opportunity to build and advance their career.

Human Resource Development System
One of the key strategies in Phase V of the Excellent Global Corporation Plan is to cultivate globally competent human resources that think and act with a global mindset. Under this key strategy, Canon is developing human resources that can contribute to its global operations in various fields, such as management, technology development, and manufacturing.

Developing Globally Minded Personnel
With 370 operational sites worldwide as of the end of 2019, 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.

Enhancing Senior Leadership at Group Companies Outside Japan
Canon offers Global Leadership Training to senior management of Group companies outside Japan in order to share the company’s management philosophy and develop leaders that can spur innovation in a global environment.

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 internationally from Europe to the United States, for example. 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 region are based on it. Combining these policies allows us to further promote personnel exchanges and to share basic philosophies and structures, 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 2019, a total of 1,031 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.

For example, the Asia Trainee Program enables employees who are 30 years old or younger to engage in practical study at local companies in Asia. The program started in 1995, and by the end of 2019, a total of 118 employees had taken part. The program sends trainees to countries and regions where languages other than English are used on a regular basis in professional settings. After roughly six months of language training at a local university trainees spend about one year gaining practical experience at Asian affiliates. Meanwhile, the Europe–US Trainee Program dispatches young employees to Europe and the United States. Started in 2012, the program had thus far provided training to a total of 68 employees, up to the end of 2019. For employees dispatched to non-English speaking areas, we offer language education and practical training similar to the Asia Trainee Program.

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 up to the end of 2019, a total of 127 employees had participated in the program, studying at universities abroad. In line with our strategy to improve our R&D system in the United States and Europe, we plan to select several employees each year for overseas study.

Fostering Experts in Various Fields
Development of Human Resources in Engineering
Canon promotes the retention and development of engineering human resources in order to continually generate innovation as a manufacturer.
For example, Canon Inc. has training systems in place for each of its specializations, including machinery, electronics, optics, materials, and software, to support the development of next-generation human resources in engineering. A committee for the development of engineering human resources has been set up for each of the five core specializations noted above. These committees develop rank-based training programs, from new hires to junior engineers and all the way up to veteran leaders, as well as conduct courses and carry out other initiatives. We also offer training in specialized areas not represented by these committees, such as analytical technology. In 2019, a total of 197 programs were held in these specializations, with 6,266 engineers from Group companies in Japan taking part.

Furthermore, in 2018 Canon Inc. established the Canon Institute of Software Technology (CIST) to cultivate software engineers. The institute works to undertake systematic and continuous human resource development, from increasing the skills of the engineers in charge of developing software for our products to providing foundational training for new employees and those seeking to work in a new field. In other initiatives for developing software engineers, we sent 8 personnel to attend the National Institute of Informatics’ top SE course for developing super architects.

Development of Global Human Resources in Manufacturing
At Canon, we are focusing on developing human resources who support production activities, mainly through the Monozukuri Advancement Center of Canon Inc.

In 2019, a total of 576 employees working at 11 overseas production bases took part in 72 training programs organized by the Monozukuri Advancement Center.

In order to promote training at overseas sites, Canon also focuses on instructor-development training that seeks to develop instructors for technological and technical skills training as well as workplace management training. In 2019, instructor-development training was held on 15 occasions, with a total of 64 employees participating.

A technical skills testing program, following the same standards as in Japan, has also been established at overseas sites. In 2019, testing was carried out for seven types of work skills, including injection molding, board mounting, and pressing, at a total of eight sites in Thailand, Vietnam, China, and Malaysia, with 442 employees participating.

Canon’s 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.

Rank-based training enhances knowledge and skills required for carrying out the duties of each job grade, and fosters awareness of required actions defined by our guiding principles. Furthermore, as a supplement to rank-based training, elective training that includes e-learning programs and other programs to support self-development is available. These training programs also cover such issues as harassment prevention and compliance.

For the development of management personnel, we operate the Canon Management School and the Canon Leadership Development Program (LEAD). The Canon Management School is designed to develop top-class management leaders. Led by our Chairman and CEO, the school invites as instructors experts from such fields as politics, foreign diplomacy, economics, and science and technology. The courses are aimed at upper management, including division managers and general managers, and the school 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 for people 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.

On average, Canon Inc. employees spent about 20 hours in training in 2019. Related training costs per employee amounted to ¥181,000 at Canon Inc., and about ¥98,000 at Canon Group companies in Japan and overseas sales companies.

Canon Inc.’s Career Development Support Programs
- Regular Performance and Career Reviews
  Since we evaluate the conduct and performance of employees under our position-based pay system, supervisors have meetings with their team members individually three times a year, at the start, interim, and end, to confirm duties and targets, monitor progress, and discuss career development.

  When discussing the evaluation, supervisors offer advice and guidance on improving results and the employee’s conduct. 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. In 2019, 163 employees were transferred through this system.

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 take up a position based on their skill level.

Other Career Development Support
To support career development of self-motivated employees, Canon Inc. provides a full complement of training, events, and e-learning programs that can be accessed by mobile device in an effort to diversify learning opportunities. Some were held on weekends and others were held after work during the campaign period to promote work-life balance*. In 2019, participants in these programs exceeded 5,000.

* Campaign period to promote work-life balance: As part of a drive to reform work styles, from July to September, we set our work hours forward to enable workers to finish earlier.

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 2019, the division has provided support to 457 divisions and 16,000 people, including Group companies worldwide.

Various Certification and Award Programs
Canon has established certification and award programs to honor Group employees for their outstanding achievements.

At the Canon Summit Awards, Canon honors Group companies, divisions, teams and individual employees who have made a major contribution to the development of the company in terms of activities or products. Canon recognizes employees with numerous other accolades: the Invention Award, the Quality Award, and the Production Innovation Award for outstanding activities; the Canon Meister Certification/Commendation for contributions to advancements in manufacturing using a wide range of skills; the Canon Master Craftsman certification for outstanding skills that Canon should pass down; the Environment Award for excellent environmental practices; and the Procurement Innovation Award for activities that greatly contribute to enhancing procurement functions.

## Canon Inc.’s Human Resource Development System

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<td>Unofficial graduate hires</td>
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Product Responsibility

Management Approach
At Canon, we do our utmost to ensure product safety and improve usability while at the same time working to add greater value to our products and build customer trust.

Canon’s Approach

Increasing recognition of the UN Sustainable Development Goals (SDGs) is bringing greater awareness of safety. Expectations are also growing for technological innovation that will increase the performance of safety-conscious products.

Amid this situation, quality issues that affect customer safety can have a significant impact on management, such as worsening financial results by damaging the brand and eroding customer trust.

Conversely, supplying products of high quality and high added value that are easy to use and meet customer needs while also developing innovative technologies to meet the needs of the times can lead to immense growth.

Canon’s basic mission when it comes to quality is to ensure that customers have “no complaints, no trouble,” and we work hard to ensure “Canon Quality” throughout the entire Group. In line with this creed, we created a quality management system that follows the requirements of international standards, and we strive to improve quality across the entire product lifecycle, from planning and development to production and after-sales service. In the area of safety in particular, along with establishing in-house product safety technical standards that are stricter than regulatory requirements in each country, we created a system for gathering comments and requests from Canon users worldwide, which we share with relevant divisions, as means to improve our products and ensure safety. As part of the goal of Canon’s medium- to long-term business plan to “reinforce/expand new businesses while creating future businesses,” we also aim to leverage our superior technical expertise to develop and produce new products that give consideration to safety and the environment.

Additionally, we are working to promote the development of Canon products with an emphasis on usability by ensuring customers worldwide can use them easily and with confidence. These initiatives include designing product manuals to make them easier to understand and adopting Universal Design principles in product development.

Relationship with SDGs
Canon’s various activities relating to product responsibility contribute to the achievement of SDG 12: “Ensure sustainable consumption and production patterns.”
Quality Management
We strive to improve quality across the entire product lifecycle in order to provide customers with satisfying products.

Approach to Quality
Canon’s basic mission when it comes to quality is to ensure that customers have “no claims, no trouble.” To achieve this, we promote our motto of “Canon Quality” both inside and outside the company, as part of our dedication to realizing customer safety, peace of mind, and satisfaction.

To realize this basic mission, we work to implement quality checks across the entire Group at every stage, from product planning to design and development, production, sales, and after-sales service. We also ensure that continual improvements in quality are achieved through Group-wide activities, sharing quality information and customer feedback obtained from the market with divisions in charge of product planning, design, and development.

Quality Assurance System
In order to fully realize “Canon Quality,” Canon has established a quality management system* that combines the requirements of ISO 9001, an international quality management standard, with work mechanisms unique to Canon.

Using our in-house quality management system as a base, the various Headquarters divisions at Canon Inc. work in cooperation with the Global Quality Management Center and Group companies worldwide to implement optimal QA systems for the characteristics of each business in compliance with the legal and regulatory standards of each country and region.

Supplementing the vertically integrated activities of each business division to solve division-specific quality issues, in 2017 Canon Inc. established a committee to focus on improving quality at the product development stage. Chairied by the president and including members from top management of each business division, this body has conducted activities across the company. By developing the best activities of each business division across the company, we are increasing quality at each stage of development, which has led to significant reductions in waste and costs arising in development.

Training and Educational Activities
Making a Total Commitment to Canon Quality
In order to maintain outstanding quality, each employee belonging to product-related divisions must always be mindful of quality in every aspect of their work.

At Canon, we strive to educate and foster greater awareness of quality among all employees by continually sharing our basic philosophy and motto on quality and by conducting Group-wide quality education and surveys on quality awareness. Canon Inc. has designated November as Quality Month, and each year in November holds the Quality Fair and Quality Awards to recognize exceptional activities that have improved quality, and share them throughout the Group.

Continuing and Expanding Quality Education
Canon provides the Canon Quality Course for employees through a Group-based tiered training curriculum, highlighting the importance of quality on an ongoing basis. We customized a training program for each division, taking into account specific situations and issues needing to be addressed, and also actively conduct on-site training. Furthermore, since it is important that employees have a clear understanding of the Canon way of thinking at all companies within the Group, including overseas offices, we created multilingual versions of the Canon Quality Introductory Guide, which contains our philosophy on quality. We also developed an online version of the Canon Quality Guidebook, which is used to foster understanding of our quality activities.

We focus particular attention on product safety training. In addition to training that broadly covers product safety, such as product safety regulations, product liability laws, and substantial safety technology, we also conduct a condensed product safety-training course for new employees covering topics from these courses. In 2019, these training courses were held a total of 10 times. In addition, we offer year-round e-learning courses, enabling Group employees to access four types of training on product safety regulations and chemical safety regulations at any time.

Canon Inc. conducts e-learning activities to promote thorough understanding of the Voluntary Action Plan for Product Safety on an ongoing basis. In addition, we continually provide safety information, such as safety cautions when making repairs or exchanging parts, to Group companies involved with product sales, repair, and service.

* 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.
Ensuring Product Safety

We have set strict standards for managing quality that go beyond legal and regulatory requirements to ensure customers can use our products with complete peace of mind.

Voluntary Action Plan Based on the Basic Policy on Product Safety

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

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

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.

2019 Activities Scorecard for Canon Inc.

- Management review by the president based on the Voluntary Action Plan for Product Safety (conducted annually since 2008)
- Revised three in-house standards documents, including standards for product and chemical safety and warning labels
- 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 updated e-learning course for all employees to promote understanding of the Voluntary Action Plan for Product Safety

Establishment of In-house Product Safety Technical Standards

Canon regards the provision of safe products as one of the most fundamental and important missions of a manufacturer. We therefore require that all Canon products comply with our own safety standards (for substantial safety*), which take into account customer perspectives on product use, together with legally stipulated product safety standards.

For example, we employ 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 requests regarding safety and quality.

Based on these technical standards, we strictly enforce quality management in terms of safety at the design, evaluation, and production stages. We withhold from the market any products not meeting these exacting standards and ensure that all of our products are safe for use.

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
- Engage in joint development with manufacturers of essential safety-related components, such as non-combustible parts and non-fail protective components
- Conduct safety-confirmation testing based on abnormal voltage waveforms in commercial power supplies confirmed in regions around the world where Canon products are sold
- Hypothesize abnormalities, such as failure, and conduct stricter safety-evaluation testing than is required by the laws of each country or region

* Substantial safety: This means safety not only in terms of what is required by laws and statutes, but any safety issue that can reasonably be expected to arise during customer use.
Quality Assessment During Development
Creation of Assessment Environment for the Delivery of Safe Products

Canon Inc. has set up testing facilities compliant with public standards and relevant laws to accurately and thoroughly assess the safety of products in terms of electromagnetic interference (EMI), noise, flame resistance ratings, volatile organic compounds (VOCs), genotoxicity, and electrical safety.

Canon has also obtained certification in public standards such as ISO*1/IEC*2, enabling certified testing to be carried out in-house according to highly precise measurements. Specifically, Canon is equipped with the industry’s leading testing technology, including semi-anechoic chambers for EMI testing that are among the largest and best in Japan, shielded rooms, and semi-anechoic chambers for acoustic noise testing. In addition to EMC testing*3, Canon is able to conduct in-house testing necessary for applying for Blue Angel*4 and other certifications.

*1 ISO: International Organization for Standardization, a non-governmental organization that formulates international industrial and commercial standards.
*2 IEC: International Electrotechnical Commission, an international standardization group that formulates standards on electrical and digital technologies.
*3 EMC (Electromagnetic Compatibility) testing: Consists of 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.
*4 Blue Angel: Launched in Germany as the world’s first environmental labeling (ecolabeling) system.

Safety Assessment Initiatives
Safety Assessments of Chemical Substances Released from Products

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

We also measure volatile organic compounds (VOCs) for which exposure limits have been set both within Japan and internationally. We verify that emission levels meet our in-house standards, which match or even exceed those set worldwide.

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 and 28360 accreditation to conduct measurements in a fair and neutral manner.

Since 2017, large equipment that had been excluded from the UFP-related standards for receiving the Blue Angel mark must meet those standards. Canon will continue to respond in a timely manner to other regulatory developments, such as the introduction of the stricter ECMA-328* standard.

* ECMA-328: Ecma International is the organization that sets standards for the information and communications systems sector globally. 328 is a category that governs chemical emission rates from electronic equipment.

Safety Assessments of 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. Regarding the latter, starting in August 2014, Canon has been able to conduct in-house assessments of the water-insoluble materials used in many Canon products.

Canon’s testing laboratories are highly reliable and have been certified by Japan’s Ministry of Health, Labour and Welfare as in compliance with Good Laboratory Practice (GLP)* 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.

* Good Laboratory Practice (GLP): 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.
Assessing the Safety of Chemicals and Medical Equipment Through Animal Testing

In some cases, animal testing is an effective means of verifying the impact a chemical may have on human health or the environment. Certain laws and regulations in Japan and other countries require the submission of animal test data as part of statutory safety assessments of chemicals and medical devices.

In light of this, Canon conducts animal testing through a third-party specialist institution, but only in cases where it cannot obtain existing data externally with regard to the chemicals used in its toners and inks, and no alternative is available. This approach is stipulated in our in-house rules on the safety of chemical products and in the Three Rs* for animal testing. Furthermore, for certain components and materials used in medical equipment, we commission external specialist organizations to conduct animal testing if necessary to comply with standards.

Canon will continue to gather information and conduct analysis on novel approaches and evaluation methods that do not require animal testing so that alternative forms of evaluation can be conducted.

* The Three Rs: An internationally accepted set of guiding principles for the use of animals in testing proposed in 1959.
  - Reduction: Reduce the number of animals used in testing.
  - Refinement: Minimize the suffering of animals.
  - Replacement: Use alternative methods to animal testing.

Qualification System for Electric Parts to Ensure Safety and Reliability

Canon considers it essential to maintain and improve the quality and reliability of every component, including semiconductors such as LSIs and various electric parts, to ensure products are safe and reliable. We have developed our own in-house quality certification system for electric parts. When selecting parts under this system, we evaluate reliability and structural soundness in accordance with standards for each type of part, ultimately using only electric parts that meet these standards of quality. In the past few years there have been significant changes in the market environment, including mergers and dissolutions of electric component manufacturers and transfers of plant management. We maintain a reliable level of quality by thoroughly implementing quality certification systems with reinforced change management systems.

Moreover, to make structural evaluations at the selection stage and scan for defects, we utilize high-precision nondestructive evaluation technologies, such as X-ray CT scans and thermal analysis, as well as detailed processing, observation, and measurement.

Software Security and Response to Vulnerabilities

More and more of Canon’s products, including multifunctional devices and cameras, are being connected to other products via networks, greatly enhancing convenience. At the same time, cybersecurity risks, such as leaks of personal or confidential information from a network-connected device, have increased.

In response to such risks, Canon installs security functions for network-compatible products during software development and conducts various types of vulnerability testing. We have also worked to raise awareness about security, vulnerabilities, and risks, and to standardize company-wide approaches to testing methods.

Canon Inc. implements a Secure Development Process designed to allow accurate risk assessments about security risks in product development. We have also introduced the Vulnerability Assessment Check-Sheet as a quality confirmation requirement prior to starting production, and we are developing vulnerability verification processes based on the check-sheet.

Moreover, recognizing the importance of minimizing the impact on customers when a vulnerability is found after products have been shipped, we strive to grasp and publish necessary information about any such issues in a timely manner. Accordingly, we have established a system to investigate market trends on vulnerability, including the products of other companies, and to quickly share information internally to prevent similar problems from occurring in our own products.

After-Sales Support

Online Support Services

In order to facilitate the resolution of issues, Canon provides customer-support services globally through its websites.

On these websites, customers can access support information, including FAQs, product specifications, and user manuals, and can download the latest software and drivers. Support information and software based on common content for worldwide use, as well as local content that has been added by marketing subsidiaries, are made available on our company websites in their respective languages.
Customer usage is continuously monitored and survey Call Information Collection and Analysis System information analyzed, with feedback going to the divisions that created the relevant content. We continuously update the content based on frequently searched keywords, making it easier for customers to find what they are looking for.

In connection with the spread of mobile devices such as smartphones in recent years, Canon is making efforts to optimize display screens, making online support services easier to use.

**Enhancing After-Sales Service Worldwide**
After-sales service is critical for customers to enjoy long-term use of Canon products. We are therefore expanding our after-sales service network on a global scale in order to offer the same level of prompt, reliable support in every market worldwide.

**Utilizing Feedback from Market Data Analysis in Product Improvements**
In order to achieve the highest level of customer satisfaction, Canon incorporates user feedback in addition to conducting product evaluations from the customer’s perspective at the development stage.

One way we do this is through the Call Information Collection and Analysis System, updated in 2015. This is a system to collect customer feedback and requests received by call centers at our marketing subsidiaries worldwide. The development and production divisions and marketing subsidiaries can view this information at any time, helping them improve quality, revise user manuals, and develop better products. The results of call analyses are fed back to development teams who then use that information to improve customer convenience by, for example, improving displays on product control panels or simplifying methods for connecting to wireless LANs.

The system currently covers 47 countries and regions in Japan, the Americas, Europe, Asia, and Oceania.

**Responding to Product Safety and Quality Issues**
Although Canon strives to prevent product safety and quality issues, in the event that one does arise, it has in place a framework that ensures a prompt and appropriate response, including causal investigation, free repair, and information disclosure.

We keep our customers informed about product safety as well as quality issues and remedial procedures by placing product advisory statements in various newspapers and on our website.

In 2019, no product advisory statements or quality notices were placed on our website.
**Process for Responding to Quality Issues**

When quality issues arise, the marketing subsidiaries in each country, which serve as contact points for customers, file reports with the quality assurance division of the respective Canon Inc. products operations. The quality assurance division then investigates the cause of the issue and looks into countermeasures. Moreover, in the event of a major issue, related products operations, the Global Quality Management Center, legal division, and public relations division are consulted concerning response measures, and the matter is reported to the chairman/president.

When notification is made to customers via a company notice or Canon websites, we provide instructions to each marketing subsidiary in regions where the relevant product is sold, and, as a general rule, simultaneously release the information worldwide.

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**Flowchart of Countermeasures to Quality Issues**
Improving Product Usability
We strive to develop products that different customers can use easily and with confidence.

Providing Information on the Appropriate Use of Products
Pursuing Usability for Canon Products
With the aim of making products easy to operate, Canon conducts user tests through an in-house employee-based product tester system in the product development stage. We also ask in-house specialists to give us their assessment.

We objectively test human factors, including physical characteristics, perception, judgment, and operational skills, to develop products that customers can use comfortably and with ease. In a dedicated test room, we have installed equipment that allows clear, detailed observation and recording of the behavior and actions of testers as they operate devices.

Promoting Universal Design
Canon strives to create 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 prepared a booklet that addresses the physical characteristics of users and various issues that arise during product use, and distributed it to all development divisions. We also created pamphlets and set up a website to inform customers about the UDP initiatives underway at Canon. Through such means, we are sharing information on universal design both inside and outside the company.

Principles of Universal Design
- Ensuring Inherent Usability
  After obtaining a thorough understanding of the customer’s usage circumstances, we give every consideration to the inherent usability of the design in keeping with the product’s purpose and usage environment.
- Creating Products and Services People Enjoy Using
  We continually pursue innovative idea creation that goes beyond simple problem-solving in order to create products and services that customers want to use.
- Applying Cutting-Edge Technologies
  We apply Canon’s leading technologies to products to improve customer convenience and to create richer, more comfortable lives.

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.

Meanwhile, in Europe, the European Accessibility Act, an EU Directive, was promulgated in 2019. Moreover, European Standard EN 301 549, which is consistent with Section 508 standards, is beginning to be adopted for government procurement not only in Europe, but globally.

Canon is committed to regularly gathering the latest information, and to developing products that are compliant with the accessibility requirements of each country and region.

* VPAT: Voluntary Product Accessibility Template, a document that evaluates how accessible a particular product is according to Section 508 standards.
Social Contribution

Management Approach
Under our corporate philosophy of kyosei and through community relationships, we seek to find solutions to issues faced by communities around the globe.

Canon’s Approach
Our world today is rife with complex social issues that include climate change, frequent natural disasters, poverty, and inequality. As expressed in the Sustainable Development Goals (SDGs), companies have an increasingly important role to play in addressing these issues.

The spirit of contributing to society has been a part of Canon’s corporate culture since its founding. By contributing to resolving issues in each of the different communities where we operate, in line with the philosophy of kyosei, we believe that we can not only increase the level of trust enjoyed by our company but also contribute to the sustainable development of society.

Based on this approach, and in line with the Canon Group CSR Activity Policy (→P112), we seek to return to local communities the profit secured through our business activities and to meet social expectations by engaging in activities tailored to the characteristics and issues of different regions worldwide. This involves drawing on Group resources in our areas of strength, such as advanced technological capabilities, global business deployment expertise, and diverse, specialized human resources.

Relationship with SDGs
Canon pursues social contribution activities in cooperation with the UN, NGOs, universities, and others, helping to achieve the following SDGs.
Social Contribution Activities

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

**Young People Programme Harnesses the Power of Positive Visual Storytelling**
As part of helping to realize a sustainable society, Canon Europe is developing the Young People Programme (YPP) to provide workshops that equip young people with the skills and tools to harness the power of positive visual storytelling, focusing on themes related to SDGs. In 2019, the YPP was held in 14 countries, including the UK, Belgium, South Africa, Germany and Lebanon. Since the programme was launched in 2015, it has supported more than 4,250 young people. The images created by the participants have been exhibited at the Visa pour l’Image International Festival of Photojournalism in France and the UN-sponsored Global Festival of Action in Germany.

One YPP participant, Neville Kgaugelo Ngomane of South Africa, was named Young Environmental Photographer of the Year in an international environmental photography competition organized by CIWEM*. His photographs have been featured in many media outlets.

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* CIWEM: The Chartered Institution of Water and Environmental Management

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**Miraisha Programme Aims to Increase Employment Opportunities and Technical Skills in Africa**
Canon Europe has been promoting its Miraisha Programme, a social investment initiative in Africa, since December 2014. 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 and increase employment opportunities for local young people in Africa’s growing photography, video and print industries. Workshops in photography, film-making and professional printing have been conducted in several African countries, including Kenya, Ghana, Nigeria, Ethiopia, Uganda, Cameroon and Ivory Coast. Through partnerships with local organizations, educational institutions and event organizers, and with the assistance of Canon Ambassadors, the Miraisha Programme has so far provided training to more than 5,800 workshop participants. Canon has also organized a training program to develop local photographers and video producers as Canon-accredited trainers for the Miraisha Programme. In 2019, a total of 17 people were accredited as Canon Certified Miraisha trainers.

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**The 4E’s Project in India**
Canon India carries out the 4E’s Project in cooperation with local NGO Humana People to People India. The project provides various forms of assistance in the fields of eye care, education, environment, and empowerment to impoverished villages in the vicinity of the Canon India office.

As a manufacturer of ophthalmic equipment, Canon is dedicated to making advancements in the field of eye care to assist people with vision impairment. In India, where cataracts are a major cause of visual impairment, it is thought that 80% of such cases are preventable or treatable. Canon India opens vision centers in selected villages to give eye examinations and provide treatment using equipment manufactured by Canon. A total of 2,978 people visited these centers in 2019, with 374 receiving free eyeglasses. A further 165 patients were referred for treatment in hospital, with 20 receiving cataract surgery.

Meanwhile, in the fields of education and support for self-reliance, Canon India employees used printed booklets and role play to teach children about health and hygiene based on knowledge the employees had acquired in lectures organized by the United Nations World Food Programme. These activities won an award in the CSR Excellence category of the Mahatma Award, which recognizes individuals and organizations who have created an
Examination at a vision center

Support for Education in Asia

Canon is helping to support the education of the next generation across Asia.

Targeting schools in regions with lagging infrastructure development, the Canon Group in Vietnam is involved in constructing classrooms and donating items such as desks, chairs and books. Employees regularly visit recipient schools to assist in the renovation of toilets, hand washing stations and other facilities, and to present donations of school supplies. Canon also collaborates with local universities to organize technology competitions and engages in other activities that contribute to improving Vietnam’s technology infrastructure.

Meanwhile, the Canon Group in Thailand continues with its program of using photography as a tool for voluntary activities at elementary schools. For 2019, more than 70 employees visited elementary schools to organize a wide range of activities, including classes in printing and photography, making photographic identity cards for students and school employees, and talks on nutritional science and recycling.

Elsewhere, Canon employees can make donations under a matching gift program. For example, since 1997 Canon Inc. has organized a Charity Book Fair to allow employees of the Canon Group in Japan to donate unwanted books, CDs and DVDs for sale at an in-house bazaar. The company matches the proceeds generated by the sale, and these funds are donated to organizations supporting education and medical services in Asia. Approximately ¥1.30 million was donated to four NGOs /NPOs in 2019.

Supporting Disaster Recovery Efforts

Fukushima Canon has concluded a 3-year agreement* with Fukushima Prefecture to participate in restoring the protective barrier of trees along the coast in the Kashima district of Minamisoma City (Fukushima Prefecture), which suffered damage in the Great East Japan Earthquake. In 2019, around 70 Fukushima Canon employees and family members planted 1,000 black pine seedlings and carried out weeding in the surrounding area. It is hoped that this activity will serve to remind future generations of the day the area was hit by a tsunami of unimagined proportions, and at the same time encourage the community to value and preserve the protective tree barrier as a symbol of recovery.

* September 28, 2018 to March 31, 2021

Light & Color Laboratory Educational Program

Canon Inc. hosts a children’s educational program, Light & Color Laboratory, in partnership with the Japan Science Foundation. The program aims to spark children’s interest in science and technology by providing a place where they can enjoy learning. It explains the science behind the optics and color technologies in Canon products via an entertaining show format featuring various experiments. In 2019, a total of 7,688 children participated in the program.

Preserving Japanese Cultural Assets for the Future Through the Tsuzuri Project

Canon and the Kyoto Culture Association (NPO) launched the Cultural Heritage Inheritance Project, commonly known as the Tsuzuri Project, in 2007.

The initiative seeks to make facsimiles of Japanese cultural assets such as folding screens and fusuma (Japanese sliding doors) by first photographing them with a digital camera, then processing the image with precise color-correction technology using a proprietary system, and printing the image on a large-format inkjet printer. Finally, with the application of traditional craft techniques from Kyoto, such as applying gold leaf and mounting, the facsimile, which is as close to the original as possible, is complete. These facsimiles are presented to former owners, related temples, museums, and local governments. Through the combination of conserving important Japanese cultural assets and using high-resolution facsimiles, the project contributes to preserving and communicating Japanese culture.

In 2019, the project donated 13 high-resolution facsimiles of works by Katsushika Hokusai to Tokyo’s Sumida Ward, where Hokusai spent much of his life, thus realizing a kind of homecoming. The originals are owned by the Smithsonian Institution Freer Gallery of Art in the United States, which has a policy that forbids any of the works in the collection from leaving the premises. The resulting exhibition held at the Sumida Hokusai Museum was entitled “The Tsuzuri Project: The Art of Hokusai, reproduced from the collection of the Freer Gallery of Art, Smithsonian Institution.”

By undertaking joint research with the National Center for the Promotion of Cultural Properties (NCPCP) to support the creation of high-resolution facsimiles, and by organizing artwork displays and educational programs with the Tokyo National Museum, Canon hopes to afford many people the opportunity to see such cultural assets
and experience a deeper understanding of Japanese culture. These initiatives were recognized with a special prize—the Award Granted by the Commissioner for Cultural Affairs—in the Japan Mécénat Awards* 2019.

* Mécénat Awards: Established in 1991 by the Association for Corporate Support of the Arts with the aim of stimulating corporate patronage (mécénat) of the arts and culture, the awards are presented every year to outstanding examples of such activity.

Reference: The Tsuzuri Project
https://global.canon/en/tsuzuri/
The Tsuzuri Project (Cultural Heritage Inheritance Project) has been certified as a “Tokyo 2020 Official Programme (Cultural Olympiad)” by the Tokyo 2020 Organising Committee.

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 wide-ranging assistance to science and technology research.

Over the past 11 years, the foundation has disbursed a total of 162 research grants totaling ¥2.9 billion. The foundation enjoys recognition from universities and public research institutions across Japan as a distinctive research grant foundation providing relatively high-value research funds—with an average project grant of around ¥18 million—to fledgling research projects and young researchers who have yet to establish a track record.

In its funding decisions since 2019, 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 has taken a first step toward the new decade with two completely new programs: Science and Technology that Achieve a Good Future and Science and Technology that Create New Industries.

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

Canon Institute for Global Studies, Dedicated to Conquering the 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 commemoration of Canon Inc.’s 70th anniversary.

In this age of globalization, CIGS analyzes current conditions and positively proposes strategies from the perspective of Japan’s position within the global economy as well as what roles and responsibilities Japan should take for global economic development. The institute brings together researchers with diverse backgrounds in business, academia, and government to exchange ideas and information and to expand its global activities. Focused on three main research areas—macroeconomics; natural resources, energy, and the environment; foreign affairs and national security—the institute disseminates information and policy proposals based on scientifically valuable research. It also provides a wide range of information to public through events as below.

Public events held in 2019

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<td>CIGS seminar by Kenji Kushida (CIGS International Research Fellow)</td>
<td>The essence of the AI revolution extends beyond AI: the history of technological innovation and “added value” from the viewpoint of Silicon Valley</td>
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<tr>
<td>CIGS Lecture by Kazuhiyo Yamashita (CIGS Research Director)</td>
<td>Trade issues that are shaking the world</td>
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<td>CIGS Lecture by Kunihiko Miyake (CIGS Research Director)</td>
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<td>Artificial Intelligence, Big Data and the Future of Public Policy</td>
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</tbody>
</table>

Reference: The Canon Institute for Global Studies