Responding to People and Society as a Good Corporate Citizen

Human Rights and Labor

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.
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.

Guiding Principles

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

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

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<tr>
<th>Action Plan</th>
<th>Measures</th>
<th>Results as of 2019 End</th>
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<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.</td>
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<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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*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%.

*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

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.
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 Mindssets 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 67

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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*1 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*2 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.

*1 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.

*2 Canon Wind: A subsidiary of Oita Canon formed in 2008 as a joint venture with the Social Welfare Corporation Gyouan Welfare Association with the aim of promoting employment for persons with intellectual disabilities.

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.
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.

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.

Priority Targets
1. Eliminate accidents caused by machinery requiring time off work
2. Eliminate serious accidents caused by hazardous substances

Initiatives
1. Promote use of the Canon Group Occupational Safety and Health Management System
2. Promote risk assessments based on new management standards
3. Improve health and safety awareness by enhancing education and training
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 an experiential training facility called the Safety Experience Ring that enables trainees to experience the importance of safety through simulated hazard experiences, as well as risk assessment activities and a program for sharing improvement proposals based on on-site experience.

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 that 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.

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

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.

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**Canon Inc.’s Human Resource Development System**

<table>
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<tr>
<th>Position</th>
<th>Rank-based Training</th>
<th>Invitational Programs</th>
<th>Elective Training (incl. e-learning)</th>
<th>Self-Development Support</th>
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<tbody>
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<td>Group Executive</td>
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<tr>
<td>Senior General Manager/ Plant Manager</td>
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<td>Principal Staff Engineer</td>
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<tr>
<td>General Manager</td>
<td>LEAD III</td>
<td>Canon Management School</td>
<td>Global Leadership Training</td>
<td>Training for Group company presidents</td>
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<tr>
<td>Senior Staff Manager</td>
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<tr>
<td>Manager</td>
<td>LEAD II</td>
<td>Training for production managers</td>
<td>Training for overseas managers</td>
<td></td>
</tr>
<tr>
<td>Staff Manager</td>
<td>LEAD I</td>
<td>Training for newly appointed assistant managers and foremen</td>
<td>Training for newly appointed G4-level employees</td>
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<tr>
<td>Assistant Manager/ Foreman</td>
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<td>Training for newly appointed G3-level employees</td>
<td>Production-related department training</td>
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<tr>
<td>Senior Engineer/ Associate Staff Manager</td>
<td>Training for newly appointed G1-level employees</td>
<td>Asia/Europe-US Trainee Program</td>
<td>Overseas Study Program for Technicians</td>
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</tr>
<tr>
<td>General employee</td>
<td></td>
<td>Training for newly appointed G2-level employees</td>
<td>Training for global staff</td>
<td>Training for IP, procurement, production, environment, logistics, CE, etc.</td>
</tr>
<tr>
<td>Unofficial graduate hires</td>
<td></td>
<td>Training for newly hired employees</td>
<td>Training for mid-career hires</td>
<td>Training for technical personnel, training, security, etc.</td>
</tr>
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<td></td>
<td></td>
<td>Training course for provisional hires</td>
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