

Responding to People and Society as a Good Corporate Citizen

Human Rights and Labor

Respecting Human Rights

We strive to create workplaces where the rights of every employee are respected.

Basic Policy

The Canon Group Code of Conduct 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, the Group observes the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and other international norms. The Canon Group CSR Basic Statement, which sets out basic corporate responsibilities that apply across the Group, also clearly indicates respect for employee rights. This statement has been published in English and is available to employees worldwide through the corporate website.

To further advance our CSR activities, in 2019 Canon joined the Responsible Business Alliance (RBA). Going forward, we will increase our efforts to create a respectful work environment for each and every employee.

Framework for Identifying Human Rights Risks

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.

Since 2013, we have been carrying out annual investigations at the Group's main overseas manufacturing companies,* primarily in Asia, to confirm their compliance with laws pertaining to minimum working age and health considerations. In 2015, we developed labor guidelines in accordance with local social contexts and each company's human resources management regulations. Results of investigations are shared with the Group Executive of Human Resources Management & Organization Headquarters and other related division heads. If an issue is identified, related divisions work together toward a swift resolution. To date, investigations have not identified any issues.

Canon Inc., Group companies in Japan, and major overseas sales companies also regularly conduct employee awareness surveys. Survey results are reported to management executives and shared with employees through the company intranet and other means. Furthermore, when an issue is identified, we take necessary action to change the corporate culture.

Since joining RBA, Canon has made use of the RBA's Self-Assessment Questionnaire. In terms of existing business operations, the Group's main manufacturing companies have sought to identify any risks related to rights, labor standards, or safety and health. We are also establishing response measures according to the seriousness of the risks that are identified.

* Investigations cover more than 87% of employees at all Group overseas manufacturing companies (as of 2020 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 labor issues by promoting dialogue between labor and management. For example, the labor agreement between Canon Inc. and the Canon Workers' Union commits both sides to work in good faith to peacefully resolve issues in a timely manner.

In addition, in the Canon Group CSR Basic Statement, we are promoting sincere dialogue between management and employees in compliance with the laws and regulations of countries and regions where we operate.

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 abuse of authority (power harassment), Canon Inc.'s employment rules and Harassment Prevention Provisions prohibit other forms of harassment, including maternity harassment. These provisions have been disseminated throughout Group companies in Japan, and many have instituted similar rules based on them.

In a further effort to maintain a comfortable workplace environment, Canon Inc. and its many Group companies in Japan have established a Harassment Hotline, and conduct information sharing at liaison meetings of the consultation staff. Confidentiality surrounding employee consultations 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.

In terms of preventing harassment, regular liaison meetings are held for persons responsible at Canon Inc. operational sites and Group companies in Japan, enabling the operational status of hotlines to be monitored and shared. Meeting participants review procedure manuals and share knowledge on how to respond to reports of harassment.

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. Training includes case studies of harassment incidents and how to handle reports of harassment. In 2020, 260 executives, managers, and managerial candidates working in Japan underwent training, while 20 employees returning from overseas postings underwent training. Furthermore, following a revision to Japanese law in June 2020, we developed e-learning materials for the purpose of properly understanding abuses of authority, and provided education to employees in Japan.

The same training and education programs are being extended to other Group companies, which are each implementing their own employee training.

Establishing Consultation Hotlines

At Canon, each Group company has a point of contact where employees can freely consult about concerns in the workplace and work environment issues, including violations of the Canon Group Code of Conduct and human rights policies and regulations. Confidentiality is strictly protected, and care is taken to ensure that an employee does not receive unfair treatment for seeking consultation. Employees can arrange consultation sessions directly via the intranet without having to obtain the approval of a superior.

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 Selves Spirit

The *San-ji* (Three Selves) Spirit has been a central guiding principle for Canon since its founding. The three "selves" 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

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

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 2020, Canon Inc. and Group companies in Japan embarked on a vigorous recruitment program, resulting in the hiring of 1,250 employees in total. Canon has established various programs and systems, such as a career matching system (→P79-80) and a work-life balance program for employees engaged in childcare or nursing care 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 (→P71). 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 Group companies in Japan, 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 (→P78).

Canon China actively promotes local employees to managerial positions as part of developing business operations. Local appointees occupied 52% of all managerial positions across the region in 2020, 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 5,900 people locally, and Canon Business Machines (Philippines) employs approximately 4,500 local residents (as of 2020 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 wage 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, benefit programs have been developed in line with employee needs.

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

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. In addition to an open vacation program in which employees can take five consecutive days of vacation once per year, starting in 2019, we have been encouraging the taking of paid leave in various ways, such as having employees submit a plan for taking five or more days of annual vacation at their first meeting with their supervisor in the new year. Average paid leave taken in 2020 was 16.4 days. Total hours worked per employee were 1,720, a 79-hour decrease from 2010 (1,799 hours), when activities to reduce total working hours began.

Flexible Work Styles

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

For instance, in 2005, Canon Inc. formulated an action plan following the guidelines of Japan's Ministry of Health, Labour and Welfare, and 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 vacations for mental and physical relaxation as a reward for certain lengths of employment. In 2020, we introduced a remote working system aimed at boosting productivity, and are promoting flexible work styles so that employees can use time and place effectively. We have implemented the sixth phase of the action plan spanning the three-year period to March 2021.

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

A System for Supporting Working Parents/Care Givers

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

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. Furthermore, we have implemented a system that allows male employees whose spouses have given birth to take two days of paternity leave.

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

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

Action Plan	Measures	Results as of 2020 End
(1) Promote use of work-life balance programs with aim of raising participation rate.	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 increasing significantly.
(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.	<ul style="list-style-type: none"> Using total work hours as an indicator for work-life balance, bolster measures to encourage use of paid leave and maintain an appropriate level. 	<ul style="list-style-type: none"> 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 79 hours compared to 2010.*2
(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.	<ul style="list-style-type: none"> Continue reaching out to local regions and communities and implement appropriate initiatives from April 2018 to March 2021. 	<ul style="list-style-type: none"> Continuously conducted the following community contribution activities for children: <ol style="list-style-type: none"> Unique learning programs for children, including environmental education outreach program Photography classes (Junior Photographers) Tag rugby lessons and online rugby meet-and-greet events, etc.

*1 VIVID: Vital workforce and Value Innovation through Diversity, a company-wide horizontally integrated organization for promoting diversity (→P73-74).

*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). One employee took leave through this system in 2020.

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 Chairman & 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 2020, combined employee membership in the Canon Workers' Union totaled 26,405, 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 Japan. The 2020 conference was postponed due to the onset of COVID-19, but is due to be held in 2021 as conditions allow. As of the end of 2020, there were 54,772 employees in unions that belonged to the Canon Group Workers' Union Conference, bringing the union membership rate to 83% 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 87%.

*1 The Canon Workers' Union consists of employees from Canon Inc., Canon Marketing Japan, Fukushima Canon and Ueno Canon Materials.

*2 Calculated for companies that have internal workers' unions

Minimum Notification Period for Changes in Work Duties

Canon Inc. has 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, 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 our 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. uses a company-wide, horizontally integrated organization headed by the Executive Vice President, known as Vital workforce and Value Innovation through Diversity (VIVID), to promote diversity.

Furthermore, we hold the Presidents' Meeting for Diversity Promotion, attended by Canon Inc.'s Executive Vice President and presidents of Group companies in Japan, to confirm action plans and results, and share key initiatives.

In addition, at Canon Inc., we conducted the Barrier-free Mindsets e-learning program in 2019. The training aims to help individual employees understand the difficulties and pain caused by barriers in society. As of 2020, approximately 86% of employees, including senior management, had taken the training.

VIVID Activities Policy

- 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 best workplace practices.

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.

For example, at Canon Inc., we organize leadership training for women as part of efforts to develop female candidates for managerial positions. Using the theme of developing a new business proposal, the training provides an opportunity to develop leadership

qualities. Since its launch in 2012, a total of 195 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 rose to 126 in 2020, compared with 58 in 2011. In addition, based on the government's Act on the Promotion of Female Participation and Career Advancement in the Workplace, Canon Inc. has formulated an action plan with a goal of having more than three times the ratio of women in management, compared with 2011* levels, by the end of 2025.

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.

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.

Outside Japan as well, to coincide with International Women's Day in 2020, Group companies in the Middle East and Africa launched the SHE RISE Program, an in-house campaign to encourage the active participation of women. Canon U.S.A. is also running a project called Women in Leadership Levels (WiLL) to support the participation of women through a variety of opportunities, including networking events, lectures and mentoring. 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 adjustment of working hours for pregnant workers and improved conditions for women returning from maternity leave.

* The year before VIVID was introduced

Encouraging Men to Participate in Childcare

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

At Canon Inc. and Group companies in Japan, we organize roundtable talks by, and publish interviews with men who have used childcare leave-related systems, and hold seminars to introduce the childcare-related systems to male employees. These initiatives have proven effective: the childcare leave participation rate among men at Canon Inc. has risen from 1.9% in 2011 to 27.7% in 2020. In addition, based on the government's Act on the Promotion of Female Participation and Career Advancement in the Workplace, Canon Inc. has put in place an action plan with a goal of increasing the childcare leave participation rate of male employees to more than 50% by the end of 2025.

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, trans and queer (LGBTQ+) persons. With the goal of eliminating all forms of discrimination from the workplace, training for managers includes education on preventing discrimination. In addition, we make use of various opportunities to educate employees, such as departmental staff meetings and compliance meetings.

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 reemploying 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 2020, there were 1,588 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 incorporates workplace experience and observation sessions into the selection process 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 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 2020.

*1 According to the World Programme of Action concerning Disabled Persons adopted by the United Nations in 1982, society is made up of many different types of people and it is normal for people with and without disabilities to coexist in all settings. Therefore, we should create an environment in which all people can live and work together.

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

Support for Balancing Work and Nursing Care

Preventing the flow of people leaving their jobs to provide nursing care for family members has become an important social issue in Japan, which has a falling birthrate and an aging society. At Canon, we are taking steps to reduce the number of people leaving work for nursing care by promoting activities to support them in balancing both priorities. Canon Inc. and Group companies in Japan hold nursing care seminars, conduct interviews with employees engaged in nursing care, and offer information on steps to take when a relative begins to need care and on nursing care-related systems, both public and internal. In 2020, we held an online nursing care seminar in cooperation with local government authorities, and distributed the video to all employees via the company intranet.

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 pursue initiatives aimed at improving occupational safety and health so employees can feel safe and secure in their work environment. 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 its central activity policies and plans for safety and health, while labor and management also work together to promote the elimination of occupational accidents, the maintenance and improvement of health, traffic safety, fire and disaster prevention, and the creation of pleasant workplaces.

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

Overseas, at production bases in Asia, we are implementing unified initiatives with 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. Canon Inc. and Group companies in Japan have worked on the following priority targets and initiatives.

Priority Targets for 2020

1. Eliminate occupational accidents caused by machinery (0 cases)
2. Eliminate serious accidents caused by highly hazardous chemical substances (0 cases)

Initiatives

1. Further develop the Canon Group Occupational Safety and Health Management System
2. Implement risk assessments to eliminate occupational accidents and ensure their use by workers
3. Improve health and safety awareness by enhancing education and training

In 2020, in terms of serious occupational accidents requiring time off work, there were no accidents caused by getting pinched by or caught in machinery, but there was one accident involving chemical substances. We are taking steps to prevent similar accidents from recurring, in terms of both education and equipment, such as investigating the underlying cause of the accident on site, retraining workplace personnel, and improving the operability of machinery. We are also carrying out a comprehensive safety inspection and risk assessment to determine if similar risks exist at the site where the accident occurred. In addition, information about the accident was promptly shared with Group companies, particularly production bases, to prevent similar occurrences elsewhere.

Furthering Development 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. 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.

Several operational sites acquired international

standard ISO 45001 certification in 2019, including Canon Inc.'s Toride Plant and Canon Prachinburi (Thailand) Ltd.

Implementing Risk Assessments to Eliminate Occupational Accidents and Ensuring Use by Workers

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. Recognizing accidents caused by machinery as a serious risk, we regularly review existing equipment at least once a year and conduct risk assessments for new equipment at the time of installation.

In 2019, we formulated a new risk assessment and management standard for all companies in the Canon Group. To ensure that the new standard is implemented properly, we are conducting training programs for health and safety staff and developing e-learning content for workplace managers and people in charge of operations to deepen their understanding of risk assessment methodology. Moreover, when a specific risk is identified, all applicable workers are notified of the risk and given needed training, and a follow-up is carried out to confirm their understanding and mastery of new work processes.

Improving Health and Safety Awareness by Enhancing Education and Training

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

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

Canon is working to implement an occupational safety and health management system overseas, mainly at its production bases, on the same level as in Japan. For example, so that employees can process information in their native languages, we make effective use of work manuals, health and safety training materials, posters, leaflets, and other materials prepared by Canon Inc. in Japanese, English, Chinese, and Vietnamese to suit the situation of each site. At Canon Vietnam we are making a focused effort to promote activities for early prevention of hazards by raising employees' health and safety awareness. These include an experiential training facility called the Safety Experience Ring that enables trainees to experience the importance of safety

through simulated hazard experiences, as well as risk assessment activities and a program for sharing improvement proposals based on on-site experience.

Health Support

Health Support Based on the "Health First" Principle

Canon promotes proactive health management with the belief that initiatives based on the "health first" principle of its guiding principles are a driving force for generating positive results, helping employees reach their full potential.

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

The Central Safety and Health Committee Medium-Term Plan (2019-2021)

Initiatives

1. Mental health-related measures
2. Measures to prevent lifestyle diseases
3. Ongoing awareness activities for all employees
4. COVID-19 response

Priority Targets

- Reduce the number of lost work days
- Reduce presenteeism
- Reduce the number of people in high risk situations
- Reduce the number of people with metabolic syndrome
- Establish the practice of taking cancer screening tests

Mental Health-Related Measures

Canon conducts a variety of programs to promote comprehensive mental health at Group companies in Japan. These incorporate four types of care: self-care, care from workplace supervisors, care from occupational health staff, and care from external organizations. There are also programs to promote primary, secondary, and tertiary prevention. We are focusing in particular on creating a standard response across Group companies, such as developing support programs for employees with mental health issues, and carrying out training to improve the ability of human resources and health support staff to handle such cases. The participation rate for stress checks is 95.0%, and we have seen a proportionate decline in the number of highly stressed employees through the introduction of health consultations in addition to interviews with a physician for such individuals. Based on group analysis of these outcomes, we are carrying out organizational support

activities and training in collaboration with various divisions. Employees on overseas assignments are given the same stress checks and follow-up procedures as in Japan, and have their mental health cared for in coordination with local human resource managers.

Measures to Prevent Lifestyle Diseases

Based on analysis of employee data, we determine which health-related areas require attention and what measures should be a priority. For example, an analysis of 10 years of physical exam data revealed the effects of short sleep duration, smoking, and exercise habits on the onset of metabolic syndrome, leading us to make these priority areas. With sleep in particular, in addition to activities to raise awareness, we introduced individual guidance using sleep monitors. The result was not only an improvement in sleep, but also in physical exam outcomes and presenteeism (working even while sick). All Group sites in Japan have been designated no smoking areas, and through ongoing measures such as seminars and online programs to encourage employees to quit smoking, the smoking rate has decreased by 17 points in the 16 years since the initiative began in 2004. For physical exams, Canon Inc. and Group companies in Japan have adopted unified follow-up standards to ensure that health issues do not worsen. We encourage employees at high risk for metabolic syndrome to undergo physical exams and give due consideration to job assignments, and, in cooperation with the health insurance union, offer specific health guidance by specialists to eligible employees. As a result, roughly 65% of employees who completed such guidance showed lifestyle improvements. As for cancer detection and prevention, we are focusing on using the cancer screening system of the Canon Health Insurance Union and on supporting the balance between treatment and work for employees living with cancer.

Ongoing Awareness Activities for All Employees

Canon Inc. is promoting health self-management in various ways: ongoing training tailored to different job levels; campaigns on the themes of sleep, nutrition, and exercise; regular dissemination of information to raise awareness via the intranet; and, management of healthy activity goals and in-house events using ICT tools. Moreover, Canon Inc. and Group companies in Japan conduct an e-learning program every year for employees just turning 30, 40, 50, or 60 years old, in which they can learn about the health issues and self-management points specific to each age bracket. About 85% of employees avail themselves of this training.

In 2020, we focused on campaign activities connected with the response to COVID-19. In collaboration with the health insurance union, labor union, in-house stores,

staff cafeterias and other partners, we undertook projects related to nutrition planning under the theme of boosting the immune system. For the annual walking competition using ICT tools, we promoted in-home exercises. In addition, Canon Health Call, an initiative of the health insurance union, has a system in place that can handle a variety of consultations 24 hours a day for employees not only in Japan but worldwide.

Group companies outside Japan also conduct their own initiatives suited to the characteristics and needs of their region. Canon Vietnam provides its female staff with education on pregnancy and maternal health issues and offers health information through on-site bulletin boards. Canon Business Machines Philippines is working to raise awareness of dental health and the benefits of quitting smoking.

Measures in Response to COVID-19

The response of Canon Inc. to the novel coronavirus (COVID-19) pandemic has centered on infection prevention, consultation access, support for high-risk staff, and information sharing. We have drawn up guidelines and manuals, acquired equipment and materials to prevent infection, and offered health consultations with occupational physicians and nurses as well as via a 24-hour telephone hotline. We have also been providing support for employees with underlying illnesses and those dealing with mental health issues, to enable them to continue to receive needed treatment and work safely. Furthermore, we are providing accurate information on a timely basis in Japan and overseas through various means, such as sending out regular bulletins and holding seminars featuring occupational physicians.

Infectious Disease Prevention

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

Health Training for Contract Workers

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

Human Resource Development and Personal Growth

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

Human Resource Development System

Canon has positioned building a more dynamic and merit-based HR management system as one of the key strategies in Phase VI of the Excellent Global Corporation Plan. Based on this strategy, we will strive to develop human resources in various fields such as management, research and development, and marketing.

Developing Globally Minded Personnel

With 353 operational sites worldwide as of the end of 2020, 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 systems, while providing for flexibility in dealing with the special characteristics of each region, such as laws and culture.

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

States for developing executive management candidates from Asia.

As of the end of 2020, a total of 928 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. Started in 1995, the program to date has deployed a total of 118 people. 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 has thus far provided training to a total of 68 employees. In 2020, we launched the Canon Global Marketing & Sales Trainee Program for new employees. With the aim of fostering human resources who will play an active role in Canon's future global marketing efforts, participants spend a year and a half both in Japan and overseas acquiring sales experience and language proficiency.

The Overseas Study Program for Technicians is intended to develop engineers and technicians who can function internationally, as well as enable them to acquire skills that they can use to contribute to Canon's core businesses in the future. This program began in 1984, and to date, a total of 127 employees have 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 five core specializations. Each committee develops rank-based training programs, from new hires to junior engineers and all the way up to veteran leaders, as well as conducts courses and carries out other initiatives. We also offer training in specialized areas not represented by these committees, such as analytical technology. In 2020, a total of 197 programs were held in these specializations, with 5,337 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 five personnel to attend the National Institute of Informatics' top SE course for developing super architects, as well as sending four people to the Smart SE Course, a business education program in the AI, IoT, and big data technology field sponsored by Waseda University.

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 2020, 39 employees working at three overseas production bases took part in 11 training programs organized by the Monozukuri Advancement Center.

In order to promote training at overseas manufacturing 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 2020, five training sessions were held, with 15 employees participating.

A technical skills testing program, following the same standards as in Japan, has also been established at overseas sites. In 2020, testing was carried out for seven types of work skills, including injection molding, board mounting, and metal stamping, at a total of eight sites in Thailand, Vietnam, China, and Malaysia, with 494 employees participating.

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 the actions and behaviors

defined by our guiding principles. We also supplement this with elective training that includes e-learning programs and other programs to support self-development. These training programs 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, aimed at division managers and general managers, is designed to develop top-class management leaders. Led by our Chairman & CEO, the school invites as instructors experts from such fields as politics, foreign diplomacy, economics, and science and technology. The program has produced many of our Group executives. The LEAD program is designed to help candidates switch to a management-oriented mindset and develop their leadership abilities while also reinforcing strategy planning and execution capabilities. It provides training prior to and after appointments to management positions, as well as assessments prior to appointments. Our goal is to further reinforce efforts to systematically cultivate the next generation at Canon, concentrating on the development of management personnel as well as personnel for global, technological, and manufacturing roles.

On average, Canon Inc. employees spent about 15 hours in training in 2020. Related training costs per employee amounted to ¥167,000 at Canon Inc., and about ¥83,500 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, midpoint, and end—to confirm duties and targets, monitor progress, and discuss future career development based on a "career sheet" filled out by the employee.

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

■ Career Matching System

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

company. In 2020, 189 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 offer a more diverse range of learning opportunities and support the career development of self-motivated employees, we are developing e-learning content that can be accessed by mobile devices, for instance on weekends or after work during the campaign period to promote work-life balance. In 2020, approximately 5,000 employees participated in these programs.

■ 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 2020, the division has provided support to 460 divisions and 16,000 employees, 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 for employees who make inventions and contribute to intellectual property activities; the Quality Award and the Production Innovation Award for excellence that contributes to improvements in quality and productivity; 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

Position		Rank-based Training	Invitational Programs	Elective Training (incl. e-learning)	Self-Development Support
Group Executive			Canon Management School		
Senior General Manager/ Plant Manager	Principal Staff Engineer	LEAD III	Global Leadership Training Training for Group company presidents	Global skills training (language, preparation for overseas transfer, TOEIC, etc.)	
General Manager	Senior Staff Manager	LEAD II	Training for production managers	External training, lectures, etc.	
Manager	Staff Manager	LEAD I	Training for overseas managers	PC training (MS-Office, OS/HTML, security, etc.)	
Assistant Manager/ Foreman	Senior Engineer/ Associate Staff Manager	Training for newly appointed assistant managers and foremen Training for newly appointed G4-level employees	Production-related department training	Interpersonal skills and conceptual skills training	Interpersonal skills and conceptual skills training
General employee		Training for newly appointed G3-level employees	Training for global staff	Specialized technical training Manufacturing training	PC training Language training Correspondence course
		Training for newly appointed G2-level employees	Asia/Europe-US Trainee Program		
		Training for newly appointed G1-level employees	Overseas Study Program for Technicians		
		Training for newly hired employees Training for mid-career hires			
Unofficial graduate hires		Training course for provisional hires			