

# Third-Party Assurance

Canon has received third-party assurance from Lloyd's Register Quality Assurance Limited (LRQA) for GHG emissions, energy consumption and water consumption data within Canon Sustainability Report 2021 for the years 2019 and 2020.



## LR Independent Assurance Statement Relating to CANON Group's Environmental Data within CANON Sustainability Report 2021 for the calendar year 2019 and 2020

This Assurance Statement has been prepared for CANON INC in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

Lloyd's Register Quality Assurance (LR) was commissioned by CANON INC ("the Company") to provide independent assurance on its environmental data within CANON Sustainability Report 2021 ("the report") for the calendar year 2019 (from 1 January 2019 to 31 December 2019) and 2020 (from 1 January 2020 to 31 December 2020), against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISAE 3000 and ISO 14064-3 for GHG emissions data.

Our assurance engagement covered the Company's operations and activities in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected dataset;
- Verifying GHG emissions as presented in the report have been prepared in conformance with ISO14064-1:2006, "Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals", and taking into account Greenhouse Gas Protocol, "Corporate Value Chain (Scope 3) Accounting and Reporting Standard"; and
- Evaluating the accuracy and reliability of data for the selected environmental indicators listed below:<sup>1</sup>
  - Scope 1 GHG emissions (tonnes CO<sub>2</sub>e)
  - Scope 2 GHG emissions, [market-based and location-based] (tonnes CO<sub>2</sub>e)
  - Scope 3 GHG emissions associated with Categories 1 to 15<sup>2</sup> (tonnes CO<sub>2</sub>e)
  - Energy Consumption<sup>2</sup> (TJ)
  - Water consumption<sup>2</sup> (m<sup>3</sup>)
  - GHG emissions intensity (tonnes CO<sub>2</sub>e/100Myen-consolidated net sales)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

### LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable environmental data

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

<sup>1</sup> GHG quantification is subject to inherent uncertainty.

<sup>2</sup> Verification was only conducted for 2020 year's data.



### LR's approach

LR's assurance engagements are carried out in accordance with ISAE3000 and ISO14064-3 for GHG emissions. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with key people responsible for compiling the data and drafting the report.
- Sampling datasets and tracing activity data back to aggregated levels;
- Verifying the historical GHG emissions, energy consumption, water consumption and GHG emissions intensity data and records for the calendar year 2019 and 2020; and
- Verification of the effectiveness of the data management system for Fukushima Canon Inc. and the Company's head office by implementing the Company's "restriction of visitors to the workplace" due to the global infection spread of COVID-19 is conducted remotely using email, phone, and WEB meeting system.

### Observations

The Company should continue efforts for implementing quality assurance and quality control (QA/QC) systems in the data and information management of GHG emissions, energy consumption and water consumption. This is particular to ensure continuous effective internal verification processes at both the corporate and group company levels.

### LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

The verification and certification assessments are the only work undertaken by LR for the Company and as such do not compromise our independence or impartiality.

Signed

Dated: 15 March 2021

Takahiro Iio  
LR Lead Verifier  
On behalf of Lloyd's Register Quality Assurance Limited  
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LR reference: YKA4005113

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