

Responding to People and Society as a Good Corporate Citizen

Human Rights and Labor

Respecting Human Rights

Canon respects the human rights of all stakeholders involved in its business activities, including employees and business partners.

Basic Approach

Based on the UN Guiding Principles on Business and Human Rights, Canon respects the human rights of all stakeholders involved in its business activities, including employees and business partners.

Since its foundation in 1937, Canon has been committed to respecting humanity, treating all employees in a fair and equal manner, without discrimination based on social status, gender, age or occupation. In 1988, following half a century of operations, we established *kyosei* as our new corporate philosophy, and reiterated our commitment to promoting respect for humanity as a global aspiration, working together with stakeholders around the world in that pursuit.

Considering recent social demands for responding to human rights based on international standards, Canon established the Canon Group Human Rights Policy in the name of the Chairman & CEO in 2021. Canon will continue to promote efforts to respect human rights.

Human Rights Policy

The Canon Group Human Rights Policy expresses Canon's commitment to respect human rights and to take measures to protect human rights under the corporate philosophy of *kyosei*, which we embed into our operational policies and procedures.

It stipulates that Canon will conduct human rights due diligence, establish and operate a grievance mechanism, conduct awareness training, and engage in dialogue with stakeholders in addition to respecting internationally recognized human rights, including the prevention of child labor, forced labor, unreasonable restrictions on movement and excessive overtime work, and also the respect for freedom of association and the right to collective bargaining.

The Human Rights Policy is published in Japanese and English and is communicated to employees and stakeholders in each country and region via our website.

Reference: Canon Group Human Rights Policy
<https://global.canon/en/csr/people-and-society/pdf/hr-policy-e.pdf>

Canon Group Human Rights Policy

Since Canon's founding in 1937, all employees have been treated the same on a fair and equal basis, without any discrimination due to status, gender, age or occupation. This stance was based on a complete respect for humanity.

Following half a century of operations, we adopted our corporate philosophy of *kyosei* in 1988. *Kyosei* is the aspiration to create a society in which all people, regardless of race, religion or culture, live and work together for the common good. It sets the goal of human happiness and prosperity above the profits earned by any single company or nation. *Kyosei* expresses our commitment to and global aspiration for a respect for humanity and makes clear the company's firm stance to working together with stakeholders around the world to achieve this.

This policy expresses Canon Group's commitment to respect human rights and to take measures to protect human rights under the corporate philosophy stated above, which we embed into our operational policies and procedures.

1. Respect for Human Rights

Canon commits to respect internationally recognized human rights across its business activities, as set out in the Universal Declaration of Human Rights, International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights, and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Specifically, Canon commits to respect fundamental human rights, prohibit discrimination, harassment or violence based on such factors as race, nationality, gender, religion and creed, promote diversity, prohibit child labor and forced labor (including human trafficking), prohibit unreasonable restriction on movement, respect freedom of association and the right to collective bargaining in accordance with the laws and regulations of each country and region, pay employees wages equal to or greater than legally mandated wages, prevent excessive overtime work and grant appropriate holidays, ensure occupational health and safety, prevent occupational injuries, protect privacy, and promote responsible minerals sourcing.

2. Human Rights Due Diligence

In accordance with the UN Guiding Principles on Business and Human Rights, Canon conducts human rights due diligence to identify adverse human rights impacts that are linked to its business activities, and to prevent or mitigate any adverse impacts. In consideration of the findings of human rights due diligence, Canon will review and update this policy, where necessary.

3. Grievance Mechanism

Canon establishes and operates an effective internal and external reporting system to understand adverse human rights impacts that are linked to its business activities. When Canon identifies that it has caused or contributed to adverse human rights impacts, Canon will take appropriate steps to remedy the situation.

4. Awareness Training

Canon conducts human rights awareness training on a continuous basis to enable its executives and employees to deepen their understanding of international initiatives relating to human rights and this policy, and to respond appropriately to human rights issues.

5. Dialogue with Stakeholders

Canon communicates its human rights approach, as stated in this policy, to stakeholders through our website and other communication channels. In a series of initiatives under this policy, Canon learns from the human rights expertise of external experts and has dialogue with stakeholders such as employees and suppliers who are or could potentially be affected by our business activities in relation to human rights.

Canon seeks to contribute to our stakeholders' understanding of the international circumstances surrounding human rights. By cooperating with surveys and audits conducted by Canon, as well as with our responses to the risks uncovered through our initiatives, we encourage our stakeholders to join Canon in addressing human rights issues.



Fujio Mitarai
Chairman & CEO
Canon Inc.

Date of establishment 10/15/2021

Promotion System

At Canon, the sustainability, legal, and human resources divisions of Canon Inc. serve as the promotion secretariat pursuing human rights measures with the cooperation of procurement departments. From 2022, potential human rights violation risks have been identified as a significant risk by the Risk Management Committee established by resolution of the Board of Directors. Each Canon Inc. division and Group company is implementing initiatives to prevent and mitigate human rights risks. The results are evaluated annually by the Risk Management Committee and reported to the CEO and Board of Directors.

Reference: Risk Management Committee (→P113)

Human Rights Initiatives (2021)

In 2021, Canon (1) established the Human Rights Policy; (2) carried out human rights due diligence by identifying human rights risks for Canon; (3) established a grievance mechanism; (4) conducted human rights awareness training; and (5) addressed human rights risks in the supply chain. In preparation for these activities, we also engaged in dialogue with Sancroft International Ltd., a British sustainability consultancy, to gain insights from external experts.

Reference: Stakeholder Engagement (→P103-104)



Online meeting with Sancroft International

Implementation of Human Rights Due Diligence

In 2021, based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, Canon implemented human rights due diligence throughout the entire Group.

To implement human rights due diligence, each Canon Inc. division and Group company worked within the framework of the Risk Management Committee to first identify and evaluate the potential adverse human rights impacts in their respective business activities, including the supply chain, and identified the salient human rights risks. Subsequently, the promotion secretariat aggregated, analyzed and evaluated those risks, and through stakeholder engagement (→P80), identified salient human rights risks for Canon. In assessing human rights risk, we also referred to the human rights risk country/region index provided by the Responsible Business Alliance (RBA).



Due diligence workshop

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Salient Human Rights Risks for Canon

Within the human rights risks that may arise in Canon’s business activities, 11 of those were identified as salient human rights risks, which include discrimination based on such factors as race, gender, or religion, harassment, child labor, forced labor, unpaid wages/low wages, excessive overtime work, occupational health and safety, and protection of privacy. As shown in the table below, various measures are taken to prevent and mitigate these risks.

Canon also assesses human rights risks for new businesses. For example, when conducting M&As, we review the status of compliance with laws and regulations related to labor standards and health and safety as part of our due diligence, to ensure that there are no serious human rights risks in the company newly joining the Group.

Salient Human Rights Risks for Canon

		Rights-holders				Measures taken by Canon
		Suppliers/ Contractors	Canon employees	Customers/ Consumers	Local communities	
Salient human rights risks associated with Canon’s business activities	Discrimination based on such factors as race, gender, or religion		●			P86 Diversity and Inclusion
	Harassment		●			P81 Prevention of Harassment
	Child labor	●				P81 Respect for Human Rights in the Supply Chain
	Forced labor	●				P81 Respect for Human Rights in the Supply Chain
	Unpaid wages/ low wages	●				P81 Respect for Human Rights in the Supply Chain
	Excessive overtime work	●	●			P81 Prevention of Excessive Overtime Work P81 Respect for Human Rights in the Supply Chain
	Occupational health and safety	●	●			P88 Occupational Safety and Health Management
	Protection of privacy		●	●		P116 Protecting Personal Information
	Procurement of conflict minerals				●	P123 Addressing the Issue of Responsible Minerals Sourcing
	Noise, environment pollution at operational sites				●	P55 Protecting and Conserving the Environment
	Health damage or accident caused by product			●		P94 Product Responsibility

Grievance Mechanism

Canon has established an internal reporting system at nearly all Group companies worldwide through which employees can report specific human rights concerns in the local language. We also strive to make the reporting system known through the company intranet and training programs. In 2021, we received 103 reports related to human rights (discrimination/harassment, wages, working hours, etc.) through the internal reporting system. Of those with an investigation completed as of the end of 2021, 21 cases were identified that needed to be addressed or resolved. For these cases, the necessary corrective action is taken along with measures to prevent recurrence.

In addition, we have established a point of contact in our website for external stakeholders to report specific human rights concerns in Canon’s corporate activities.

In both internal and external contact points maintain the privacy of informants and allow them to report anonymously to ensure that they do not suffer unfair treatment as a result. Canon takes appropriate steps to remedy the situation following an investigation of the facts in each case.

The RBA, of which Canon is a member, offers a grievance mechanism called the Worker Voice Platform through which Canon’s stakeholders can report specific human rights concerns.

Human Rights Awareness Training

In conjunction with the establishment of the Canon Group Human Rights Policy, we carried out an e-learning program for employees with the aim of instilling basic knowledge about business and human rights and widely informing Canon’s human rights initiatives. In 2021, a total of 23,313 Canon Inc. employees completed the program (92.5% participation rate), which was open to all staff. From 2022, the program will be rolled out successively to Group companies.

Stakeholder Engagement

The OECD Due Diligence Guidance for Responsible Business Conduct states that it is important for companies to engage with stakeholders at the time they identify the actual or potential adverse impact caused by their corporate activities. In 2021, to identify salient human rights risks for Canon as part of human rights due diligence, we held dialogues with the Canon Workers’ Union that represents our employees in Japan. In the dialogue, we confirmed the recognition of the workers’ union on discrimination based on such factors as race, gender, or religion, harassment, excessive overtime work, occupational health and safety, and protection of privacy, which are considered to be human rights risks for employees in particular. We also widely exchanged opinions on human rights risks, and the results were reflected in identifying salient human rights risks for Canon. The workers’ union also presented specific examples of flexible work styles during the COVID-19 pandemic. As a result of the dialogue, we were able to deepen mutual understanding, and confirmed our commitment to continue the dialogue.



Dialogue with Canon Workers’ Union

Respect for Human Rights of Employees Prevention of Child Labor

Canon conducts thorough age verification at the time of employment and has guidelines in place for when an employee is found to be under the minimum working age.

Prevention of Forced Labor and Unreasonable Restrictions of Movement

Canon conducts self-inspections using RBA's Self-Assessment Questionnaire at its domestic and overseas production sites to confirm that there is no risk of forced labor or unreasonable restrictions on movement.

Prevention of Excessive Overtime Work

Canon has established a system to accurately ascertain the working hours of employees at overseas production sites, where the risk of excessive overtime work is considered to be comparatively high. The operational status of this system is reported annually to the human resource division of Canon Inc. In addition, in 2015, we established labor guidelines in accordance with social conditions in local areas and the human resource management regulations of each Group manufacturing company to ensure thorough compliance.

Respect for Freedom of Association and the Right to Collective Bargaining

As stated in the Canon Group Human Rights Policy, Canon respects freedom of association and the right to collective bargaining in accordance with the local laws and regulations of each country and region. 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.

Prevention of Harassment

In line with the principle of respect for humanity that Canon has followed since its foundation, Canon not only prohibits discrimination on such factors as gender or occupation, but also 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. Confidentiality surrounding employee consultations is strictly maintained and a firm guarantee against unfair treatment is provided to victims and informants.

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.

Respect for Human Rights in the Supply Chain

In 2021, Canon established the Canon Supplier Code of Conduct, which adopts the RBA Code of Conduct, and is promoting its procurement activities taking labor, health and safety, environment, and management systems into account. We have collected a letter of agreement confirming adherence to the RBA Code of Conduct from our major suppliers. In addition, to prevent child labor, forced labor, unreasonable restrictions on movement, and excessive overtime work and to ensure occupational health and safety at suppliers, we conduct yearly self-assessments using the RBA's Self-Assessment Questionnaire.

Canon is also working with suppliers and industry bodies on responsible mineral sourcing initiatives.

Reference: Supply Chain Management (→P119)

Ongoing Monitoring

Canon continuously monitors compliance with the content set out in the Canon Group Human Rights Policy. We also pursue ongoing efforts to improve our identification and assessment methods for human rights due diligence, and periodically review them throughout the Group. We also review the Group's human rights initiatives in accordance with social demand, dialogue with stakeholders, and Canon's business operation.

Compliance with Modern Slavery Act

Canon discloses information to comply with requirements of the Modern Slavery Act, which mandates enterprises to publish annual statements verifying the risks of forced labor, human trafficking and child labor in their operations and supply chains.

Reference: UK Modern Slavery Act (→P124)

Reference: Modern Slavery Act Australia (→P124)

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 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 2021, Canon Inc. and Group companies in Japan actively continued their recruitment programs, resulting in the hiring of about 1,350 employees in total. Canon has established various programs and systems, such as a career matching system (→P92) and a work-life balance program for employees engaged in childcare or nursing care to support the continued employment of all employees so that they remain motivated and can maximize their skills and abilities over the long term (→P84). Canon also conducts biennial in-house employee awareness surveys, with the results providing feedback to management across each division as a way of helping inform policy formulation while increasing employee engagement. Thanks to these initiatives, Canon Inc. boasts one of the highest retention rates in the industry in Japan. As part of maintaining employee engagement, regular employee awareness surveys are conducted by Group companies in Japan, Canon U.S.A., Canon Europe, and Group marketing companies 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 (→P91).

For example, in Canon China, local appointees occupied 75% of all managerial positions across the region in 2021, up from 38% in 2013.

Creating Local Employment Opportunities at Production Sites

In order to help stimulate local communities and economies through job creation, we focus on local employment when establishing or expanding production sites.

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For example, Canon Prachinburi (Thailand) has hired approximately 6,800 people locally, and Canon Business Machines (Philippines) employs approximately 5,900 local residents (as of 2021 end).

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

In every region of the world, Canon ensures 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 promoted across the Group worldwide, and has already been adopted by most 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 Group marketing companies 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 (Japan) 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 2021 was 16.4 days. Total hours worked per employee were 1,745, a 54-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 is 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 several 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 by promoting flexible work styles not limited by time or location. We are currently implementing the seventh phase of the action plan spanning the three-year period from April 2021 to March 2024.

In addition, Canon Inc. conducts surveys on flexible work styles 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 VII (from April 2021 to March 2024)

Action Plan	Measures	Results as of 2021 End
(1) Promote use of work-life balance programs with aim of raising participation rate.	<ul style="list-style-type: none"> Continue leave programs, hold related discussions and information seminars, and provide individual guidance on leave-related systems and procedures to those wishing to take leave. Hold seminars to assist employees seeking to balance work and childcare by increasing their understanding of related systems and providing related career support. 	<ul style="list-style-type: none"> While female employees typically make up the majority of those taking advantage of the programs, the number of male employees is also increasing significantly.
(2) Support diverse work styles while promoting further reform by encouraging work styles that do not rely on overtime; by continuing efforts to promote use of paid leave; and by 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"> Designating July–September as Work-Life Balance months, implemented earlier work hours and continued efforts to promote work style reforms. Provided employee benefit programs to encourage self-development during the period of earlier work hours. Due to productivity gains and the promotion of work-life balance, total work hours company-wide decreased by 54 hours compared to 2010.
(3) Continuing from Phase VI, 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 2021 to March 2024. 	<ul style="list-style-type: none"> Continued to carry out the following initiatives <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.

Supporting Employees' Volunteer Activities

Canon Inc. has in place a volunteer leave system for interested employees. 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).

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.

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 conferences.

Additionally, special committees have been established to consider wages, working hours, safety and health issues, and benefit programs. Based on these conferences, new programs are established and policies enacted. As of the end of 2021, combined employee membership in the Canon Workers' Union totaled 25,447, bringing the union membership rate to 79% for Canon Inc.'s workforce.

Group companies in Japan hold a similar yearly 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 2021 conference was postponed due to the onset of COVID-19, but it is expected to be held in 2022 as conditions allow. As of the end of 2021, there were 53,150 employees in unions that belonged to the Canon Group Workers' Union Conference, bringing the union membership rate to 82% 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 83%.

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.

*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.

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.

Another initiative aimed at promoting better understanding of diversity and inclusion is the Barrier-free Mindsets e-learning program, which we are conducting at Canon Inc. and Canon Group companies in Japan. Based on conversations with people with disabilities and members of sexual minorities about real-life issues they encounter, the training aims to help each employee better understand the difficulties and pain caused by barriers in society as well as points for special consideration. In total, 59,228 employees of Canon Inc. and Group companies in Japan, including senior management, received this training from 2019 to 2021.

Reference: VIVID Activities Policy
<https://global.canon/en/csr/people-and-society/labor/diversity.html>

Promoting the Active Participation of Women

Canon is committed to providing equal opportunities according to ability and fair treatment for all, irrespective of gender.

In Japan, in addition to formulating action plans and disclosing information as mandated by the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we are conducting our own original initiatives.

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 220 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 138 in 2021, 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, we have 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 host 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 promoting a range of initiatives to support career development for women, including 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, career advancement training, and career training for women who have returned from childcare leave.

Outside Japan as well, to coincide with International Women's Day, since 2020 Group companies in the Middle East and Africa have begun 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. In addition, Canon Europe formulated a set of diversity and inclusion commitments, and is monitoring and reviewing these in the regions it oversees.

The commitments include activities to raise awareness of diversity and recruitment of diverse personnel.

* 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 we hold seminars to introduce our childcare-related programs 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 33.4% in 2021. In addition, based on the Act on the Promotion of Female Participation and Career Advancement in the

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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. The Barrier-free Mindsets training program, which we provide for employees of Canon Inc. and Canon Group companies in Japan, features content relating to sexual minorities and aims to deepen understanding of related issues.

Another provision to promote a barrier-free environment is gender-neutral washrooms. We also provide counseling and consultation services for employees who wish 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 2021, there were 1,817 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 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 on-site 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. Starting in 2019, Canon Inc. has been working to boost support for retaining employees with disabilities, including initiating measures to expand the job positions in which they can thrive.

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 provides an accurate understanding of hearing impairments and introduces sign language to help promote smoother workflow. A total of 839 employees participated in this training up to and including 2021.

^{*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 Gyouin 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 employees 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. Since 2020, we have been holding online nursing care seminars in cooperation with local authorities.

Occupational Safety and Health Management

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, to build healthy and safe work environments for all workers, including those of contractors. We also hold health and safety conferences with contractors to maintain and improve health and safety on site.

We are applying an integrated approach across the Group’s overseas production sites, while taking into consideration the specific circumstances of each region and Group company.

Occupational Safety and Health

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.

In 2021, there were no serious occupational accidents relating to the use of machinery (getting pinched or caught) or contact with hazardous chemical substances that required time off work. We are taking steps to prevent accidents from reoccurring, in terms of both education and equipment, such as investigating the underlying cause of any accident, retraining workplace personnel, and improving

the operability of machinery. We conduct a thorough safety inspection and risk assessment to determine if similar risks exist at the site where any accident occurs. In addition, information about accidents is promptly shared with Group companies, particularly production sites, to prevent similar occurrences elsewhere.

Priority Targets for 2021

1. Eliminate all types of machinery-related accidents (0 cases)
2. Eliminate 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

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 our operational sites across countries and regions. 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.

Canon sites are currently transitioning from the international OHS management system standard OHSAS 18001 to the new ISO 45001 standard. As of the end of December 2021, approximately 16% of Canon Inc. and Canon Group sites around the world had acquired ISO 45001 certification.

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

Canon conducts wide-ranging assessments of occupational accident and safety risks 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 in particular the serious risks posed by machinery-related accidents, we review existing equipment at least once a year. In addition, for new businesses, we identify and evaluate risks from the R&D stage and implement OHS measures based on risk assessment outcomes.

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In 2019, we formulated a common risk assessment and management standard for the Canon Group. To ensure the new standard is implemented properly, we are conducting training programs for health and safety staff to deepen their understanding of risk assessment methodology as well as providing e-learning courses for workplace managers and people in charge of operations. 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 to prevent a similar accident from occurring elsewhere.

As part of efforts to eliminate workplace accidents, we provide specialized training to all managers involved in on-site workplace risk assessment. We also carry out an e-learning course to help employees engaged in risk assessments gain a better understanding of assessment objectives and procedures. In 2021, 3,323 people took this course.

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 sites, on the same level as in Japan. For example, to help employees understand health and safety matters in their native language, 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 Management

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 initiatives and priority targets 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)

Priority Targets

1. Reduce number of lost work days
2. Reduce presenteeism
3. Reduce number of people at high risk
4. Reduce number of people with metabolic syndrome
5. Establish practice of taking cancer screening tests

Initiatives

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

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. Showing steady increase since being introduced in 2016, the participation rate for stress checks reached 96.6% in 2021. We have also seen a proportionate decline in the number of highly stressed employees through the introduction of health consultations in addition to regular checkups with an occupational physician for such individuals. Based on group analysis of these outcomes and cooperation with each division, we distribute a "Health Report" detailing the health status of each division and organize related worksite meetings. We also provide managers with mental health training to bolster workplace support capabilities. 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

As part of efforts to combat lifestyle diseases, we identify health-related areas requiring attention and rank their priority based on an analysis of employee data. 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). Canon Inc. and all Group companies 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 17.4 points in the 17 years since the initiative began in 2004, falling to 15.0% in 2021.

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, there has been a downtrend in both employees at high risk and those subject to specific health guidance. 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, including women's health issues. In 2021, a total of 5,328 employees completed this program.

In collaboration with the health insurance union, labor union, in-house stores, staff cafeterias and other partners, we conduct health-related activities to promote health through nutrition and exercise. The campaign in 2021 focused on eating breakfast daily and responsible consumption of alcohol. The number of

participants in our annual walking competition, which features the use of ICT tools, hit a five-year high of 9,372 people. In addition, Canon Health Call is an initiative of the health insurance union that offers personal health consultations over the phone 24 hours a day for employees not only in Japan but also worldwide.

Group companies outside Japan also conduct their own initiatives. Canon Prachinburi (Thailand) created video materials to help educate female employees on pregnancy and maternal health issues, as well as COVID-19, while Canon Business Machines Philippines organized mental health seminars by occupational physicians as part of efforts to raise awareness of various health issues.

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. Our workplace COVID vaccination program for Canon Inc. and Group employees, including family members and contractors, inoculated around 60,000 people in 2021.

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 or region, 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 contract workers on heat stroke prevention. 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 340 operational sites worldwide as of the end of 2021, 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.

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 country or region are based on it. Combining these policies allows us to 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 2021, a total of 1,020 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 Group companies in Asia. Started in 1995, the program to date has deployed a total of 118 people. The program sends trainees to Group companies in 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 128 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 2021, a total of 473 programs were held in these specializations, with 5,973 engineers from Group companies in Japan taking part. We also carried out e-learning training aimed at building general IT literacy for employees in all job positions, with 12,047 people taking part.

Furthermore, through the Canon Institute of Software Technology (CIST), a research facility to cultivate software engineers, Canon Inc. is reinforcing its educational efforts in AI, IoT, and other aspects of digital transformation (→P45–46).

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 2021, 140 employees working at five overseas production sites took part in a total of 28 online training programs organized by the Monozukuri Advancement Center.

To promote training at overseas production sites, Canon is also focusing on on-site instructor-development training. A total of 40 personnel took part in 10 online training workshops for instructors in 2021. Site-based instructors across the Canon Group provided training to around 2,700 personnel in 2021.

A technical skill testing program, following the same standards as in Japan, has also been established at overseas sites. In 2021, testing was carried out for seven types of work skills, including injection molding, board mounting, and metal stamping, at a total of seven sites in Thailand, Vietnam, China, Malaysia, etc. with approximately 500 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 is carried out to help employees more readily understand and fulfill their respective roles and to foster awareness of the actions and behaviors defined by Canon's 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 (LEAD) Program. 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 19 hours on average in training in 2021. Related training costs per employee amounted to approximately ¥161,000 at Canon Inc., and about ¥83,000 at Canon Group companies in Japan and overseas marketing 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 2021, 252 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

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new work challenges in a field where they have no experience can receive training opportunities to gain requisite skills, and then 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 2021, approximately 3,000 employees participated in these programs.

* 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 2021, the division has provided support to 462 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	PC training (MS-Office, OS/HTML, security, etc.)	
Manager	Staff Manager	LEAD I	Training for overseas managers	External training, lectures, 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	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			