

CANON
INTEGRATED REPORT 2025



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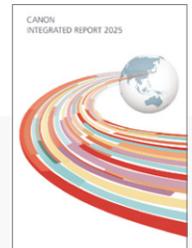
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About the cover

The four industry groups of Canon each have their own colors, and the band in red—the corporate color of the Canon Group—graphically depicts the curve of the letter C in the Canon name, vigorously expanding and growing into the outside world.

About this Report

Editorial Policy

This integrated report is intended to give Canon's stakeholders an understanding of our longer-term corporate value creation story. It summarizes Canon's ESG initiatives along with our business plan and various business, financial, human resources and other strategies. Our objective is to create a report that is both comprehensive and easy to read.

Referenced Reporting Guidelines

International Integrated Framework (IFRS Foundation)
Guidance for Integrated Disclosure and Dialogue in Collaborative Value Creation (Ministry of Economy, Trade and Industry, Japan)
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)
For ESG information, please refer to the CANON SUSTAINABILITY REPORT 2025.
<https://global.canon/en/sustainability/report/>

Additional financial informations are available in the Annual Securities Report and CANON ANNUAL REPORT 2024.
<https://global.canon/en/ir/library/yuuhou.html>
<https://global.canon/en/ir/library/annual.html>

Target of the Report

This report presents data from 334 companies (60 companies in Japan and 274 overseas) that are consolidated companies of the Canon Group.

Date of Publication

April 2025
(previous: April 2024, next planned: April 2026)

Notation

"Canon" refers to all companies in the Canon Group including Canon Inc. and its consolidated subsidiaries, while "Canon Inc." indicates the non-consolidated parent company.
"Employees" refers to full-time employees and part-time workers. "Europe" refers to the region including Europe, the Middle East, and Africa.

Disclosed Data/Forward-looking Statements

In principle, this report covers Canon's economic, social and environmental activities within the scope of consolidated accounting from January 1 to December 31, 2024. The scope of environmental reporting is not limited to activities (development, production, and sales) at operational sites. Supplemental information on important targets, indicators, and initiatives prior to and beyond 2024 is referenced in this report. Information specific to a region or organization is indicated as such.
Disclosed data has been revised to reflect changes in calculation methods and the expanded scope of sites covered.

Accordingly, some data in this report differ from previously disclosed data.
This report contains not only past and present facts about Canon, but also forward-looking statements based on plans, prospects, and management policies and strategies as of the publication date. These forward-looking statements are assumptions or estimations based on information available at the time the report was prepared. Due to a range of variables, however, the results or circumstances of future business activities may vary from the forecasts contained herein.

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Kyosei

Canon's corporate philosophy is *kyosei*. It conveys our dedication to seeing all people, regardless of culture, customs, language, or race, harmoniously living and working together in happiness into the future. Unfortunately, current factors related to economies, resources, and the environment make realizing *kyosei* difficult.

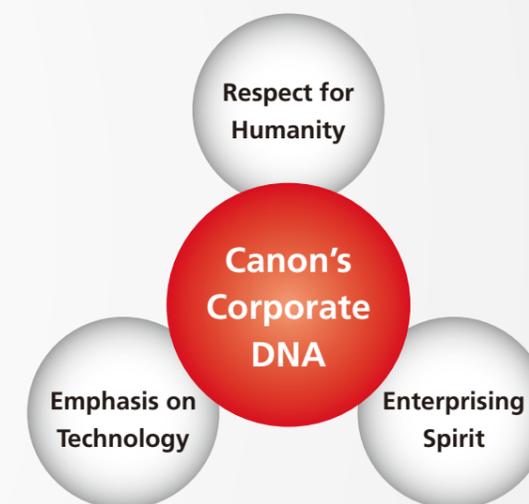
Canon strives to eliminate these factors through corporate activities rooted in *kyosei*. Truly global companies must foster good relations with customers and communities, as well as with governments, regions, and the environment as part of their fulfillment of social responsibilities.

For this reason, Canon's goal is to contribute to global prosperity and the well-being of humankind as we continue our efforts to bring the world closer to achieving *kyosei*.



Canon's Corporate DNA

Behind Canon's 80-year history and development as a business lies its corporate DNA: a respect for humanity, an emphasis on technology, and an enterprising spirit that the company has consistently passed on since its foundation. The enterprising spirit on which Canon was started as a venture company, and the relentless drive to distinguish itself through technology, permeate the company, and have continued to provide society with new advances. These motivating factors are in turn supported by a respect for humanity, which encompasses meritocracy and an emphasis on good health. Canon is committed to passing its corporate DNA on to future generations to ensure the company grows for another 100, or even 200, years.



The San-ji (Three Selves) Spirit

The Three Selves, the foundation of the company's guiding principles that have been passed down since Canon was founded, are self-motivation, self-management, and self-awareness. For Canon, which strives to be a truly excellent global corporation while maintaining the legacy of its corporate DNA, the Three Selves continue to serve as the company's most important guiding principles.

Self-motivation : Take the initiative and be proactive in all things

Self-management : Conduct oneself with responsibility and accountability

Self-awareness : Understand one's situation and role in all situations

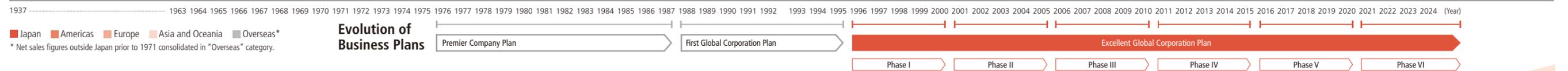
History of Canon

Ever since Canon was founded, we have grown through innovation to meet the needs of the times based on our enterprising spirit. We have created generations of competitive products and services by pursuing a basic strategy of Globalization and Diversification.

Early focus on expanding internationally made Canon a global brand

Globalization

Consolidated Net Sales



Accelerating Canon's business portfolio transformation through new business creation

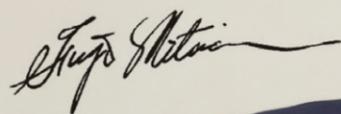
Diversification

- 1934** Kwanon prototype, Japan's first domestically produced 35mm rangefinder camera
- 1941** Launch of the CX-35, Japan's first domestically produced 35mm indirect X-ray camera
- 1961** Launch of the Canonet, Canon's first mid-range 35mm camera
- 1964** Launch of the Canola 130, the world's first ten-key calculator
- 1966** Launch of the CR-45NM, the world's first non-mydiatric retinal camera
- 1970** Launch of the PPC-1, Japan's first domestically produced semiconductor lithography equipment
- 1970** Launch of the NP-1100, Japan's first domestically produced plain-paper copier
- 1976** Launch of the AE-1, a model equipped with a microcomputer, that expanded the user base for single-lens reflex (SLR) cameras
- 1979** Launch of the LBP-10, the world's first desktop laser beam printer using a semiconductor laser
- 1982** Launch of the mini copier PC-10, the world's first cartridge-type copying machine
- 1985** Launch of the BJ-80, the world's first inkjet printer using Bubble Jet technology
- 1986** Launch of the MPA-1500 LCD lithography equipment
- 1987** Launch of the EOS series, an autofocus SLR system
- 1987** Launch of the Color Laser Copier 1 (CLC-1), the world's first digital full-color copying machine
- 1989** Launch of the EOS-1, the flagship model in the EOS series
- 1998** Launch of sales for the CXDI-11, a digital X-ray radiography equipment for medical use
- 2000** Launch of the imageRUNNER series of network MFDs
- 2005** Expansion of lineup of semiconductor manufacturing equipment ANELVA (now Canon ANELVA) and NEC Machinery (now Canon Machinery) joins the Group
- 2007** Expansion of lineup of display panel manufacturing equipment Tokki (now Canon Tokki) joins the Group
- 2007** Full-fledged entry into the digital commercial printing market Launch of the imagePRESS C7000VP
- 2010** Major commercial printing printer company Océ (now Canon Production Printing) joins the Group
- 2011** Full-fledged entry into the video production market with the Cinema EOS System
- 2014** Molecular Imprints (now Canon Nanotechnologies), a researcher and developer of nanoimprint equipment, joins the Group
- 2015** Axis Communications, a leading network camera company, joins the Group
- 2016** Toshiba Medical Systems (now Canon Medical Systems) joins the Group
- 2019** Launch of the world's first MRI system featuring noise reduction reconstruction technology that utilizes deep learning
- 2021** Launch of CT system featuring Precise IQ Engine, a super-resolution reconstruction technology that utilizes deep learning
- 2023** Launch of next-generation semiconductor manufacturing equipment that uses nanoimprint lithography

Message from the CEO

Change is progress,
transformation is advancement
Pressing ahead to
realize *kyosei*

Fujio Mitarai
Chairman & CEO
Canon Inc.



Change is progress, transformation is advancement.

As the time changes, Canon has quickly captured the changes in technologies demanded by society, revamped its business portfolio, and continued pursuing innovation.

What remains unchanged at the core of all of this is our corporate philosophy of *kyosei*.

We are contributing to the realization of *kyosei*, in which people worldwide understand, respect, and support each other.

As a member of the international community, what must Canon do?

As we bear in mind the idea of “being deliberate in council, and decisive in action,” we will continue to press forward and take on challenges together with our employees.

The belief behind “change is progress, transformation is advancement”

I The courage to keep changing with the times

— **Despite instability in global affairs, Canon is on a steady growth track. Please remind us of the beliefs you value as a manager.**

In consolidated earnings for the fiscal year ended December 31, 2024, net sales came to more than 4.5 trillion yen, which meant we achieved, one year ahead of schedule, our net sales target for the 6th five-year management plan, which ends in 2025 and corresponds to Phase VI of the Excellent Global Corporation Plan. Net sales were driven mainly by semiconductor lithography equipment and network cameras, which are expected to grow in the medium-to-long term. We feel that this result reflects our efforts over a period of more than 10 years to boldly transform our business portfolio from the traditional two pillars of cameras and office equipment.

Just as people’s lifestyles were transformed by the industrial revolution, society continues to change through innovation. What is important for a corporation is to keep changing with the times. I often say that “change is progress, transformation is advancement.” The only way to survive is to move forward with courage rather than fear changes. If we view society as an ecosystem, a company is merely one living entity within it. It will perish if left behind by social changes.

I The overlap of two “shocks” led to Canon’s biggest crisis

— **Canon is a company that has changed repeatedly to keep up with the times. How have you overcome difficulties so far?**

Founded as a camera manufacturer in 1937, we saw the camera market become saturated when Japan entered the period of rapid economic growth in the late 1960s. In response, the president at the time, Takeshi Mitarai, spearheaded Canon’s entry into the calculator market in 1964 and successfully grasped the trends of the times to further develop the company’s business portfolio with the slogan “Cameras in the Right Hand, Business Machines in the Left,” which he coined in 1967. Subsequently, Canon developed proprietary technologies and promoted diversification in its business lines, such as Japan’s first domestically produced plain-paper copier and the world’s first inkjet printer. However, the advent of the IT revolution in the 2000s was a major challenge for Canon. With the emergence of smartphones and the advancement of paperless, sales of cameras and laser printers dropped to one-third, and led to a roughly 30% decline in sales of office multifunction devices and the consumables business. We faced a situation in which survival would depend on restructuring the portfolio to grow with IT, not just extending existing technologies.

Amid the pressure to respond to rapid changes in the market, the 2008 financial crisis occurred, which had a devastating impact on the global economy. It was my first experience encountering two such significant “shocks” simultaneously. Without doubt, it was the greatest crisis in the history of the company.

I M&A strategy leveraging existing businesses to maintain employment

— **When reviewing Canon’s business portfolio, what did you focus on first?**

Our competitors were also rushing to implement their IT strategies, so there was simply no time. At that time, I once again returned to the company’s founding spirit and desperately considered what the best choice for Canon would be. Canon is, above all, a company that values its employees. When launching new businesses, abandoning the people and technology of existing businesses is out of the question. So, we adopted an M&A strategy to acquire companies with technologies that could further unlock the potential of our existing businesses. The idea was to harness the accumulated expertise from printers for commercial and industrial printing and camera business for network cameras.

My principle is to move forward without hesitation once a decision is made. We concluded large-scale M&As one after another, acquiring companies such as Océ (now Canon Production Printing) in the Netherlands, Axis Communications in Sweden, and Toshiba Medical Systems (now Canon Medical Systems Corporation), integrating their employees and technologies with Canon. I leave the management of acquired companies to the management of that company. This is because during the acquisition consideration phase, in addition to conducting thorough due diligence (acquisition audits), we also assess whether the management team consists of individuals capable of continuing to lead the company. This is an important factor when deciding on an acquisition.

For instance, overseas companies operate under the culture and values of that country. We fully respect these aspects and let them focus on unleashing their maximum potential. On top of that, we helped them understand Canon’s culture and created new values through collaboration. While it did take time, we ultimately established the four business pillars that underpin Canon’s businesses today—Printing, Medical, Imaging, and Industrial. As a result, we now have a more stable management foundation compared to the previous two pillars of cameras and office equipment. The results of these efforts are reflected in our business performance, and we now see a path up ahead for further business expansion beyond 2025.

Message from the CEO

Review every five years to minimize risk

— How do you avoid the risks associated with change?

It is impossible to eliminate risk entirely. Managers must constantly gather the latest information, read the trends of the times, and make choices that minimize risk. By formulating a management plan every five years, I have determined the direction we ought to take going forward while assessing the current global situation and technological trends. In 1996, the year after I took office as President, we kicked off a new five-year management plan called the Excellent Global Corporation Plan. Phase VI of this plan is currently underway.

Considering the advancements in technology and changes in the environment, it is difficult to foresee 10 years ahead, but I believe we can anticipate the future over a five-year span. Ultimately, we have faced many tough choices, but we have consistently managed to generate profits even after 1996.



Continuing to change with the times is important for a company

Solving social issues is the very purpose of a company's existence

We ambitiously pursue reforms to fulfill our corporate philosophy

— What is Canon's corporate vision?

I believe that the purpose of a company's existence is to contribute to solving social issues. On the occasion of Canon's 51st anniversary in 1988, we established the corporate philosophy of *kyosei* to embody this purpose. It conveys our dedication to seeing all people, regardless of culture, customs, language or race, harmoniously living and working together in happiness into the future. Through our corporate activities, we are working to address economic, resource, environmental and other issues that hinder this harmony.

People around the world simply wish to be happy and prosperous. Canon is aligned with this desire and plays a role in solving issues by implementing cutting-edge technology in society. To remain a company capable of innovation, we must constantly engage in self-development, absorb what we lack through M&A and other means, and undergo a process of change and transformation. There is not enough time to adhere to a self-sufficiency approach. Our goal is to become one of the world's leading companies, but there are many top-tier blue-chip firms that are miles ahead of Canon. I believe we must undertake further reforms in the medium-to-long term.

A year of exhaustively pursuing efficiency

— Will 2025 be another year of transformation?

We have positioned 2025 as a year in which we make great strides towards achieving greater growth in the next five years starting from 2026 by exhaustively pursuing efficiency to further enhance business profitability. After significantly reviewing our business portfolio, there are still areas in our operations that need improvement, due in part to the impact of the COVID-19 pandemic. To further develop the global markets, we need to promote efficiency by identifying areas within our operations that require improvement. Going forward, we will primarily focus on reforming our production and sales structures and driving development reforms.

Reforming our production structure is an urgent issue. In the 1980s, in response to the rapid appreciation of the yen, we shifted production to the Asian region. However, with the drastic changes in the global economic situation and the transformation of Canon's business portfolio itself, it is now time to consider the optimization of our production sites. We need to consolidate the plants of businesses where demand has contracted due to changes in the market environment, boost capacity utilization rates of our production sites, and strengthen cost competitiveness. We will first review our approximately 60 production sites in Japan and overseas and consolidate them in countries and regions with stable political and social conditions.

On the sales front, we will expedite structural reforms in countries and regions where prolonged economic downturns are a concern. Last year, after reviewing the channels of each sales company, we rearranged their organizations to better align with the nature of each business, thus transforming them into more competitive sales organizations. These reforms are largely complete, but we will stay ahead of the curve by implementing further reviews, particularly in Europe, where a prolonged market downturn is expected.

In terms of product development, we will implement a system of concurrent development on a Company-wide basis, where development teams, production engineering divisions, and manufacturing sites collaborate and work as one. In addition, by utilizing digital transformation (DX) and simulation technology, we will aim to reduce the development time and cost of prototyping and further improve development productivity.

As the times change, our headquarters functions will also need to evolve. To raise the productivity of every individual, we will strengthen the system hitherto aimed at achieving a reward system of "high wages for high efficiency" and urgently improve the performance evaluation system to better reflect the abilities of employees—in other words, to create a meritocracy.

Continuing to prioritize profits

A bitter experience in the U.S. in my 30s

— Maintaining a profit-oriented management approach will also help realize *kyosei*, right?

It may be obvious, but the fundamental purpose of management is to generate profits. A company that cannot generate profits cannot maintain or improve the lives of its employees and their families, nor can it adequately return value to its investors. What's more, without generating profits, we cannot advance investment in the development of next-generation technology, nor contribute to society.

When I joined Canon, it had a strong "sales-first" mentality, and as a sales representative, I was also a part of that. However, when I was dispatched to Canon USA at the age of 30, a local tax officer pointed out that "company profitability should be higher than deposit interest rates," which completely changed my perspective on management. Those words were both spot-on and shocking. Profit-oriented management was the norm at blue-chip companies in the U.S., and I was painfully aware of the difference in thinking compared to Canon at the time. With that bitter experience in mind, as a manager, I have consistently focused on profit-oriented management while also being conscious of asset efficiency.



Mr. Mitarai shortly after assuming his new post in the U.S.

Message from the CEO

Sustainability management entrenched for more than 30 years

Sustainability as part of our corporate philosophy

— Canon's sustainability initiatives, based on the corporate philosophy of *kyosei*, are also evolving.

Nowadays, non-financial information, in addition to financial information such as sales and profit, has also come to be valued as part of a company's worth. Under the *kyosei* philosophy, Canon has long implemented measures to pass on an irreplaceable global community to the next generation. In that sense, I believe the entire Group has been engaged in sustainability for over 30 years.

We became the first in the world to start collecting used toner cartridges in 1990 in order to realize a resource-efficient society, and now operate five recycling centers worldwide: Japan, the U.S., Germany, France, and China. We are also working to reduce, reuse, and recycle plastic waste at our business sites, for instance, by ending the use of polystyrene foam and switching to molded pulp instead for use in product packaging materials in order to reduce, and ultimately phase out, single-use plastics, which is a movement that is gaining traction on a global scale.

We aim to achieve net-zero CO₂ emissions by 2050 and we are focusing on reducing CO₂ emissions across the entire lifecycle of our products, including the supply chain. As a target for 2030, we aim to lower our own CO₂ emissions by 42% and reduce emissions from purchased goods and services as well as the use of sold products by 25% compared to 2022 levels. This target has been certified by the Science Based Targets initiative (SBTi), which recommends setting greenhouse gas emission reduction targets based on scientific evidence.

In addition, we are mindful of maintaining natural ecosystems. When building factories, we take measures such as removing trees in advance and replanting them after completion, as well as implementing various remedies to avoid destroying the habitats of local species. Canon is not only engaged in solving social issues through its businesses but is also globally engaged in activities that serve society beyond a business perspective. We lend our support to educational and cultural programs by leveraging our imaging and printing technologies, and also contribute to the provision of medical care in developing countries through the use of our medical technology.



The Canon Eco Technology Park is equipped with a state-of-the-art automated recycling line.



Remanufacturing enables the reuse of used multifunction devices.

Environmental measures directly strengthen a company's competitiveness

— What do you believe are the factors that have allowed you to continue these efforts unrelentingly?

We also consider environmental measures to be an integral part of the manufacturing process. Just as we improve the processes involved in product development, production, and sales to cut costs, for example, recycling water will reduce the environmental impact and also lead to cost reductions. While actively utilizing our own technologies in implementing our environmental measures one by one, we have been able to strengthen our profitability.

As for human resources, a key theme of sustainability, we have fostered a corporate culture where our enterprising spirit can thrive by upholding the spirit of respecting humanity, through which we value a sense of mission, responsibility, and ambition in order to nurture strong individuals, and by ensuring fair and equitable placement, evaluation, and treatment based on meritocracy. We respect diversity and actively promote the appointment and utilization of human resources from an impartial point of view. Through these initiatives, we hope that Canon employees will become internationally minded individuals who can interact with, and understand, people from around the world with different cultures and values.

There is no end goal in sustainability efforts. This is because changes in society bring about new challenges. At Canon, we will continue to adapt and evolve our sustainability efforts in line with the times.

How should companies prepare for the chaotic state of global affairs?

Endangered globalization

— The second Trump administration has emerged in the U.S., and the tides of change in world affairs are starting to be seen.

Unfortunately, the environment surrounding the global economy is likely to become even more chaotic. Building globalization in which all regions collaborate and continuously create value is extremely important. However, since the shock of Lehman Brothers collapsing, the rise of a "country-first" mindset has led to a persistent crisis of division. In recent years, geopolitical issues have begun to surface, and complete division, or so-called decoupling, has edged closer to becoming a reality. Canon has an overseas sales weighting of more than 80%, so the impact of this is really significant. I believe that Japan, which has deepened its ties with the global economy and achieved development, should do everything in its power to rebuild a new globalization.

Excessive shareholder capitalism and questioned ethics

— The future outlook certainly remains clouded.

In this day and age, the negative aspects of capitalism are starting to become more noticeable. The widening disparity caused by excessive shareholder capitalism and extreme profit-driven approaches, along with damage to the global environment and ecosystems, are serious issues. Another important theme is the realization of well-being. As we enter an era of more and more centenarians, advancing medical technology to extend the healthy life expectancy of people worldwide has become an urgent task. The development of technology, including AI, will contribute greatly to this effort. We are actively working on advancements in diagnostic technology and regenerative medicine in the medical business with the aim of contributing to the early detection of diseases and reducing the burden on patients.

Global corporations that do business internationally in countries with different languages, culture, and values must not shy away from the state of world affairs and should endeavor to find solutions. I get the feeling that, once again, companies are being called upon to uphold ethical standards. Canon will also return to its corporate philosophy of *kyosei* and align itself with the desire of people worldwide to be prosperous and happy.

To our stakeholders

Sticking to profit-oriented management by being deliberate in council, and decisive in action

— Finally, as the CEO, what are your resolutions for the future?

Reflecting on my 30-year career as a manager, I am reminded that the pace of change in the times is growing even faster. In a complex social landscape where various factors intertwine, we are constantly faced with making decisions. While we can never handle everything perfectly, there is no time to look back either.

I have long relied on a certain idiomatic phrase that means "be deliberate in council, and decisive in action." This phrase, which my father, a physician, conveyed to me when I entered the workforce, reflects the resolve of doctors to face people's lives in an era when, unlike today, they were unable to identify lesions in advance with X-rays and other imaging technology. The same applies to what can be done as a manager in this chaotic world. Gather as much information as possible, think through it by repeatedly using deductive and inductive reasoning, and once a decision is made, move forward resolutely without looking back.

The environment surrounding business management will most likely continue to change at a dizzying pace. Nevertheless, Canon will dauntlessly engage with cutting-edge technology, consistently focus on profits, and take on challenges in the business lines that can contribute to the international community. All Canon employees are committed to supporting society. Together, we will work towards realizing *kyosei*.

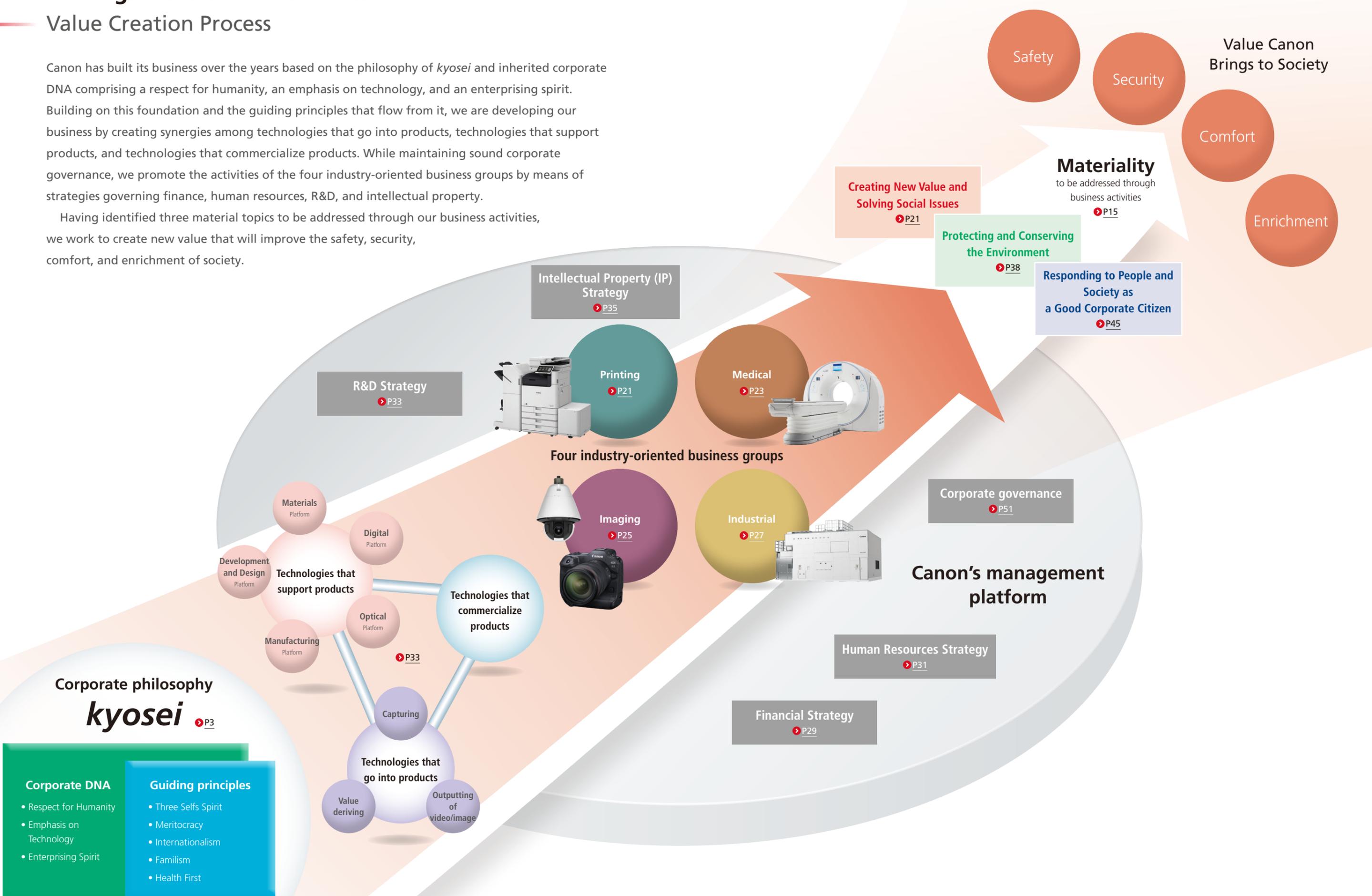


Strategies for Value Creation

Value Creation Process

Canon has built its business over the years based on the philosophy of *kyosei* and inherited corporate DNA comprising a respect for humanity, an emphasis on technology, and an enterprising spirit. Building on this foundation and the guiding principles that flow from it, we are developing our business by creating synergies among technologies that go into products, technologies that support products, and technologies that commercialize products. While maintaining sound corporate governance, we promote the activities of the four industry-oriented business groups by means of strategies governing finance, human resources, R&D, and intellectual property.

Having identified three material topics to be addressed through our business activities, we work to create new value that will improve the safety, security, comfort, and enrichment of society.



Corporate philosophy
kyosei P3

Corporate DNA	Guiding principles
<ul style="list-style-type: none"> Respect for Humanity Emphasis on Technology Enterprising Spirit 	<ul style="list-style-type: none"> Three Selves Spirit Meritocracy Internationalism Familism Health First

Materiality and SDGs

Materiality Theme Identification Process

At Canon, we selected materiality themes using a three-step process, as outlined below. Consequently, "Creating New Value and Solving Social Issues" and "Protecting and Conserving the Environment" were identified as themes of particularly high stakeholder interest. In addition, we selected "Responding to People and Society as a Good Corporate Citizen" as a supporting materiality theme.



Stakeholder Questionnaire Survey

Canon carries out stakeholder questionnaire surveys to better understand the social issues stakeholders are interested in as well as the expectations they have of the company in response to trends within and outside the Group. We use the survey results along with the opinions of sustainability experts, investors, and other stakeholders to evaluate the validity of the materiality themes and review them as appropriate. We also use the surveys to analyze Canon's impact on society and further improve our activities. To assist the future expansion of our activities, Canon also gathers stakeholder views on the Sustainable Development Goals (SDGs).

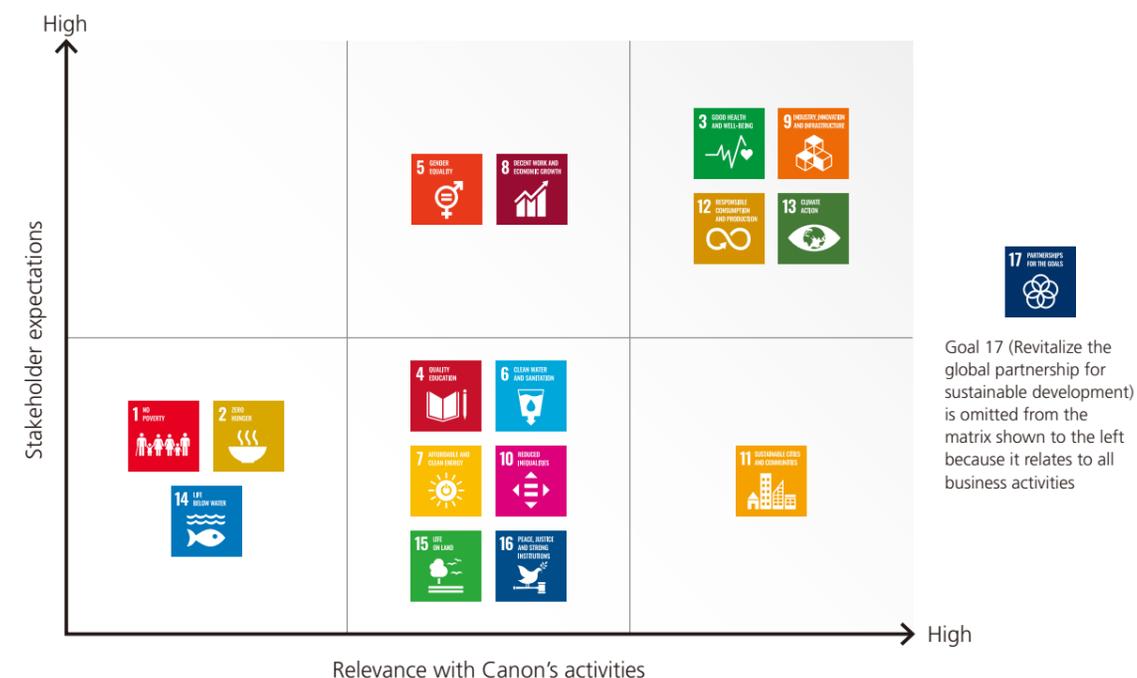
Stakeholder Questionnaire Survey Outline
 Target: Stakeholders including consumers, suppliers, investors/analysts, non-profits, civic groups, persons affiliated with universities/research institutions, national/local governments in Japan, the Americas, Europe, Asia, and other regions (total: 100 stakeholders)

Three Materiality Themes and Results of Stakeholder Survey

Identified materiality issue	Questionnaire items (extract)
Creating New Value and Solving Social Issues	<ul style="list-style-type: none"> Development of medical technology that contributes to human health and the prevention of disease Advancing security technology to contribute to the safety and security of society Development of products and technologies that lead to affluence and delight for people in the fields of photography and imaging
Protecting and Conserving the Environment	<ul style="list-style-type: none"> Promotion of energy conservation and utilization of renewable energy Reuse and recycling of used products Reduction of waste and prevention of water and soil pollution
Responding to People and Society as a Good Corporate Citizen	<p>Human Rights and Labor</p> <ul style="list-style-type: none"> Respect for basic human rights and prevention of discrimination and harassment Appropriate wage and working hour management <p>Social Contribution</p> <ul style="list-style-type: none"> Utilizing business activities to contribute to social welfare Support for nurturing the students and children who will lead the next generation

Contributing to Achievement of SDGs via Materiality Issues

Canon is contributing to the achievement of the SDGs through various business activities. The chart below plots each SDG according to stakeholder expectations as gauged via our survey, versus the degree of relevance for Canon's activities based on the three materiality themes on P15. While gauging any shifts in societal expectations as accurately as possible, Canon contributes to the achievement of SDGs through the effective utilization of our proprietary technology and solutions.



Creating New Value and Solving Social Issues

- We are working to create new value and address social issues through the business activities of the Printing, Medical, Imaging, and Industrial groups [P21-28](#)



Protecting and Conserving the Environment

- We are disclosing information to meet the needs of our stakeholders, including content in line with TCFD Recommendations [P39-40](#)
- We are working throughout product lifecycles to achieve net-zero CO₂ emissions by 2050 [P41](#)
- We are reducing resource consumption and realizing advanced resource recycling [P42](#)
- We are promoting management of the entire supply chain, including management of chemical substances in products [P43](#)



Responding to People and Society as a Good Corporate Citizen

- We respect human rights, including by formulating the Canon Human Rights Policy and identifying human rights-related risks [P45-48](#)
- We promote activities across the supply chain that consider the needs of the global environment, people, and society [P49-50](#)



Evolution of Business Plans

Based on the Excellent Global Corporation Plan inaugurated in 1996, Canon has continued to aspire to be a company that people in various countries and regions worldwide admire and respect by contributing to society using technology. In 2021, we started Phase VI of the plan. Continuing the success achieved in Phase V, this next stage of Canon's development focuses on the core policy of "promoting portfolio transformation through improved productivity and new business creation."

Excellent Global Corporation Plan	Themes and key strategies	Economic value	Social and environmental value
Phase I 1996–2000	Total optimization and profitability <ul style="list-style-type: none"> Establish consolidated management operation Introduce cash flow management Innovation in development such as introducing 3D-CAD Innovation in manufacturing through switch from conveyor belt to cell production 	<ul style="list-style-type: none"> 1.1x growth in net sales; 1.4x growth in net income (1996 → 2000) Debt ratio 28.8% (1996) → 13.8% (2000) Shareholders' equity ratio 38.1% (1996) → 45.9% (2000) 	<ul style="list-style-type: none"> Digitalization of cameras, multifunction devices, etc., in line with the development of the IT environment; supply of digital cameras and copying machines in line with subsequent mass adoption of PCs and the Internet Progress with development and production of CMOS sensors for digital cameras to establish presence in the image sensor market <p>Development using 3D-CAD</p>
Phase II 2001–2005	Increased competitiveness through digitalization <ul style="list-style-type: none"> Strengthen product offerings through independent development of CMOS sensors, image processors and other key components Speed up product commercialization through selection and concentration Maintain focus on cash flow management 	<ul style="list-style-type: none"> Record-high figures achieved for both net sales and income before income taxes in each of the five consecutive business periods (2001–2005) 	<ul style="list-style-type: none"> Market launch of digital cameras and printers in line with the increasingly widespread use of PCs and the Internet LCD lithography equipment contributes to the spread of large-screen LCD television sets <p>LCD lithography equipment released for sale in 2002</p>
Phase III 2006–2010	Reinforcing existing businesses and expanding into new areas <ul style="list-style-type: none"> Expand profitability of main businesses New production modes, such as man-machine cells where humans and machines work together Expand areas of business through diversification, establish management system based on three regional headquarters 	<ul style="list-style-type: none"> Maintenance of high shareholders' equity ratio 66.0% (2006) → 66.4% (2010) Record-high figures for net sales and income before income taxes (2007) 	<ul style="list-style-type: none"> Network MFDs realized seamless linking of input and output of paper and digital documents Promotion of digital commercial printing business that identifies industry needs and facilitates variable data printing and other types of printing operation <p>Development in progress at Canon Production Printing</p>
Phase IV 2011–2015	Enhancing growth and manufacturing capabilities <ul style="list-style-type: none"> Diversify through horizontal rollout of existing businesses such as digital cinema cameras Pursue aggressive M&A activities Upgrade production through automation and introduction of robots Innovation in procurement to reduce costs and ensure quality 	<ul style="list-style-type: none"> Gross profit ratio reaches record high level 50.8% (2015) Maintenance of high shareholders' equity ratio 64.9% (2011) → 66.8% (2015) 	<ul style="list-style-type: none"> Expansion of network camera business amidst increased awareness of security among society Cinema EOS System brings new range of visual expression to the film and television industry <p>Sales launch of Cinema EOS System for film production (2012)</p>
Phase V 2016–2020	New growth through a grand strategic transformation <ul style="list-style-type: none"> Establish a new production system to reduce cost-of-sales ratio Reinforce and expand new businesses Restructure the global sales network 	<ul style="list-style-type: none"> Net sales from new businesses: 12% (2016) → 28% (2020) (target) 	<ul style="list-style-type: none"> Expansion of medical business with products that reduce the burden on both patients and medical professionals OLED panel manufacturing equipment facilitates adoption of OLED displays in smartphones, televisions, etc. <p>Diagnostic ultrasound system by Canon Medical Systems</p>

1996–2020 — Materialization of the Excellent Global Corporation Plan

Phase VI

2021–2025

Phase VI Management Targets and Progress

2025 Targets

- Net Sales **4,500** billion yen or more
- Operating Profit Ratio **12%** or more
- Net Income Ratio **8%** or more
- ROE **10%** or more

* Figures for 2024 exclude the impact of impairment losses

Main Strategies

1 Strengthen and Expand Respective Industry-oriented Business Groups

Medical Group P23

- Bolster our sales capability and presence in overseas markets, centering on the United States, a country with advanced healthcare
- Strengthen the competitiveness of diagnostic imaging systems and acquire the world's No. 1 share in CT to establish a solid position in the industry

Printing Group P21

- Satisfy diversified printing needs by offering a wide variety of printing equipment from printers for homes and offices to commercial printers, and, at the same time, offer new printing solutions needed in the era of digital transformation
- Establish solid positions in our new business fields such as commercial and industrial printing to increase sales

Industrial Group P27

- Increase production capacity in response to strong demand for semiconductor lithography equipment
- Conduct joint evaluation and verification for mass production with semiconductor manufacturers with the goal of expanding sales of nanoimprint semiconductor lithography systems

2 Promote Production Structure Reform

- Avoid supply chain disruption and geopolitical risks
- Consolidate production sites in countries and regions with political and social stability
- Reinforce automation technology and technology for in-house production to promote the return of production of high-value-added products to Japan

3 Drive Development Innovation

- Deploy concurrent development Company-wide, which requires cooperation with production engineering divisions and manufacturing sites for joint work, in order to quickly bring products with superior quality and cost to market
- Aim to further improve development productivity by utilizing digital transformation (DX) and simulation technology to reduce development time and costs for prototyping, etc.

Business Strategy

Guided by a core policy of accelerating our corporate portfolio transformation by improving productivity and creating new business, Canon reorganized its business divisions into four industry-oriented business groups to make the best possible use of Canon's broad range of businesses and technologies.

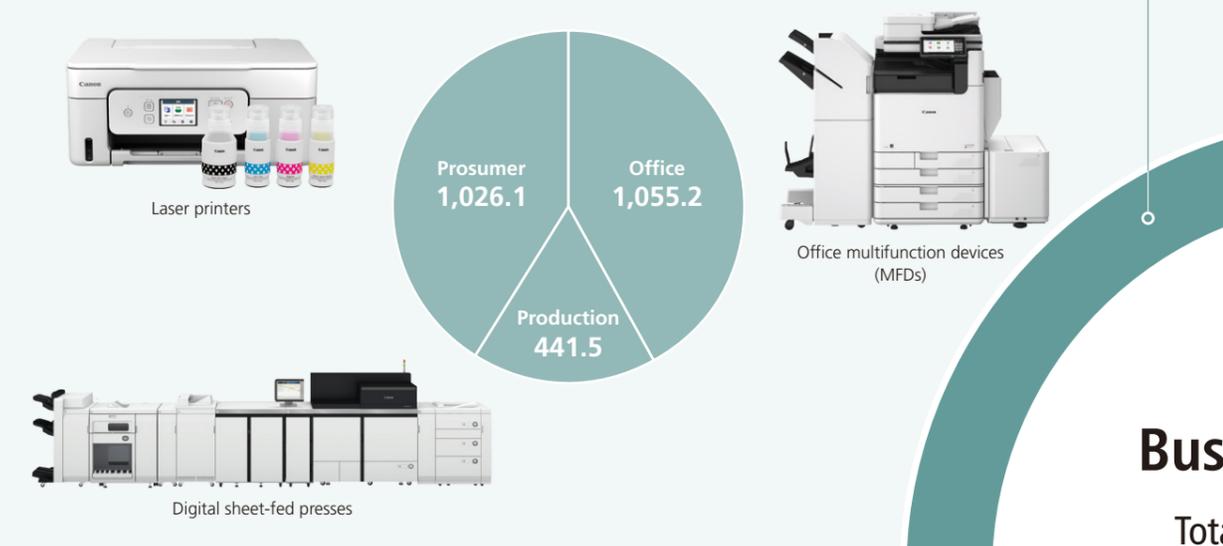
We will revisit all of our technological capabilities and business areas from the perspective of each group to build a more robust organization while actively pursuing M&A and other avenues to bolster Canon's development and production and create new businesses.

Printing

Net sales **2,522.7** billion yen / **56%** Share of net sales

From home printing to commercial and industrial printing

Number of employees **111,733**



Others & Corporate

Net sales **233.7** billion yen / **5%** Share of net sales

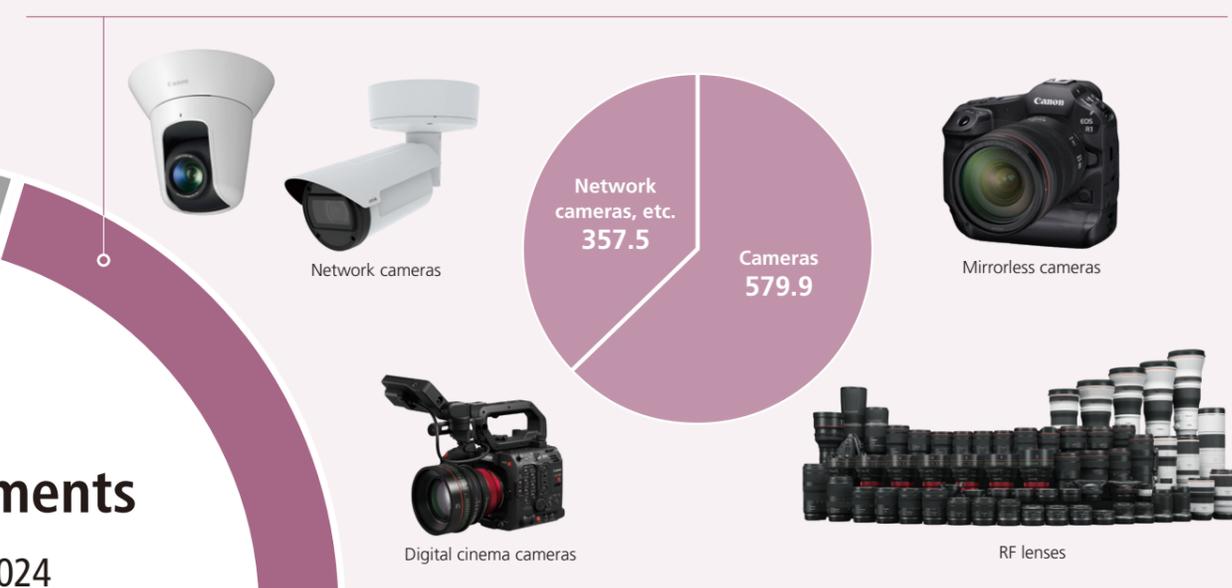
Number of employees **11,966**

Imaging

Net sales **937.4** billion yen / **21%** Share of net sales

From people's daily lives to professional settings

Number of employees **25,612**

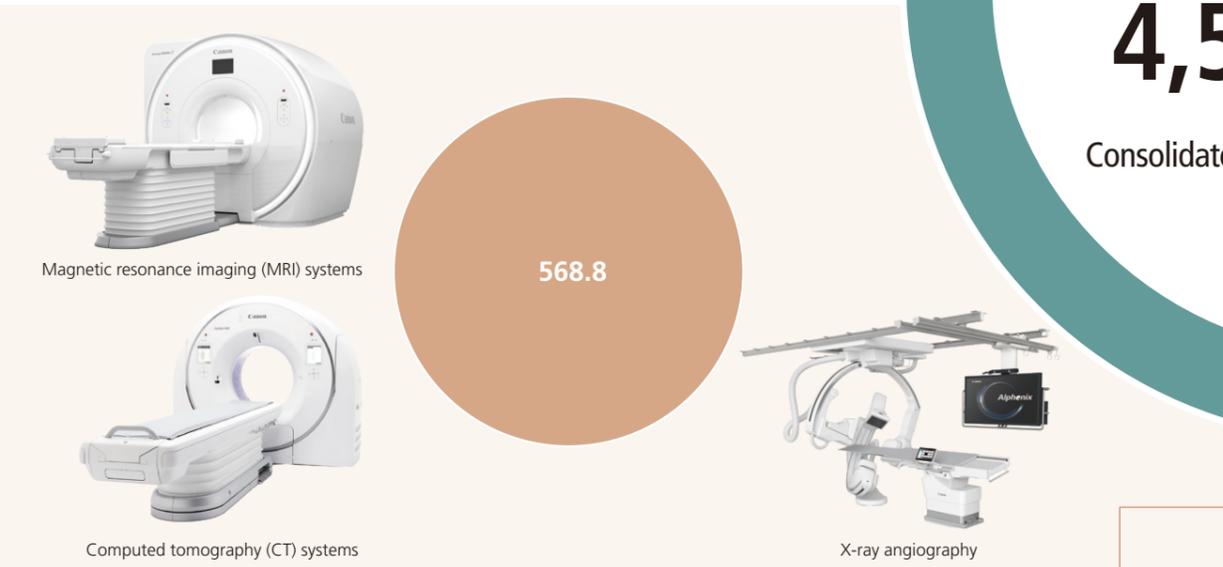


Business Segments

Total Net Sales for 2024

4,509.8 billion yen

Consolidated number of employees: 170,340



Medical

Net sales **568.8** billion yen / **13%** Share of net sales

Co-creation with healthcare professionals

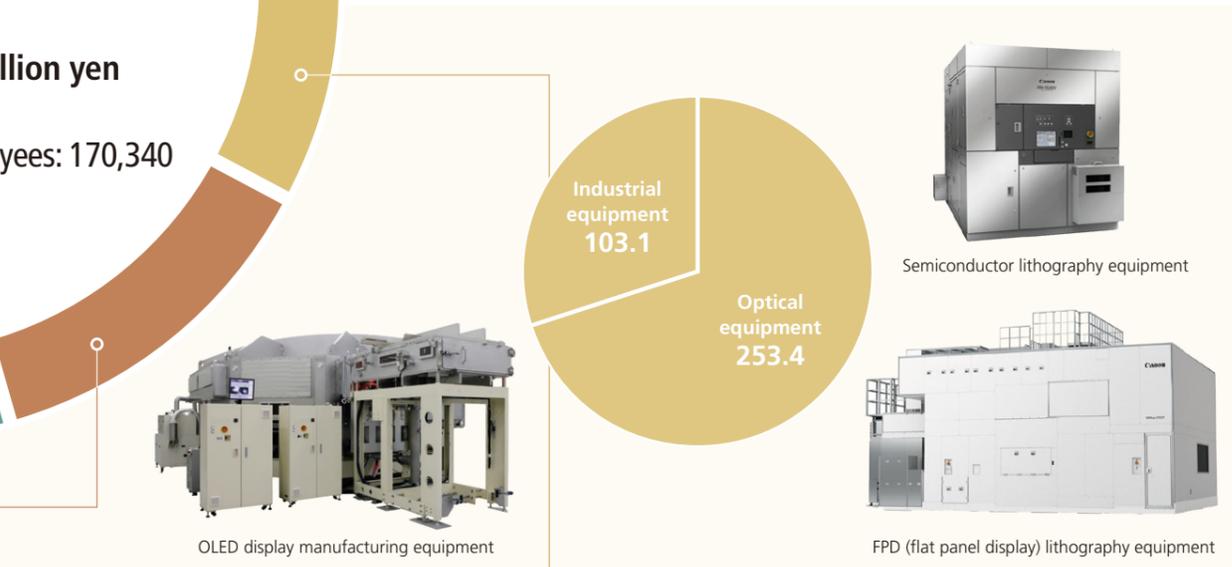
Number of employees **13,289**

Industrial

Net sales **356.5** billion yen / **8%** Share of net sales

Contributing to a leading-edge electronics industry

Number of employees **7,740**



* The totals do not amount to 100% because the sales of each business unit include the sales relating to intersegment transactions.

Business Strategy Printing



One cannot talk about economic development, cultural succession, and scientific progress without printed paper. Through print, Canon supports human activities such as thinking, collaborating, and enjoying life, thereby contributing to the creation of new value for humanity and the storage and transmission of value. Even in an increasingly paperless world, there are times when printing surpasses the capabilities of digital data and displays in terms of speed and convenience. Canon will continue to provide the printing products and services that meet these needs.

The Printing Business offers printers for a wide range of applications, from home and office to commercial and industrial printing. Furthermore, in the future cloud-based society, we will provide cyber-physical systems that integrate high-performance hardware and advanced software to bring about a world in which printing can be done securely, safely, easily, and comfortably anytime, anywhere, the way you want.

Related SDGs



9.1 By providing digital printing services based on cyber-physical systems and contributing to DX in office environments, Canon is helping customers achieve more efficient, advanced operations while saving labor



13.2 The office multifunction device "imageRUNNER ADVANCE DX C3900F" series reduces power consumption by up to 15% compared to conventional models by using low-temperature fixing toner that significantly lowers the fixing temperature and achieves an industry-leading Typical Electricity Consumption (TEC) rating as well as reduces CO₂ emissions



12.5 Canon has been undertaking the remanufacturing of used multifunction devices since 1992. The current range includes a special eco-conscious model, the imageRUNNER ADVANCE C3530FIII-RG, where an exceptionally high reused parts ratio of over 90% has been achieved

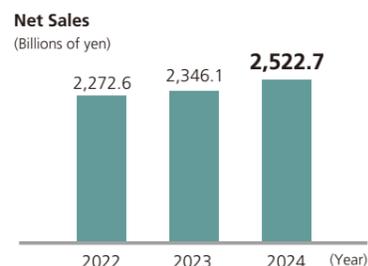
Performance in 2024

Sales increased due to growth in commercial printing and recovery in laser printers

In printers for commercial and industrial printing, Canon has continued to improve its products based on customer feedback as wide-variety short-run printing becomes more prevalent and the shift from analog to digital progresses. At drupa, the printing industry's largest exhibition held in Germany in May 2024, our broad product lineup, including new products, was well received, leading to an expansion of orders.

Office multifunction devices ("MFDs") remain in steady demand as highly productive core printing equipment. Customers appreciate their energy-saving performance and ease of maintenance, leading to an increase in the number of color models in operation, which in turn is contributing to stable service revenue.

Although sales of inkjet printers were affected by weak market conditions in Europe and China, our lineup of refillable ink tank models, supplemented with new products, saw an increase in sales, mainly in emerging countries. Sales of laser printers also increased from the second quarter onwards due to a steady recovery following the completion of shipment adjustments.



Business Environment

Competitive Advantages	Business Opportunities	Risks
<ul style="list-style-type: none"> Ownership of both electrophotography and inkjet technologies for digital printing Broad product range spanning consumer products, office equipment and commercial printing and globally distributed sales, service, and support network Capacity to mass produce high-performance printers that contain many parts, and potential to organically collaborate on the in-house production of manufacturing equipment, etc. 	<ul style="list-style-type: none"> Demand for new printing and document solutions brought about by advancements in IT Demand for new printing services due to diversifying work styles and decentralization of work locations Growth of digital printing markets in commercial and industrial printing sectors 	<ul style="list-style-type: none"> Increasingly lower print volumes due to the paperless trend Delay in development of digital services that meet the new era Impact on production due to supply-chain disruptions

Strategies for the Future

The Printing Group has a broad lineup of printing equipment for home, office and commercial use. By leveraging this advantage and addressing diversifying printing needs, we plan to expand our market share, thereby increasing sales even as the paperless trend progress.

In the ever-expanding digital commercial and industrial printing market, our strategy is to grow by introducing new products into areas not previously covered. Examples include the varioPRESS iv7, Canon's first model that supports B2 size paper, and the varioPRINT iX1700, a compact printer designed to meet the needs of small- and medium-sized printing companies.

In addition to expanding our product lineup, we have begun a business alliance with Heidelberger Druckmaschinen AG, a leading provider of offset printing equipment, to broaden our sales channels and accelerate sales growth.

As for office MFDs, we aim to expand our market share by further enhancing the appeal of our products, which has been highly regarded by customers, through our new brand, "imageFORCE." For laser printers and inkjet printers, we will ensure profitability by focusing on selling competitive products to regions and customer segments where high print volumes can be expected.

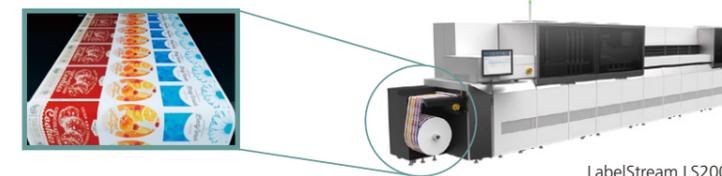
To improve profitability, in addition to various ongoing cost reduction activities, we are promoting reforms in R&D, production, and sales to realize a business structure that can generate higher profits.

PICK UP

Expanding our product lineup for the production printing market

In the growth area of digital commercial printing, our sales are increasing, reflecting the enhanced imaging quality and productivity that have spread throughout the industry as we incorporate the opinions of our customers. To achieve further growth, we plan to expand our business domain by making a full-scale entry into the industrial printing field, including labels and packaging, where demand is expected to increase in the future. We will expand sales with the LabelStream LS2000, Canon's first water-based inkjet label printer for industrial printing, which is designed to print labels for food and other daily necessities.

Commercial printing (product lineup)				Industrial printing (applications)		
A3+ printers	B3 printers	B2 printers	Continuous-feed printers	Labels	Folding cartons	Corrugated
imagePRESS	varioPRINT iX3200/1700	varioPRESS iv7	ProStream ColorStream			



LabelStream LS2000



Against a backdrop of rapidly aging populations worldwide, rising healthcare costs, and the threat posed by the COVID-19 pandemic, demand for healthcare remains strong, and measures to promote better health and prevent disease are now common challenges in countries around the world. Canon believes that the key to value creation is to respect a shared set of values with patients and healthcare professionals while providing technology that meets the needs of the medical community in an easy-to-use and economical manner.

The Medical Business offers a variety of products and services in the three fields of diagnostic imaging, healthcare IT and in-vitro diagnostics. In the diagnostic imaging field, our CT, MRI, and angiography systems employ image noise reduction technology that contributes to early detection of diseases and reduces the burden on patients through lower exposure doses and shorter examination times. In the healthcare IT field, we offer IT solutions that can generate a time-series integrated display of diagnostic images and patient information, and in the in-vitro diagnostics field, we offer clinical testing systems as well as reagents.

Related SDGs

3 GOOD HEALTH AND WELL-BEING
3.d By incorporating image reconstruction technology developed using AI, we have brought to market diagnostic imaging equipment that achieves high image quality while reducing radiation dose compared to conventional CT scanners

17 PARTNERSHIPS FOR THE GOALS
17.6 Through partnerships with universities and medical institutions in Japan and overseas, we are carrying out leading-edge research on AI-based precision care approaches, including the latest clinical research on CT, MRI, and diagnostic ultrasound systems

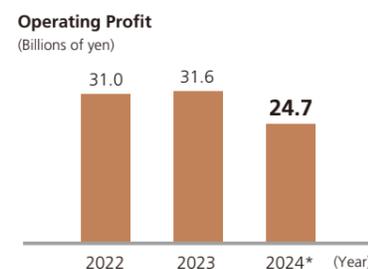
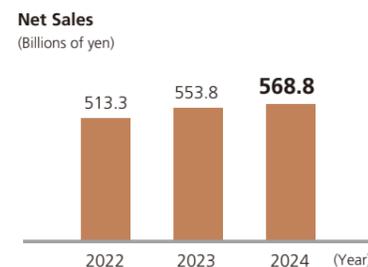
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
9.5 Canon's efforts to promote innovation include clinical research projects with the National Cancer Center Japan in the field of photon-counting CT systems, and with the CiRA Foundation to realize high-quality iPS cells for autologous purposes

Performance in 2024

Sales increased mainly in the United States, achieving revenue growth for the fourth consecutive year

In diagnostic imaging equipment, the market contracted due to the prolonged anti-corruption campaign in China, the economic downturn in Europe, and the impact of workstyle reforms at medical institutions in Japan. However, some products achieved sales growth, particularly in the United States, including our new flagship CT system "Aquilion ONE / INSIGHT Edition," the "Vantage Galan 3T / Supreme Edition," an MRI system in which key parts have been replaced with Canon-made components, and the "Alphenix," an angiography system.

In the United States, a key market, we have achieved steady sales growth by strengthening our sales structure and increasing our market presence through better relationships with medical institutions and key opinion leaders, including collaboration with the Cleveland Clinic, a leading-edge medical institution. Furthermore, in emerging countries in Asia and the Middle East, we established local subsidiaries that drove growth. As a result, sales in the Medical Business increased for the fourth consecutive year.



* Operating profit for 2024 excludes the impact of impairment losses.

Business Environment

Competitive Advantages	Business Opportunities	Risks
<ul style="list-style-type: none"> Over a century of knowledge in the medical field and partnerships with healthcare professionals Canon's diverse range of imaging and manufacturing technologies Sales and service outlets in over 190 countries and regions around the world 	<ul style="list-style-type: none"> Improving the added value of diagnostics utilizing new materials, etc. Advancement in genetic and other biotech fields and regenerative medicine Adoption of promotions and demonstrations conducted remotely owing to the advancement of DX tools More diagnostic opportunities and a shortage of medical professionals brought about by aging society Growing demand in emerging markets 	<ul style="list-style-type: none"> Responding to stricter legislation and market needs Spread of policies that give preferential benefit to local production of medical devices Changes in the business environment in the United States, the market with the greatest global influence Suspension or stagnation of trade due to expansion of conflict zones

Strategies for the Future

Canon aims to establish a solid presence in the field of diagnostic imaging systems, which are the core of its business. To date, we have grown sales through our product lineup that is comparable to that of competitors around the world, but to achieve further growth, strengthening our sales capability and presence internationally is an urgent task. Focusing on the United States, which is a medically advanced country that has a great influence in the global market, we have already been strengthening our sales structure by increasing sales resources and through other measures, conducting joint research with cutting-edge medical institutions, and promoting stronger relationships with physicians who are key opinion leaders. In addition, photon-counting CT (PCCT), a next generation CT technology, is receiving increasing attention as many papers based on Canon's equipment have been published. With such increasing attention, we will work to improve Canon's presence by realizing the early launch of PCCT.

In the longer term, we intend to expand our business into regenerative medicine and other biomedical fields, and to contribute to the development of precision medicine, which provides optimal medical solutions for individual patients by integrating a variety of therapeutic and diagnostic information.

PICK UP

Early practical use of photon-counting CT (PCCT)

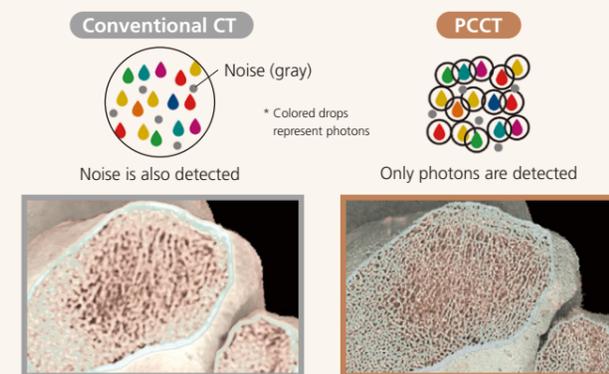
Compared to MRI systems, CT systems have the advantages of shorter examination times and clearer images, but they also carry a higher risk of exposure to X-rays. Therefore, the rapid development of PCCT, which can provide higher-resolution images while reducing exposure dose, is eagerly anticipated. Canon's PCCT not only produces high-definition images, but also aims to identify substances inside the body with a high degree of accuracy, which can lead to quicker decision-making and more effective treatment planning.

Canon has initiated joint clinical research with multiple institutions, including with the National Cancer Center Japan in April 2023 and with the University of Pennsylvania in November 2024 to assess the effectiveness and safety of PCCT. By conducting advanced clinical research, developing new diagnostic methods, and verifying their clinical usefulness, we are working to promote the early practical use of PCCT.

Advantages of PCCT

Conventional CT systems generate diagnostic images by accumulating a certain number of X-ray photons (the smallest quanta of light) and then measuring the quantity of photons. With this method, photons are first accumulated and then measured all at once, which means that any noise present is also measured.

PCCT, on the other hand, counts photons one at a time at high speed and accurately, making it possible to distinguish noise, resulting in high-resolution images with noise removed.



Comparison of cross-sectional images of a knee joint

Business Strategy Imaging



Visual information is utilized in every aspect of our daily life. Canon will continue to provide not only products and services that make photography fun and bring the joy and excitement of viewing images, but also provide solutions that convert the information captured as data into the value that customers need.

In the Imaging Business, we provide high-quality cameras that deliver excellent image quality and a wide variety of lenses to enable photographers to realize their ideal expression and deliver visual experiences that make people “feel happy.”

In the network camera market, which is expanding due to growing security awareness worldwide, we are contributing to the realization of a safe and secure society by providing video solutions that integrate cameras with video management software and video analytic applications.

We are also helping customers improve the efficiency of their operations by providing various video solutions using remote cameras, for monitoring of sports and other events, production sites, as well as for remote video creations.

Related SDGs

4 QUALITY EDUCATION
4.7 Support smooth communication through high-quality remote video distribution systems and contribute to the expansion of effective educational opportunities

11 SUSTAINABLE CITIES AND COMMUNITIES
11.2 Supply various video solutions that contribute to the development of a smart society

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
12.3, 13.2 Understanding our responsibilities as a corporate citizen, we are steadily implementing energy and resource conservation through R&D and coming up with ingenious designs. We are also providing solutions that contribute to productivity improvement

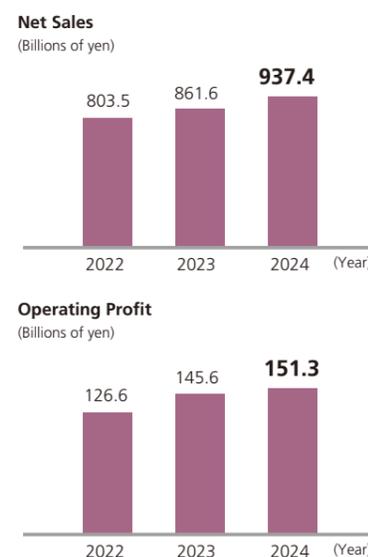
13 CLIMATE ACTION

Performance in 2024

New mirrorless products drove sales, network cameras also performed well

As for interchangeable-lens cameras, in August and November of last year, we launched new mirrorless cameras, namely the “EOS R5 Mark II,” a mainstream model for professionals and enthusiasts, and the “EOS R1,” our flagship model, respectively. As a result of increased unit sales of high value-added models and interchangeable lenses, overall camera sales increased.

The network camera market keeps on growing with a continued focus on the security field. By leveraging our powerful sales channels in Europe and the United States, and by firmly capturing growing demand, we posted growth in both network camera hardware and software sales, which led to double-digit net sales growth.



Business Environment

Competitive Advantages	Business Opportunities	Risks
<ul style="list-style-type: none"> • Unique brand power inherited as a longstanding industry pioneer and supplier of cameras used by professionals • Ability to deliver value as a leading company in the field of imaging, based on advanced optical, camera, and image-processing technologies • Posses network cameras, video management software, and video analytics applications, and ability to supply products and services on a global scale 	<ul style="list-style-type: none"> • Growing needs for video shooting and rising demand for cameras among young people • Expanding demand for video solutions driven by DX • Growing demand for new forms of visual expression, such as the fusion of the real and virtual worlds and 3D • Possibility of dramatic improvements in camera and lens functions and performance due to advances in AI technology 	<ul style="list-style-type: none"> • Changes in market environments due to global inflation and instability in world affairs • Delayed response to rapidly evolving and diversifying customer needs • Growing doubts about authenticity of images due to misuse of AI technology

Strategies for the Future

In the area of digital cameras, it is important for Canon to continue to provide attractive products to users, including younger generations, and to continue to reinvigorate the market going forward as a leading camera company. In recent years, besides the need for still image photography from professional photographers and camera enthusiasts, there is a growing need for video shooting from vloggers and individual video creators, driven by the spread of social media and the expansion of the video streaming service market. We will maintain stable sales in the future by continuing to provide value to a wide range of users through the advanced optical, camera, and image processing technologies we have cultivated over the years.

Demand for network cameras continues to grow for surveillance purposes to ensure safety and security against disasters and crimes. Utilizing our strong sales network, primarily in Europe and the United States, we aim to achieve sales growth that exceeds market growth.

Furthermore, there is growing demand for the automation of in-store marketing and inspection and testing in manufacturing and distribution, and we will accelerate our growth by promoting total solutions with an extensive product lineup that meets diversifying needs.

PICK UP

Contributing to the creation and energization of new 3D imaging markets

The 3D imaging-related market is expected to grow significantly in the future, partly due to the aggressive entry of Big Tech. Canon sells mixed reality (MR) systems that integrate CG and the real world and virtual reality (VR) lenses to be attached to cameras for 3D shooting, and is currently demonstrating and deploying volumetric video technology that converts time and space into 3D data.

Our MR systems provide solutions for a wide range of scenarios, including preliminary verification with 3D data for the purpose of eliminating prototypes in the manufacturing industry, training in medical and educational settings, and presentations in the retail industry, among other applications.

Our revolutionary VR lenses incorporate two optical systems, one for the left eye and one for the right, in a single lens. Previously, shooting 3D images required extensive equipment and preparation, but now it can be accomplished by simply attaching a dedicated lens to the camera, which will contribute to the spread of 3D VR imaging experiences.

Volumetric video can generate and reconstruct in real-time, 3D models of wide areas and around a dozen people. We aim for further growth by utilizing existing stadiums and studios as proof-of-concept test sites.

Canon's MR system "MREAL"

EOS VR system

Dedicated lens for shooting 3D VR images

Playback on head-mounted display

Volumetric video

Business Strategy **Industrial**



To attain a prosperous and sustainable society, the electronics industry must innovate further. Digital technology innovations such as AI, IoT, and 5G are the driving force behind the creation of social infrastructure and industrial innovation around the world. Canon will contribute to the development of society by supplying the cutting-edge electronics industry with manufacturing solutions incorporating its proprietary optical and precision control technologies and software technologies such as AI.

Canon's Industrial Business provides industrial equipment such as semiconductor lithography equipment, which play an important role in the production of semiconductor devices, as well as flat panel display (FPD) lithography equipment, which is indispensable to the production of smartphones and TVs, and OLED display manufacturing equipment, which has become the industry standard for producing high-definition displays. Because the semiconductor and display manufacturing processes consume large amounts of electricity the Industrial Group has set its own goals for CO₂ emissions reductions and resources efficiency (extending the lifespan of equipment), aiming to provide innovative products that are environmentally friendly.

Related SDGs



9.4 Nanoimprint lithography technology simplifies the semiconductor production process and enables reduced power consumption in the production of semiconductors, leading to higher productivity and lower environmental impact



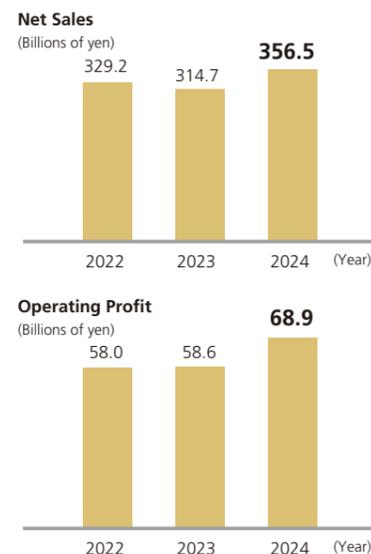
11.6 Working to lower environmental impact, reducing the volume of packaging material used

Performance in 2024

Significant increase in revenue due to increased unit sales of semiconductor lithography equipment

In semiconductors, demand for semiconductor lithography equipment continues to be strong due to significant growth in demand for logic and DRAM chips for generative AI as well as the movement to promote domestic production from the perspective of economic security. Unit sales have increased significantly for equipment for power semiconductors used in electric vehicles (EVs) and other applications as well as back-end processing equipment for advanced packaging used for generative AI, which has become the industry standard.

For FPD lithography equipment new investments in IT panels installed in notebook PCs and tablets as well as additional investments for smartphones due to advanced functionality gradually recovered as earnings of panel manufacturers improved. This led to a slight increase in unit sales compared with the previous year. As a result, the Industrial Business saw a significant increase in sales.



Business Environment

Competitive Advantages	Business Opportunities	Risks
<ul style="list-style-type: none"> Products that contribute to improving customer productivity and reducing cost of ownership and professional workforce with high levels of technical expertise and experience Nanoimprint lithography technology which enables both low cost and miniaturization while also significantly reducing power consumption during production 	<ul style="list-style-type: none"> Global expansion of semiconductor market due to rising demand for AI, IoT, and EV-related products New capital investment to strengthen semiconductor manufacturing sites in countries and regions around the world 	<ul style="list-style-type: none"> Business cycle of semiconductor and FPD industries Export controls and other regulations, due to the influence of international politics

Strategies for the Future

We anticipate continuing market growth for semiconductors that are essential devices used in AI, IoT, EVs, and other technological innovations. Accordingly, demand for semiconductor manufacturing equipment is also anticipated to increase. Recognizing the need to significantly bolster production capacity to respond to this strong demand, we are constructing a new plant in Utsunomiya, with the aim of starting operations in 2025.

In addition to our existing i-line (mercury lamp) and KrF (krypton fluoride) lithography equipment, Canon is aiming to expand sales of nanoimprint lithography equipment in order to increase its revenue growth potential. We are also developing ArF (argon fluoride) lithography equipment with the aim of launching it on the market in the second half of 2025. By expanding our lineup, we will meet the diverse needs of a wide range of semiconductor manufacturing processes.

We are also consolidating core technologies of Canon and its Group companies Canon ANELVA, Canon Machinery, and Canon Tokki to open up new business domains.

PICK UP

Nanoimprint lithography produces 1Xnm circuit patterns at low cost and low power consumption

In 2023, Canon launched the "FPA-1200N2ZC," a nanoimprint lithography equipment that forms circuit patterns using a different method from conventional projection lithography equipment. Specifically, it creates a circuit pattern using the simple principle of pressing a finely patterned mold onto resin applied on the wafer. The equipment has attracted inquiries from many manufacturers because it enables production of fine circuit patterns of 15 nm* or smaller at low cost and can reduce power consumption to about one-tenth that of existing lithography technologies for advanced logic chips.

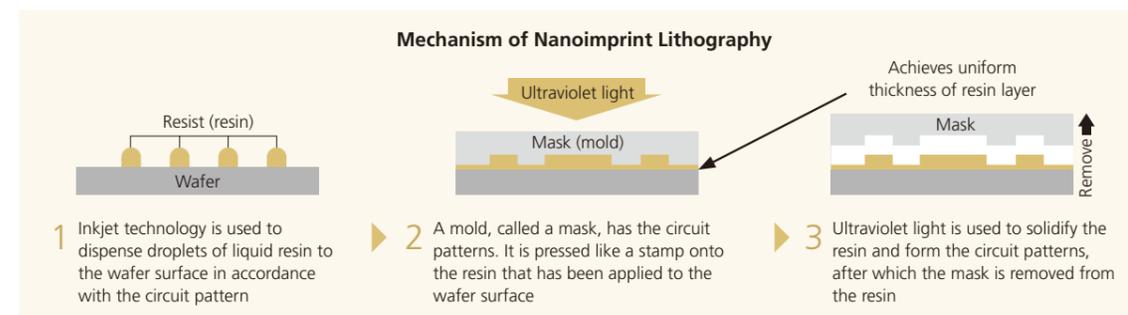
We are working with several semiconductor manufacturers on evaluation and verification for practical use in various applications, including not only memory and logic chips but also non-semiconductor devices such as optical elements.

In 2024, the "FPA-1200N2ZC" was awarded the gold prize at the GOOD DESIGN AWARD, one of Japan's leading design awards, for its outstanding design, in recognition of its combination of economic efficiency and sustainability.

* 1nm = one billionth of a meter



Nanoimprint lithography equipment being used for mass production verification at KIOXIA Corporation



Financial Strategy

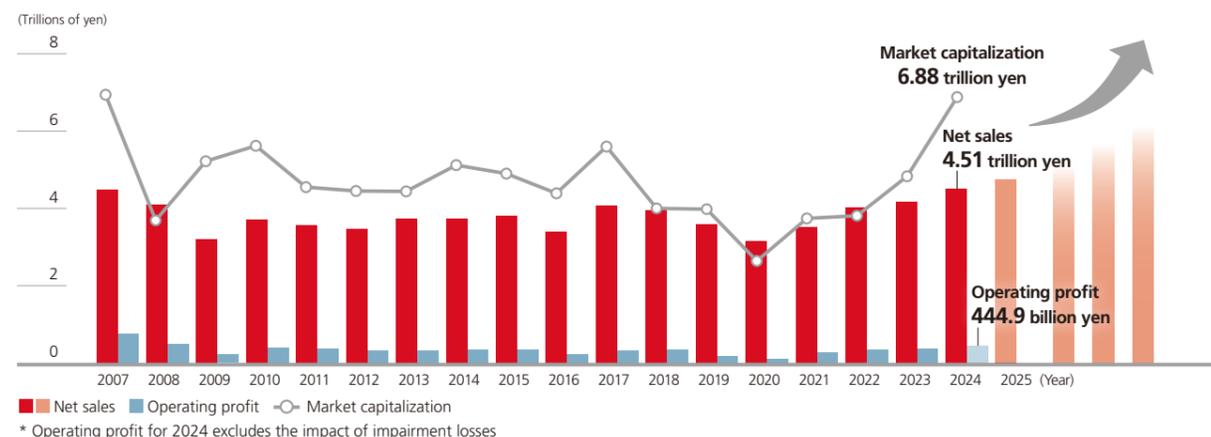
Excellent Global Corporation Plan Phase VI: Financial Strategy

Basic Policy

The basic policy of Canon's financial strategy is to maintain a sound financial constitution through comprehensive cash flow management. This reflects our belief that maintaining financial soundness is crucial in terms of preparing against unforeseen circumstances and pursuing dynamic management from a long-term perspective while keeping open a variety of options.

Towards Increasing Corporate Value

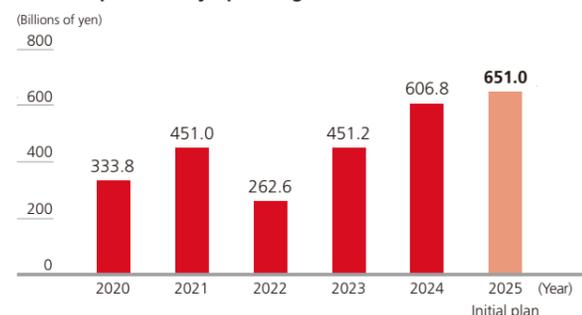
As a result of steady progress in the transformation of our business portfolio, the year 2024 marked a record high in sales, surpassing the previous record set 17 years ago in 2007. Our stock price also rose significantly by 42.6% from the beginning of the year, reaching a market capitalization of 6,883.6 billion yen as of the year end. As part of our financial strategy to further increase corporate value, we will focus on growth investment and increasing return on capital.



Cash Allocation Prioritizing Growth Investment

In 2024, Canon's net cash provided by operating activities increased significantly by 34% year on year to 606.8 billion yen. By enhancing profitability and consistently generating cash, we plan to boost this to 651 billion yen in 2025, a 7% increase. To support the policy of our current five-year plan—portfolio transformation through new business creation—we will place top priority on investment in R&D, capital investment, and M&A in areas where growth is expected. In addition, while maintaining financial soundness, we will provide stable and active returns to shareholders, primarily through dividends, as our business performance expands.

Net cash provided by operating activities

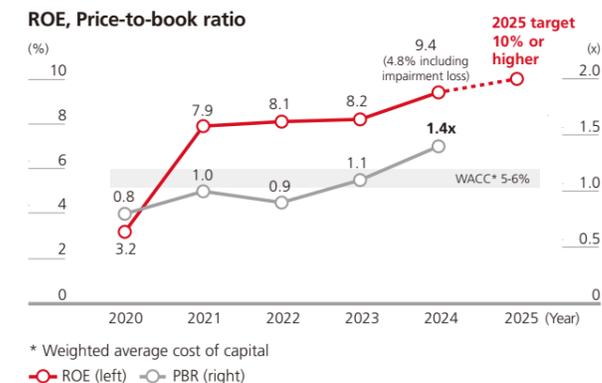


2025 initial plan

Growth investment 705.0 billion yen	R&D 355.0 billion yen	Increase the development efficiency of current businesses and actively invest in growth of new businesses Maintain investment of approximately 300 billion yen per year (roughly 8% of net sales)
	Capital expenditure 250.0 billion yen	Although our guideline is that capital expenditure should be within the amount of depreciation and amortization to manage the balance sheet of each business, we will actively invest in products and services that may become new pillars
	M&A 100.0 billion yen	Pursue M&A that complements growth of new businesses
Shareholder returns 249.4 billion yen	Dividends 149.4 billion yen	Target payout ratio of 50% . 155 yen per share in 2024 and scheduled to pay 160 yen per share in 2025
	Share buybacks 100.0 billion yen	Consider buybacks after making sufficient growth investments and paying dividends. In 2024, 200 billion yen was purchased. As of March 2025, 100 billion yen has already been purchased, and an additional 100 billion yen share buyback limit was set.

Increasing Return on Capital

Considering the cost of capital as the minimum rate of return to be achieved, we calculate the weighted average cost of capital (WACC) annually and have set ROE (Return on Equity) as a key performance indicator as we work to increase return on capital. In 2024, ROE rose to 9.4% when sales reached a record high. We are aiming for 10% or more in 2025 and 15% or more as a future goal.



Initiatives to raise ROE

Each of our industry-oriented business groups is pursuing various measures with an eye on its balance sheet, not just sales and profits on the income statement.

Profitability improvement

Higher gross profit through sales growth

We aim to expand sales with a focus on semiconductor lithography equipment and **new businesses** such as medical, medical, commercial printing, and network cameras.

Sales structure reform

We will proceed with organizational restructuring, personnel optimization, and sales channel reviews, mainly in Europe and America, to transform into a more competitive sales organization. The projected benefits for 2025 are **approximately 22 billion yen**.

Medical business restructuring

We will accelerate our efforts to **rapidly achieve an operating profit ratio of 10% or more** in the medical business, which has a low profit margin compared to our other industry-oriented business groups, by fully leveraging Canon Inc.'s resources and reviewing its operations.

Asset efficiency improvement

Inventory reduction

We will continue our efforts to reduce inventories of parts and raw materials, aiming for an inventory turnover of **60 days or less**.

Review of production structure

We will **consolidate** production in countries and regions with political and social stability. As part of this effort, we are promoting a re-shoring of high-value-added products to Japan, while also considering outsourcing some production of low-end models to **increase the utilization rate** at each site.

Optimizing the capital structure

Pursue optimal balance between debt and equity

While maintaining a **sound financial position**, we will **pursue an optimal balance** between equity and debt that maximizes corporate value.

Balance sheet (as of end of 2024)

Assets 5,766.2 billion yen	Liabilities 2,121.1 billion yen
	Equity 3,645.1 billion yen

Human Resources Strategy

Excellent Global Corporation Plan Phase VI: HR Strategy

At Canon, Respect for Humanity has been part of our corporate DNA ever since the company was founded. Based on this, we believe that the source of value creation is found in human resources, which is why we actively invest in maximizing their value. Currently, in Phase VI of the Excellent Global Corporation Plan, we are accelerating our productivity improvement and corporate portfolio transformation through new business creation.

To that end, we are working to acquire and nurture human resources that can drive innovation and foster a free and open organizational culture that maximizes a diverse workforce and different ideas. In addition, we have introduced a position-based pay system to ensure that the right people are appointed to the right positions, regardless of age or gender. We support the physical and mental health of our employees through various health support initiatives to enable each employee to maximize their capabilities. Furthermore, we are realizing the growth of both individuals and the company by enhancing engagement through better working conditions and job satisfaction.



Acquiring and Nurturing Employees Who Drive Innovation

Canon is working to acquire and nurture human resources that can drive innovation in order to provide new value to society through the creation of innovative products. In our regular recruitment process, we look to generate greater interest among students by enhancing the appeal of Canon through internships and other programs. To secure talented students, we are expanding direct recruiting, whereby we approach candidates based on their academic achievement, such as papers and patents, and job-matching recruitment, which guarantees placements that match the candidate's expertise and interests. Also, we are actively engaged in mid-career hiring (experienced candidates) to acquire personnel with technical capabilities that Canon does not possess. In 2024, mid-career hires made up 31% of all new recruits.

In terms of nurturing human resources, from a long-term perspective, we have established over 250 specialized training programs, under the guidance of the Engineering Resources Development Committee, to nurture the next generation of technicians and engineers. In 2023, we launched an advanced engineer certification program to recognize engineers with advanced technical capabilities and knowledge as "top scientists" and "top engineers," thereby promoting the acquisition and nurturing of human resources capable of creating new businesses through proprietary technology.

In addition, to nurture business personnel and manufacturing personnel who drive innovation in various fields, we have established a variety of training programs and trainee systems. We also strategically place and nurture executive candidates in each field. In 2024, the average training time per employee was 26.7 hours and average training outlays were 173,000 yen.

"Right People in the Right Jobs": Seeking Greater Efficiency Through Talented People

Canon is working to strengthen job-based HR management to achieve highly productive organizations driven by fewer but more capable people, while promoting strategic staff placement and career development support to ensure that the right people are in the right jobs.

Since 2001, we have utilized a position-based pay system to ensure the selection of talented human resources and fair and equitable treatment, regardless of age or gender. We create job descriptions for each position to clearly set out the knowledge and skills required, enabling self-determined career development and the placement of the right people in the right positions. Also, since 2021, we have strengthened our investments in human resources by improving the compensation system, including the introduction of a scheme under which teams that generate higher profits with fewer human resources receive higher bonuses.

To promote the mobility and revitalization of human resources, we have also introduced a career matching system (internal recruitment system) to help shift human resources into growth areas so that employees can independently forge their own careers. Moreover, to support employees who wish to challenge themselves in new roles, we have introduced a trainee-style career matching system that is combined with job change training. In particular, for career changes to software roles, we established the Canon Institute of Software Technology (CIST) in 2018 to train software engineers, thereby bolstering our training system. As a result of efforts to expand the system, 317 employees transferred through internal recruitment in 2024.

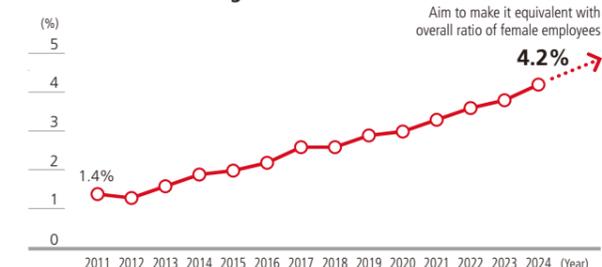
Advancing Diversity

Canon pursues diversity in the workforce to capitalize on an array of values and ideas and generate innovation. In 2012, we launched VIVID (Vital workforce and Value Innovation through Diversity), a Company-wide, horizontally integrated organizational initiative. VIVID has been undertaking activities centered around the twin key measures of (1) female empowerment and (2) encouraging men to participate in childcare.

Female empowerment

We are working to build an environment where women can thrive by providing leadership training for women and engage in the systematic development of candidates for managerial positions. We have also established a support framework in the form of seminars for employees returning to work from childcare leave and mentoring by managers. As a result of these initiatives, the ratio of female managers reached 4.2% at the end of 2024, meaning that we achieved, ahead of schedule, our target of tripling the 2011 ratio by the end of 2025. We have been accredited by the Ministry of Health, Labour and Welfare with the Eruboshi (3 stars) certification in recognition of our efforts as a corporation to promote the empowerment of women in the workplace.

Ratio of female managers



Current awareness of the ratio of female managers and Canon's initiatives

The ratio of female managers in the Canon Group is 12.5% on a consolidated basis and 4.2% at Canon Inc. This reflects the fact that Canon is a company that emphasizes technological development and generally hires a large number of engineering recruits, of which the proportion of female students is low, resulting in a low ratio of female employees.

By setting targets for the hiring of women, we will step up the recruitment of female employees and aim to achieve parity between the ratio of female managers and the percentage of female employees in the company (17.0% at end-2024). In addition, starting in 2024, we conducted various events in support of "Riko-challe," an initiative by the Gender Equality Bureau of the Cabinet Office to encourage female junior high and high school students to pursue science and engineering studies.

Ratio of female employees and ratio of female managers in the Canon Group

	Consolidated Group	By region			
		Japan	Americas	Europe	Asia and Oceania
Total number of employees	170,340	70,126	14,606	22,569	63,039
Number of female employees	63,858	16,075	5,167	6,672	35,944
Ratio of female employees	37.5%	22.9%	35.4%	29.6%	57.0%
Number of female managers	1,224	288	324	242	370
Ratio of female managers	12.5%	4.3%	30.8%	25.3%	31.9%

* The figures in the table are consolidated across the Canon Group and do not correspond to the non-consolidated figures for Canon Inc.

Encouraging men to participate in childcare

To raise awareness and foster a workplace culture that embraces gender equality, we hold roundtable discussions and seminars for male employees who have used the childcare leave system. As a result of these efforts, the ratio of male employees taking childcare leave was 64.6% at the end of 2024. This meant we had achieved our end-2025 target of at least 50% ahead of schedule. The average length of childcare leave taken is 87 days, which is higher than the average among companies affiliated with the Japan Federation of Economic Organizations (Keidanren).

Enhancing Employee Engagement

Canon implements various initiatives to ensure that every employee identifies with the company's philosophy and strategies and engages in their work enthusiastically. One such initiative is our employee opinion survey, which we conduct every two years to understand the current state of the organization and its employees. After conducting a multifaceted analysis of the survey results, we implement CAMP (Canon Active Management Program) Training for all line managers in the year following the survey. As part of the training, in each workplace, managers discuss their department's issues and develop specific measures, setting in motion a cycle where the effectiveness of the measures is confirmed in the following year's survey. In the last three surveys, there was steady improvement in the positive response rate in the categories related to engagement, such as employee motivation, personal growth, and satisfaction with the working environment.

In terms of systems for work conditions, we are working to enhance work-life balance by shortening working hours and creating a work environment that allows for flexible working arrangements according to different life stages. By improving our system for shortened working hours and other schemes, encouraging planned holidays through an open vacation system, which allows employees to take five consecutive days of paid leave, and improving work efficiency with the use of IT, the total work hours per person in 2024 were significantly lower than the national average. On top of that, the average number of paid leave days taken in 2024 was considerably higher than the national average. As a result of these efforts, Canon's voluntary job separation rate is low at 1.6%, and our employee retention rate is one of the highest in the industry.

Results of employee opinion survey

	2018	2021	2023
Positive response rate	47%	49%	50%

Comparisons with the national average

	Canon	National average
Total actual work hours per person	1,730 hours	1,946 hours* ¹
Average paid leave utilization rate	88.0%	65.3%* ²
Voluntary job separation rate	1.6%	12.1%* ³

*1 Source: Based on confirmed data for December 2024 Monthly Labor Survey, Ministry of Health, Labour and Welfare

*2 Source: 2024 General Survey on Working Conditions, Ministry of Health, Labour and Welfare

*3 Source: 2023 Survey on Employment Trends, Ministry of Health, Labour and Welfare

R&D Strategy

R&D Strategy

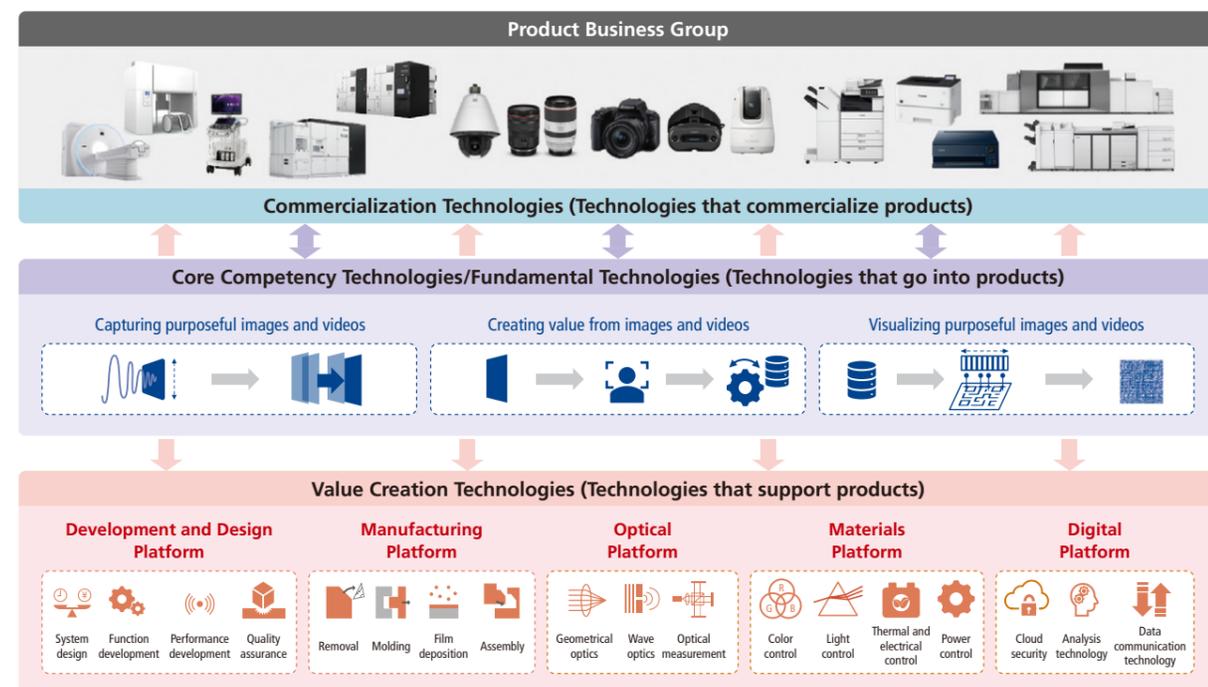
Founded in 1937, Canon started out making cameras, and since the 1960s we have diversified our business operations with copiers, printers, and semiconductor lithography equipment based on proprietary technologies. In recent years, we have pursued an M&A strategy to further expand our business, and today we operate in four industry-oriented groups — Printing, Medical, Imaging, and Industrial.

To achieve further diversification through these four groups, it was necessary to create a system that would enable the use of technology across the entire company, including companies that joined the Group through M&A, transcending the existing business boundaries. We therefore reorganized our technologies into three categories: “Core Competency Technologies/ Fundamental Technologies” that go into products; “Value Creation Technologies” that support products from the outside; and “Commercialization Technologies” that integrate these technologies into products.

We further subdivided the Fundamental Technologies that go into products into three categories: (1) technologies for capturing purposeful images and videos, (2) technologies for creating value from images and videos, and (3) technologies for visualizing purposeful images and videos. We also subdivided the Value Creation Technologies that support products into five platforms: Development and Design, Manufacturing, Optical, Materials, and Digital. The Fundamental Technologies do not exist in isolation, but contribute to product design in conjunction with the Value Creation Technology platforms. The Commercialization Technologies, which include the product design skills and know-how possessed by developers engaged in product development in the business divisions, combine to create synergies, support the business, expand diversification, and serve as a source of driving force for continuous evolution.

Today, technology is becoming even more important, with all industries incorporating technological innovations such as AI, IoT, robotics, and big data. Canon will continue to leverage its accumulated technologies to create new values and contribute to solving complex and diverse issues in society.

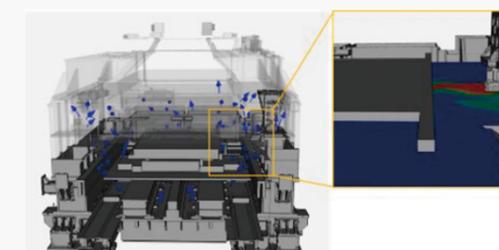
System that enables the use of technology across the entire company



Development and Design Platform to shorten product development time

Canon develops a diverse range of products varying in size and function, including cameras, printers and presses, medical diagnostic equipment, and manufacturing equipment for semiconductor devices and displays. To achieve high performance and quality in these products at low cost, it is necessary to control the behavior of objects mechanically, physically, and chemically at all scales, from nano-scale particles to housing and drive components on the scale of tens of meters. In conventional product development, a number of tangible prototypes were produced based on drawings designed in Computer Aided Design (CAD) in order to discover new issues and share images among developers through repeated experiments and verifications. This method, however, placed a burden on product development in terms of cost and duration of prototyping because we had to build many pieces of different prototypes for each stage of development.

To address this issue, Canon has built a Development and Design Platform that integrates the know-how and technologies accumulated through our research and development to date. This platform enables the comprehensive utilization of simulation technology across the entire company, transcending the boundaries of individual businesses and products. The platform allows product designers to complete the design drawings on the computer, making it possible to evaluate virtually the design accuracy and solve problems at the design stage without creating a physical prototype. As a result, we can develop products in a shorter period and at a lower cost than before.



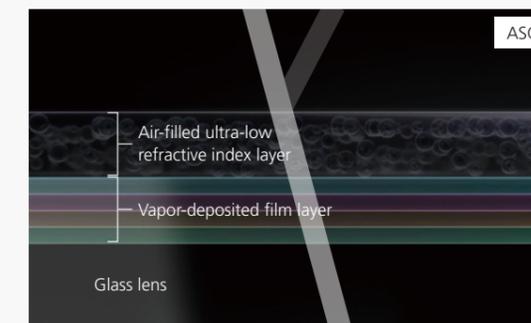
Utilization of thermal airflow simulation developed for copiers in the development of flat panel display lithography equipment

Materials Platform that supports product evolution and the creation of new businesses

Materials are an important element that impacts product performance. In the course of our research and development of cameras, printers, and other products, Canon has strengthened the technologies required for everything from materials development to manufacturing, including design of the material that provides high functionality, synthesis and processing, analysis and evaluation, and manufacturing. These are stored in a database as part of a Company-wide Materials Platform that can be used by any developer.

For example, in interchangeable camera lenses, the high performance achieved by our material coating technology has given us an enormous competitive edge. Phenomena such as ghosting (unwanted artifacts in the image) and flaring (whitewashed areas in the image), which occur when shooting in backlit or high-light environments, are caused by the reflection of light within the lens. To overcome this problem, Canon has developed a proprietary light-controlling coating technology called Air Sphere Coating (ASC). ASC reduces reflections by forming a film containing a certain proportion of air to fit the shape of the lens surface, thereby reducing the difference in refractive index between the air and the lens. It achieves high anti-reflection performance, especially against light incident at near-perpendicular angles.

Other material coating technologies are also used on the front lens protective window and dome cover of network cameras, where the application of a hydrophilic film causes rainwater to run off the surface, preventing a decrease in visibility. New areas of application can also be expected, such as coatings that suppress light reflection depending on the angle of a display.



Highly effective against light incident at near-perpendicular angles (enlarged view of lens surface)

Intellectual Property (IP) Strategy

Basic Policy

Canon has grown as an R&D-oriented company that develops new markets and customers through attractive, high-quality products and services differentiated by proprietary technologies. Canon's IP Division places the highest importance on supporting business development and formulates and executes IP strategies based on the following basic policies for that purpose.

- Use patents related to core competence technologies to secure competitive advantage by not licensing them, as they protect businesses in competitive areas
- Use patents in collaborative fields relating to shared technologies, such as communications, AI, and IoT, in cross-licensing to secure a greater degree of freedom in R&D and business activities
- Respond resolutely to any infringement of Canon's IP, while always respecting third-party IP rights
- Confidentially retain inventions that others cannot easily achieve and protect them as know-how to secure competitive advantage without being overtaken by other companies

Utilization of the IP Portfolio

The value of an IP portfolio becomes apparent when it is utilized. By actively and effectively leveraging the portfolio in various ways, we can fully support business development and enhance the company's corporate value.

1. Securing a competitive advantage

By holding numerous patents in collaborative fields that are also needed by other companies for their businesses, we can reach cross-licensing agreements to secure a competitive advantage for our own businesses.

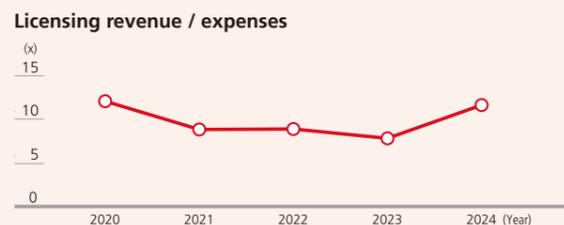
2. Greater degree of technological freedom

Through cross-licensing and patent pools, we have access to approximately one million patents held by other companies, which means a greater degree of freedom in R&D and business activities.

3. Contributions to corporate profitability

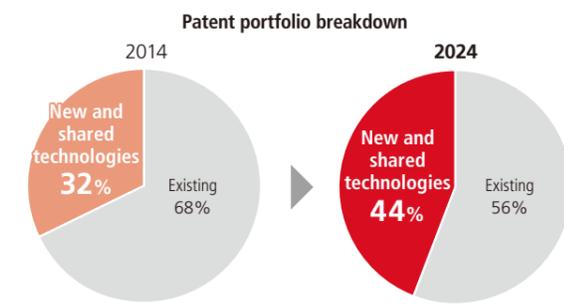
While fulfilling **1** and **2** above, we aim to optimize the balance between licensing revenue and expenses by actively using the IP portfolio and conducting thorough patent clearance searches. Licensing revenue is used for investing in further technological developments, thereby contributing to business development.

Since 2020, licensing revenue has been around 10 times greater than licensing expenses, making a significant contribution to earnings.



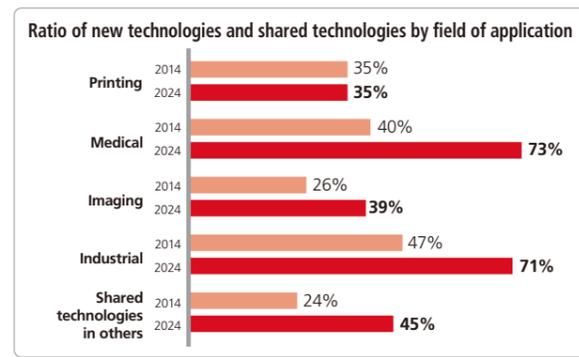
Transformation to a Patent Portfolio That Supports New Businesses

Canon holds a patent portfolio of over 60,000 patent families*¹ worldwide. In the fields of printing and imaging, we have built a powerful patent portfolio, which is also attractive to our competitors, in order to secure the competitive advantage of our existing businesses. On the other hand, over the past decade, Canon has been propelling a shift towards a patent portfolio that supports new businesses. We are increasing the proportion of patents for technologies that support various new businesses (table below), primarily in the medical, imaging, and industrial fields. In addition, we are focusing on expanding the patent portfolio of shared technologies*² that are expected to be utilized across various business domains and play a crucial role in licensing negotiations with other companies, thereby strengthening a patent portfolio that supports the future.



Examples of technologies supporting new businesses

Printing	Commercial printing, industrial printing, printing solutions, etc.
Medical	MRI, CT (including photon-counting CT), diagnostic ultrasound systems, IPS cells, etc.
Imaging	Network cameras, video solutions, mobility, SPAD sensors, etc.
Industrial	Nanoimprint lithography, OLED panel manufacturing systems, robotics, die bonders, etc.



*¹ Number of applications derived from the underlying application
 *² Examples of shared technologies:
 Wireless communications (Wi-Fi, 5G, etc.), video compression (HEVC, VCC, etc.), wireless power transmission (Qi, etc.), AI, IoT, etc.

* Compiled by Canon using PatentSight® data of LexisNexis
 * Number of surviving patent families held by the Canon Group at each year-end (number of published families that are either registered or pending)

IP that supports Canon's businesses

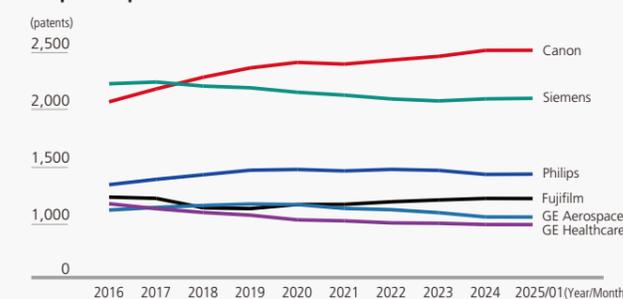
IP Activities in the Medical Field

CT technology for exploring the future

We have been growing our patent portfolio for CT, in order to achieve the global No.1 position in our existing business, to establish an advantageous patent balance against our competitors, and to protect key future technologies.

Also, in recent years, the focus of our IP activities is expanding, with the advent of AI-powered image enhancement technology and photon-counting CT.

CT patent portfolios



* Compiled by Canon using PatentSight® data of LexisNexis
 Data based on IPC (International Patent Classification) A61B6/03
 * Number of surviving patent families held by the Canon Group at each year-end (number of published families that are either registered or pending)

Highly evaluated inventions

We exhaustively obtain patents on inventions that are the result of ongoing R&D, and their value has been highly evaluated, even at the National Commendation for Invention. Canon implements these outstanding inventive technologies into products and introduces them to the world, contributing to people's health and exploring the future of medicine.

Award	Year	Invention overview	Patent number
Imperial Invention Prize	FY2021	Wide-area CT detectors: Data reading method	Patent 5135425
MEXT Minister's Award	FY2018	Ultrasound: Two fundamental frequencies and the second harmonic	Patent 4557573
METI Minister's Award	FY2022	Ultrasound: Imaging of low-speed micro-vascular flow	Patent 6553140
JIII Chairman's Award	FY2023	Method for displaying cardiovascular therapeutic devices	Patent 5523791

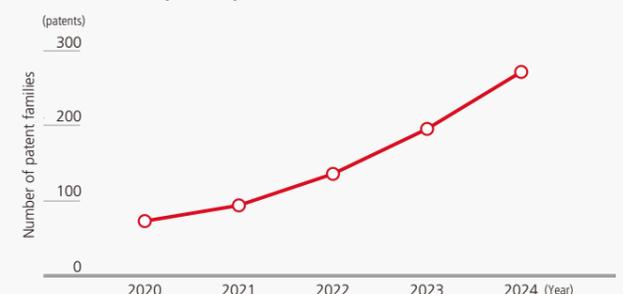
IP Activities in the Imaging Field

New business developments from SPAD sensors

Canon is utilizing its newly developed SPAD sensor technology to expand its business into the fields of remote surveillance and night vision. An ultra-high-sensitivity camera equipped with this SPAD sensor and Canon's extensive expertise in high-magnification super-telephoto zoom lenses, can vividly capture objects even in the dark of night. It can quickly detect accidents or disasters at ports, along coastlines, and at public infrastructure facilities.

Moreover, due to their high sensitivity and high-speed imaging capabilities, we expect to see heightened demand for SPAD sensors across a wide range of applications, including medical, communications, and autonomous driving. Canon is further accelerating the development of SPAD sensors, which hold promise for such new business opportunities, and is expanding its patent portfolio related to SPAD sensors year after year.

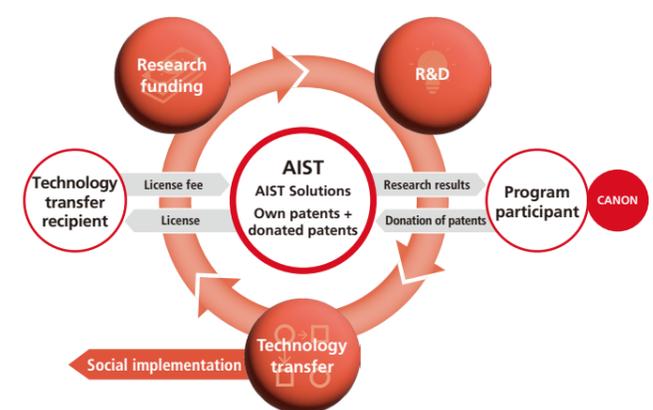
SPAD sensor patent portfolio



* Compiled by Canon using PatentSight® data of LexisNexis
 * Number of surviving patent families held by the Canon Group at each year-end (number of published families that are either registered or pending)

Acquisition of Technology through Co-creation

Canon is participating as a founding member in the AIST Innovation Ecosystem Program, an initiative run jointly by the National Institute of Advanced Industrial Science and Technology (AIST) and private sector companies. AIST licenses patents transferred from program participants along with its own patents and uses the licensing fees to carry out R&D. As a program participant, Canon has free access to the R&D outcomes, and can therefore acquire new technologies that lead to innovation.

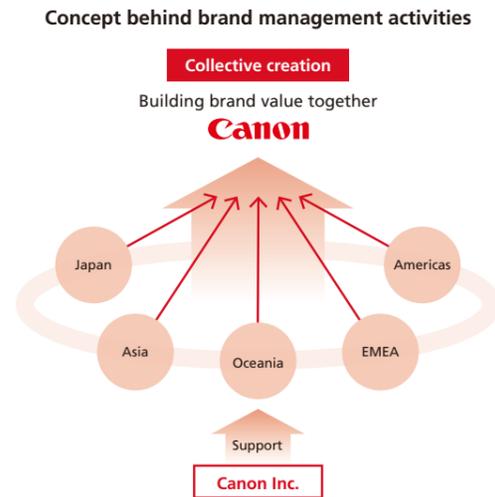


Brand Management

Approach to Brand Management

Canon carefully manages its brand to ensure that customers and society are not adversely affected by improper handling of the Canon logo within the Group or its misuse by third parties.

We pursue brand management activities across the Group based on the concept that building the brand is a collective pursuit in which every Group company is involved in adding value to the brand.



Brand Management System and Rules

Canon has set up the Brand Management Committee as a deliberative body for enhancing the value of the Canon brand. The Brand Management Division was established by Canon Inc. to serve as the secretariat for the Committee and is composed of persons in charge of branding from each division. This framework allows us to respond promptly to various brand issues as they arise.

Information on brand-related issues across the Group is collected by divisions responsible for branding within each regional sales headquarters, which is responsible for overseeing local operations.

The Brand Management Committee provides advice and support regarding the appropriateness of trade names and product names from a brand perspective, as well as use of the trademark Canon. Canon has formulated a set of brand management rules to ensure that its employees use the Canon brand in compliance with regulations and enhance the value of the Canon brand through the trust of customers and society. Moreover, to disseminate this information across the entire Group, we send notifications and publicize changes on our company intranet, as well as brief the brand management divisions of each regional marketing headquarters.

Promoting Awareness of the Canon Brand

Canon leads brand education programs at all Group companies in the countries and regions in which it operates, with the aim of ensuring that employees fully understand the Canon brand and act with propriety and in accordance with pertinent rules. Such education raises awareness that "Each and every employee embodies the Canon brand." For example, we promote brand education as part of our rank-based training curriculum as well as conduct training through our intranet system.

In addition, we also provide brand-related training to meet differing needs: whether for staff with work responsibilities directly connected to managing the Canon brand, staff who wish to deepen their brand knowledge (training in intellectual property laws), or staff on overseas assignment. In particular, when brand management rules are revised in response to changes in the business environment, or when new operational issues arise, we update the training content to keep staff informed.

Measures Against Counterfeiting

Counterfeit products absolutely cannot be overlooked, as they not only damage the brand but may also lead to economic losses arising from malfunctions or inferior quality. In the worst case, they could cause injury to customers who unknowingly purchased a product while trusting the Canon brand.

Our corporate brand "Canon" is registered as a trademark internationally and in roughly 190 countries and regions worldwide, providing us the legal basis to take strong measures against counterfeit Canon products wherever they arise. In practice, we work with police forces from jurisdictions worldwide, as well as other authorities, to crack down on those making and selling counterfeit goods on a global basis. We also work actively with local customs authorities to stop importation of counterfeit goods. In addition, we have strengthened cooperation with customs authorities on various initiatives worldwide, including dispatching employees to serve as lecturers for verification seminars for customs officers. Moreover, in response to the worldwide spread of online counterfeit sales, we are strengthening our efforts to monitor and remove counterfeit goods sold online. We are also focusing on creating an environment to prevent the circulation of counterfeit products on the Internet in collaboration with e-commerce sites.

Internal Branding

As part of Canon's internal branding efforts and to support greater vitality in business innovation, we organize training courses for employees engaged in the early stages of new business development to focus on its relationship with our corporate philosophy of *kyosei* as well as the expression of Canon's 'Enterprising Spirit.' The concepts generated through this business development approach often translate into patentable ideas.

Initiatives for the Environment

Environmentally Conscious Management

Canon works to protect and conserve the environment throughout the product lifecycle.

Acting on the foundation of its approach to sustainability, Canon works to protect and conserve the global environment in line with the Canon Group Environmental Charter and the Canon Group Environmental Vision.

Considering the positive and negative, direct and indirect impacts of Group activities on the environment, Canon has identified four environmental material topics: climate change, resource efficiency, chemical substances, and biodiversity. We are moving ahead with a variety of initiatives to address these topics and challenges.

Canon Group Environmental Vision

Through technological innovation and improved management efficiency throughout all of its corporate activities, Canon aims to achieve sustainable corporate growth while also realizing a society that promotes both enriched lifestyles and the environment.

To this end, Canon offers greater value using fewer resources throughout the entire product lifecycle —Produce, Use, Recycle— to achieve highly functional products with minimal environmental burden. Canon continues to expand these activities with its customers and business partners.

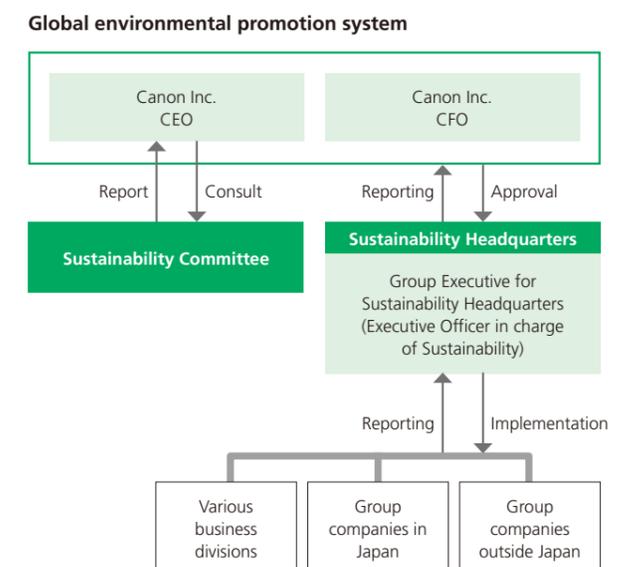
Canon will contribute to a future that promotes both enrichment and the environment through technological innovation.

Identified material topics	Major initiatives
Climate change (Very important)	<ul style="list-style-type: none"> Designing energy-efficient products Improving energy efficiency at operational sites Expanding use of renewable energy Reducing CO₂ emissions from logistics Contributing to society by reducing CO₂ emissions
Resource efficiency (Very important)	<ul style="list-style-type: none"> Reuse and recycling in five locations around the world Environmentally conscious design Reuse, recycling of hardware, consumables Reducing single-use plastics in packaging materials Reducing waste at operational sites Use of biomass and recycled plastics Energy-saving product design
Chemical substances (Very important)	<ul style="list-style-type: none"> Managing chemical substances in products Managing chemical substances in manufacturing processes Reducing discharge into air, water, and soil
Biodiversity (Important)	<ul style="list-style-type: none"> Sustainable use of water resources Sustainable use of forestry resources Canon Bird Branch Project Environmental protection activities rooted in various countries and regions

Global Environmental Promotion System

Led by the Sustainability Headquarters under the supervision of the CFO of Canon Inc., Canon Group is conducting environmental activities with the aim of achieving the Group's environmental targets and realizing our environmental vision. We use a global framework comprising Canon products operations and Canon Group companies in Japan and overseas. The Group Executive of the Sustainability Headquarters, a position occupied by an executive officer of Canon Inc., reports each month to the CFO (and to the CEO, if necessary) on all environmental activities to gain approval.

Moreover, based on the identification of the related risks and opportunities through the discussions of the Sustainability Committee, the direction and content of any sustainability-related matters requiring the response or engagement of Canon is approved by the CEO.



Climate Change

Canon is working to reduce CO₂ emissions at all stages of the product lifecycle.

For 2050
We aim to achieve net-zero CO₂ emissions for the entire product lifecycle (Scope 1-3).

Disclosure in Line with TCFD Recommendations

Canon accepts the recommendations of the final report of the Task Force on Climate-related Financial Disclosures (TCFD) and discloses climate-related information in accordance with the TCFD framework.

Governance	Strategy	Risk management
<p>The impact of climate changes on Canon, response plans and targets were discussed at the Climate Change Working Group (WG) under the Sustainability Committee. The Climate Change Working Group is comprised of senior managers from each business and corporate division. The content of discussions is reported to the Sustainability Committee, and after approval, it is reported to the CEO.</p> <p>To achieve these targets, the Sustainability Headquarters plays a central role in promoting activities throughout the Group. The progress of targets is reported to management every month, and the annual review is reported to the CEO.</p>	<p>Canon conducts scenario analysis based on the TCFD framework, which is recommended in non-financial disclosures, and recognizes the importance of both "mitigation" and "adaptation" to physical risks for Canon. We are working to achieve our GHG (Greenhouse Gas) emissions reduction targets and build a sustainable business model resilient to climate-related impacts.</p> <p>As climate-related risks and opportunities differ among the businesses of Canon's industry-oriented groups (Printing, Medical, Imaging, and Industrial), the Group reviewed the major climate-related risks and opportunities, their countermeasures and financial impact for the entire Group and each group.</p> <p>For details on the risk and opportunity factors affecting Canon and estimated financial impact, please see our annual securities report. https://global.canon/en/ir/library/yuuhou.html</p>	<p>Our response to climate-related risks and opportunities is reflected in our Company-wide environmental targets and priority measures. At Canon, environmental initiatives are part of our management evaluation. The status of achievement of environmental targets and the results of environmental activities of each division are evaluated twice a year in the Environmental and Corporate Social Responsibility Performance Evaluation, which is implemented as an indicator of the Consolidated Performance Evaluation System for evaluating the performance of the Group's overall management. The results of the evaluation are reported to the CEO and other management. As a framework for continuous improvement of environmental assurance activities, Canon has established a common environmental management system in accordance with ISO14001 at all business sites around the world, and manages identified climatic risks in accordance with the PDCA cycle of ISO14001.</p> <ul style="list-style-type: none"> PLAN Set medium-term and annual environmental targets DO Promote environmental assurance activities in cooperation with the activities of each division CHECK Conduct environmental audits and environmental and CSR performance evaluations ACT Continuously improve and enhance environmental assurance activities

Indicators and targets		
Total GHG emissions (compared to 2022)	2030 Targets	2024 Achievements
	42% reduction for Scope 1 & 2, 25% reduction for Scope 3 (category 1 and 11)	Scope 1 & 2: 12.8% reduction Scope 3: 17.7% reduction
Improvement in per-unit lifecycle CO ₂ emissions index (compared to 2008)	2030 Targets	2024 Achievements
	50% reduction	44.6% improvement
Overall targets	2024-2026 Targets	2024 Achievements
	3%-per-year average improvement in lifecycle CO ₂ emissions improvement index per product	Average annual improvement of 3.76% (2008-2024)

In Canon, the environmental targets are set in line with our three-year management plan and reviewed every year to determine whether changes are necessary. Under the overall target of a 3% average annual improvement in the index of lifecycle CO₂ emissions per product unit, our product target is a 3% average annual improvement in the index of CO₂ emissions per product unit associated with raw materials and product utilization. The operational site target includes target figures for reductions per basic unit in energy consumption.

In 2024, in terms of our SBTi, through the promotion of various energy-saving measures, the introduction of renewable energy, the adoption of smaller, lighter, and low-carbon emission components, we achieved a reduction of 12.6% in Scope 1 and 2, and 17.8% in Scope 3 (categories 1 and 11) compared to 2022.

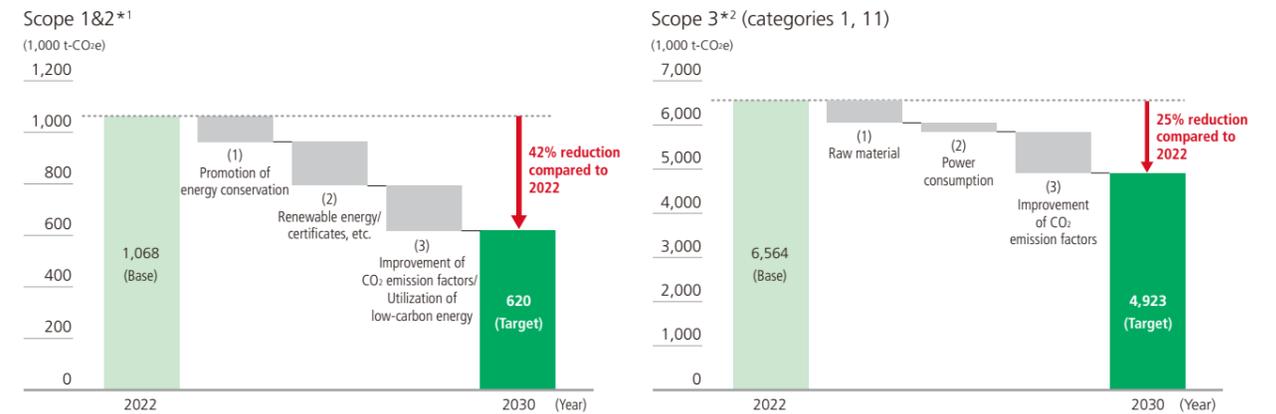
* Science Based Targets initiative: A global body that promotes setting greenhouse gas emission reduction targets in line with climate science

Canon's GHG Emissions-reduction Initiatives

Canon is working to reduce greenhouse gas emissions by assessing the impact of climate changes on the entire product lifecycle, from the manufacturing of materials and parts at suppliers, transportation to retailers, use by customers, and disposal and recycling.

The company aims to reduce its greenhouse gas emissions to net zero by 2050, and to reduce its Scope 1 and 2 emissions by 42% compared to 2022 and Scope 3 (category 1 and 11) emissions by 25% compared to 2022 by 2030. The target was verified by SBTi, an international initiative that recommends setting scientifically based GHG emissions reduction targets. To this end, we are promoting various initiatives, including the development of products using recycled materials, product downsizing and weight reduction, energy saving activities at production sites, energy saving during product use, product recycling, and efficient logistics.

GHG emissions reduction



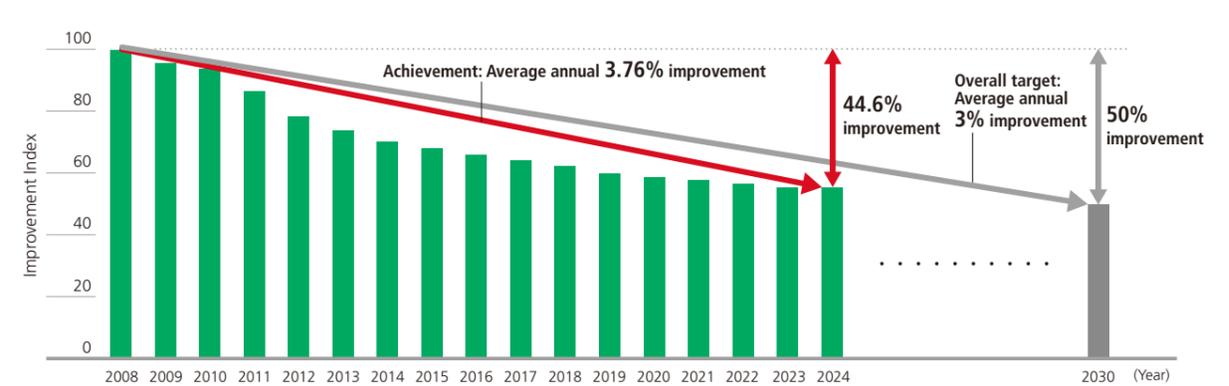
*1 Scope 1: Direct emissions (city gas, LPG, diesel oil, kerosene, non-energy greenhouse gases, etc.)
 Scope 2: Indirect emissions (electricity, steam, etc.)
 *2 Scope 3: Supply chain-related emissions (Category 1: Purchased goods and services, Category 11: Use of sold products)

Results for 2024 were 198,000 t-CO₂e for Scope 1, 733,000 t-CO₂e for Scope 2, and 7,173,000 t-CO₂e for Scope 3, for total life cycle CO₂ emissions (Scopes 1, 2, and 3 total) of 8,104,000 t-CO₂e.

Index of Lifecycle CO₂ Emissions Per Product Unit

Since 2008, a 3% average annual improvement in the lifecycle CO₂ emissions improvement index per product (basic unit target) has been the Canon Group's overall environmental target. By consistently achieving this target, we expect to achieve a 50% improvement in 2030 compared to 2008. As of 2024, the average rate of improvement since 2008 had exceeded the target average at 3.76%, representing an improvement of 44.6% compared to 2008.

Index of lifecycle CO₂ emissions per product unit (assuming 2008 as baseline of 100)



Climate Change

Climate Change Initiative

Canon seeks to consistently meet its environmental targets and, beyond that, is working toward net-zero CO₂ emissions from its business activities by 2050. To that end, we quantify emissions during the whole product lifecycle and use technology to reduce emissions at each stage.

CO₂ Reduction Activities throughout the Product Lifecycle

Green Platform

Canon has organized all the eco-conscious systems and technologies it has accumulated to date into a core technology base known as the Green Platform. Utilizing combinations of various in-house technologies, we undertake initiatives to help minimize environmental impact through decarbonization, development of the circular economy or other means for each product lifecycle stage, notably Design (energy efficiency, resource conservation, pro-recycling design, etc.), Production (less power/water consumption and waste, etc.) and Recycling (repair, re-use, recycling, etc.)



Environmental Impact Reduction via Thorough Use of Simulation

Canon tests product designs by using simulation tools to recreate physical phenomena from the micro to macro level, such as the crumpling or the waviness of paper, or the way individual toner particles melt. For example, reducing the need for fabricating prototypes saves resources during development, while also enabling us to make lighter and more energy-efficient products by optimizing internal paper flows or visualizing heat losses. In turn, this translates to reduced environmental impact during transport and customer usage.

Reducing Power Consumption in Production Using "Production Green Cost Management (GCM)"

At Canon, we use "GCM" to refer to the management framework we have developed that targets parallel reductions in costs and CO₂ emissions, alongside decarbonization efforts based on the development of green technologies. Within this framework, we focus on "production GCM" initiatives that aim to reduce the power used at the production stage. In this system, factory's energy data is automatically collected and plotted in graphs (visualization of electricity), which has facilitated not only the instant identification of wasteful operations (analysis of reduction potential), but also the systematic accumulation of data across the entire company, thereby enabling the immediate discovery of appropriate reduction measures (expansion of reduction measures).

Use of Renewable Energy

Canon is working to expand the use of renewable energy in a variety of ways, taking into account the regional prevalence of renewable energy and the initiatives of each country. For example, we have installed solar panels on the premises of Canon Vietnam (Thang Long Factory), Canon Zhongshan Business Machines, and other sites, using the renewable energy generated.

In addition to these initiatives, by obtaining renewable energy certificates (REC), which securitize the environmental value of renewable energy, we were able to continue converting to renewable energy 100% of the power used in 2024 at five locations among the following four manufacturing companies for office MFDs, home inkjet printers, and large-format inkjet printers: Canon Suzhou, Canon Vietnam (Thang Long Factory and Tien Son Factory), Canon Hi-Tech Thailand (Ayutthaya Factory), and Canon Prachinburi Thailand. Sales marketing companies such as Canon Deutschland and Canon (China) are also using renewable energy certificates to ensure that 100% of electricity consumption in their offices comes from renewable energy sources. Such use of renewable energy earned Canon Europe and Canon UK an "excellent" evaluation under the BREEAM* environmental assessment standard. As a result of these initiatives to use renewable energy, total worldwide renewable energy consumption by Canon Group companies was 307,846 MWh in 2024, roughly a 1.2 times increase over 2023.

* Abbreviation for Building Research Establishment Environmental Assessment Method. An environmental sustainability assessment method developed by Britain's Building Research Institute that evaluates buildings under nine categories, including health and wellbeing, energy, and waste

Resource Efficiency

Canon promotes recycling through the 3Rs: reduce, reuse, and recycle.

Resource Efficiency

Canon seeks to recycle used products into new ones to maximize the value brought about by resource efficiency. In particular, we have emphasized such initiatives as closed-loop recycling of toner cartridges and the remanufacturing of office multifunction devices — collecting them post-use and making them into products with good-as-new quality.

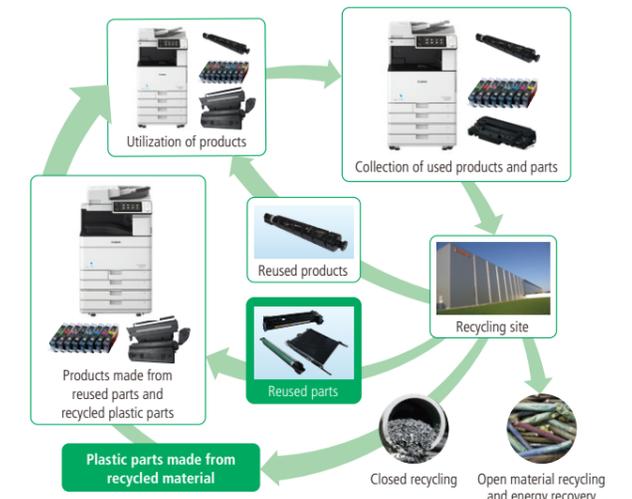
Currently, Canon has sites conducting recycling, in Japan, Germany, France, the United States, and China. We are continuing initiatives aimed at circulating resources within the same regions where they are consumed. Since 2008, we have reused 38,642 tons of products and parts directly and extracted 47,681 tons of plastic from used products for use as raw materials in new products. Going forward, we will continue to reinforce activities at Canon recycling sites around the world, contributing to both resource efficiency and the realization of a carbon-neutral society.

Amount of reused products and parts: **38,642 tons**
 Amount of plastic used as raw material: **47,681 tons**

	2024 Targets* ¹	2024 Achievements* ²
Operational Sites	Total waste generation per basic unit: 1% improvement	2.2% improvement

*¹ Calculation based on average annual improvement rate of the three most recent years. The basic unit denominator is decided according to the characteristics of each operational site (production volume, effective floor area, workforce, etc.)
 *² For scope of data collection: <https://global.canon/en/sustainability/report/pdf/data-2024-e.pdf>

Flowchart of resource efficiency



State-of-the-Art Automated Recycling Plant at Canon Eco Technology Park

In February 2018, we opened the Canon Eco Technology Park. Based on a "clean and silent" design concept, which overturns the traditional image of recycling operations, the facility has implemented advanced systems to further boost recycling efficiency. The Canon Automated Recycling System for Toner Cartridges (CARS-T) is a process in which, after separation using a camera-based process, used toner cartridges are crushed and materials automatically separated for recycling of the main component, high-impact polystyrene (HIPS). The sorting purity of the recycled plastic reaches 99% or greater* with the intensive use of various separation technologies at the different stages of the process. With the recycling system for ink cartridges (Canon Automated Recycling System for Ink Cartridges: CARS-I), a camera-based automatic sorting process is applied to used ink cartridges. The automated process line covers disassembly, pulverization and washing. Separated materials are re-used for ink cartridge components and packaging. Resources that cannot be recycled in product-to-product recycling are diverted to material recycling or thermal recovery processes to help maximize resource efficiency.



Canon Eco Technology Park



The Canon Automated Recycling System for Toner Cartridges (CARS-T)

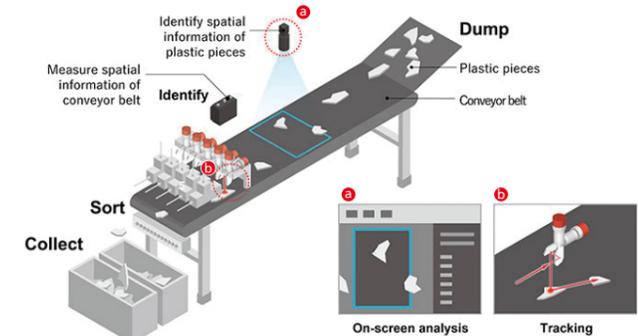
* 99% or greater based on Canon's in-house sorting method

Plastic Sorting Equipment that Revolutionizes Recycling with Proprietary Technology

Of the plastic discarded in our daily lives, approximately 20%* is recycled as materials for new products (material recycling), while the rest is used as fuel or is left unused and incinerated. Since the purity of the plastic is important for recycling, it is necessary to accurately determine the type, such as ABS or polypropylene (PP). However, the black plastics used in home appliances and automotive interiors do not transmit or reflect visible light, making it difficult to identify the type of plastic using near-infrared spectroscopy, the current method for identifying plastics.

In June 2024, Canon began selling the TR-S1510, a plastic sorting system based on tracking-type Raman spectroscopy technology that is able to simultaneously sort black plastic pieces, which are difficult to distinguish, and other colored plastic pieces at recycling sites with high accuracy.

* Source: "Production, Disposal, Recycling, and Treatment of Plastic Products in 2022," Plastic Waste Management Institute (in Japanese)



Chemical Substances

Canon thoroughly manages chemical substances in products and those used in manufacturing processes.

Approach to Managing Chemical Substances

Canon strictly manages chemical substances in products as well as those used in manufacturing processes. Our basic approach to management involves confirming products do not contain regulated chemical substances that exceed the prescribed standard and production sites do not discharge regulated chemical substances that exceed the prescribed standard.

Management of Chemical Substances in Products

Canon has built a Group-wide environmental assurance system for managing chemical substances in products. Taking the laws and major environmental-labeling requirements around the world into consideration, we established in-house standards in line with the most stringent regulations in the world. Specifically, we classify and rigorously manage chemical substances as shown in the table on the right. To ensure rigorous management and compliance with laws and regulations, the latest Canon Green Procurement Standards (Ver. 16.0), issued in July 2024, make even stronger demands of suppliers, clarifying the need to provide reliable chemical substance information.

Chemical substance classification and management method

	Explanation
Prohibited substances	Chemical substances which cannot be used in products
Use-restricted substances	Chemical substances for which we are working to find alternatives by specific deadlines
Controlled substances	Chemical substances for which the amount should be monitored

	2024 Targets*1	2024 Achievements*2
Operational Sites	Emissions of controlled chemical substances per basic unit: 1%	0.9% deterioration

*1 Calculation based on average annual improvement rate of the three most recent years. The basic unit denominator is decided according to the characteristics of each operational site (production volume, effective floor area, workforce, etc.)
 *2 For scope of data collection: <https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf>

Utilization and Development of the chemSHERPA System for Information Sharing on Chemical Substances

To manage chemical substances appropriately, it is important to share information on the chemical substances contained in materials, parts, and products accurately and efficiently along the supply chain from upstream to downstream, and to ensure compliance with all applicable regulations. After adopting the IEC62474* international standard data scheme, Canon in 2017 began utilizing the chemSHERPA data scheme for information sharing, standardized under the initiative of Japan's Ministry of Economy, Trade and Industry.

* Material Declaration for Products of and for the Electrotechnical Industry. International standards issued by the IEC (International Electrotechnical Commission) in March 2012 aiming to streamline the material declarations on chemical substances and compositions contained in the products of the electrotechnical industry in the global supply chain

Managing Chemical Substances Used in Manufacturing Processes

The chemical substances handled during manufacturing at Canon include "controlled chemical substances" regulated in terms of safety such as negative impact on human health, the environment, and flammable risk. Canon categorizes these substances and has put effective measures in place for each category.

List of controlled chemical substances

Rank	Explanation
A	Substances specified by the Chemical Weapons Convention, the Stockholm Convention, the Montreal Protocol and the Convention concerning Safety in the Use of Asbestos, as well as specified greenhouse gases (PFCs/HFCs/SF ₆), other soil and groundwater pollutants, and substances that significantly impact people's health.
B	Greenhouse gases other than PFCs/HFCs/SF ₆ , greenhouse gases for which global warming potential (GWP) has been determined by the IPCC, volatile organic compounds (VOCs), and other substances designated by Canon.
C	Chemical substances with defined compliance requirements, including compliance with reference values and the ascertainment of usage and storage quantities.

Green Procurement and Guidance to Suppliers

In the environmental area, Canon has established Canon Green Procurement Standards, which outline its environment-related requests to suppliers. Suppliers must comply with these standards to do business with Canon. Specifically, we view a supplier's environmental management as consisting of two interrelated elements: management of business activities, and management of parts and materials. We require that the supplier must operate effective environmental management in each of the four frameworks labeled A–D in the diagram to the right. If a supplier is found to have a negative impact on the environment, we immediately demand corrective action be taken and check the status of improvements made.

Concept of green procurement standard requirements

	Environmental management system	Performance
Business activities	A: Environmental management system for business activities Construction and operation of an environmental management system for business activities	B: Performance of business activities Compliance with environment-related laws and regulations Compliance with other applicable legal requirements Non-use of prohibited substances Reduced use of substances targeted for reduced levels of use Preventative measures against soil and groundwater pollution
Parts & materials	C: Management of chemical substances in products Construction and operation of system for management of chemical substances in products	D: Performance of parts and materials No prohibited substances are contained No use-restricted substances are contained after a specified period

■ Evaluation of supplier (A-C) ■ Evaluation of parts and materials (D)

Biodiversity

Under our Biodiversity Policy, we have formulated the slogan 'Nature Positive' and are pursuing activities rooted in local communities worldwide.

Biodiversity Policy

Canon recognizes biodiversity as essential for a sustainable society. We carry out various activities to conserve and protect biodiversity under the Canon Group Biodiversity Policy.

Canon believes that actions to conserve biodiversity will prevent the loss of economic activity, create jobs and business, and lead to the Group's sustainable development. For this reason, we are currently assessing issues related to the natural environment, including our dependence on natural capital and our impact on such capital, and are steadily increasing our disclosure on these issues in accordance with the framework of the Task Force on Nature-related Financial Disclosures (TNFD).

▶ Canon Group Biodiversity Policy <https://global.canon/en/sustainability/environment/biodiversity/policy/>

Water Resources Policy

At Canon, we rely on numerous water resources in our production processes. We have therefore formulated a Canon Group Water Resources Policy, and we work both to promote the effective use of water and to prevent water pollution. We also recognize that water is closely linked to climate change and other environmental issues, and we understand its impact on the environment. Based on our corporate philosophy of *kyosei*, at Canon we are working with various parties—including local communities and our suppliers—to reduce our use of water resources, and to minimize our impact on the environment.

Initiatives for Sustainable Use of Water Resources

Reducing Water Usage Canon collects water data by intake source (public water system, industrial water system, or groundwater) and manages water resources carefully so as not to exceed intake limits for the different regions in which it operates. We also set and manage targets for the volume of water used in production, and constantly strive to further reduce water usage by improving production processes, raising water-usage efficiency and enhancing the quality of our water management.

Water Recycling at Production Sites Canon promotes the recycling of water resources. We promote the efficient use of water by making decisions on whether water can be recycled based on measurements using measuring instruments. Each site is taking on individual initiatives suited to their own unique circumstances. For example, taking into consideration its impact on the marine ecosystem of nearby Beppu Bay, which abounds with precious natural resources and habitats, the Kitsuki Plant of Oita Canon employs a fully closed wastewater system that discharges only rainwater. At Canon Ecology Industry, wastewater from equipment used in air conditioning and other infrastructure is treated and recycled for reuse in the production process of toner and ink cartridges.

Canon Inc., Taiwan's production site re-uses the wastewater from the cleaning equipment in the polishing process. We are also working to keep water consumption at our marketing sites to an appropriate level by measuring and monitoring the amount of water used at main sites. To reduce water consumption at its head office building through water recycling, Canon Marketing Japan is cooperating with the Shinagawa Grand Commons Community Development Council, an association of local business enterprises, in a reclaimed water utilization project under which recycled water supplied by the Tokyo Sewerage Bureau is used for flush toilets and other purposes.

In 2024, water consumption increased by 0.3% from the previous year to 8,693,000 m³. This reflected larger water volumes used in cooling for facility maintenance purposes and due to the higher prevailing temperatures, which more than offset the ongoing efforts of Canon Group sites to reduce water usage.

'Nature Positive' Initiatives at Canon

Biodiversity has come to be recognized in recent years as an issue facing global society as a whole, and the notion of 'nature positive' initiatives that seek not only to conserve but also restore biodiversity has gained attention. Canon has adopted the Group-wide slogan 'Nature Positive' to guide our collaboration with stakeholders at marketing and production sites in countries and regions worldwide in developing activities in line with local needs.

Worldwide rollout of locally focused activities



Canon Bird Branch Project (Canon Group) Conservation of coral reefs (Canon Europe) Sustainable Environment Creation Program (Canon Canada) Wetlands Habitat Conservation for Migratory Birds (Canon Hong Kong) Forest Restoration Project (Canon Spain)

	2024 Targets*1	2024 Achievements*2
Operational Sites	Water usage per basic unit: 1%	0.6% improvement

*1 Calculation based on average annual improvement rate of the three most recent years. The basic unit denominator is decided according to the characteristics of each operational site (production volume, effective floor area, workforce, etc.)
 *2 For scope of data collection: <https://global.canon/en/sustainability/report/pdf/data-2025-e.pdf>

Initiatives for Society

Canon has identified two social material topics by considering the positive and negative, direct and indirect impacts of Group activities in the social domain. We are moving ahead with a variety of initiatives to address these topics. This report focuses on respecting human rights, in the area of human rights and labor that we have positioned as a very important topic.

Identified material topics	Major initiatives
Human rights and labor (Very important)	<ul style="list-style-type: none"> Respecting human rights Hiring and treatment of human resources Diversity, equity and inclusion Occupational safety and health management Human resource development and personal growth
Sociocultural support activities (Important)	<ul style="list-style-type: none"> Canon Young People Programme to foster creativity and expressiveness in young people Miraisha Programme aiming to increase employment opportunities and technical skills in Africa 4E's Project providing multi-faceted assistance in India Tsuzuri Project special exhibition preserving ancient Japanese cultural assets for the future

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 employees, business partners and other stakeholders involved in its business activities. Based on the advice of outside experts, Canon works to ensure human rights using the following measures: (1) formulating a human rights policy; (2) undertaking human rights due diligence; (3) instituting and operating a grievance mechanism; (4) conducting human rights awareness training; (5) activities aimed at engaging with stakeholders on human rights issues; and (6) addressing human rights risks in the supply chain.

Promotion System

At Canon Inc., the CFO holds the responsibility as the executive of human rights, while the sustainability, legal, and human resources divisions of Canon Inc. serve as the secretariat, pursuing human rights initiatives. The secretariat formulates an overall plan for human rights initiatives, establishes and operates grievance mechanisms, conducts stakeholder engagement, and reports important matters to the executive in charge. Potential human rights violation risks have been identified as a significant risk by the Risk Management Committee established by a 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.

We also established a Human Rights Working Group in April 2024 under direction of the Sustainability Committee, which engages in activities aimed at ensuring appropriate human rights disclosure.

➤ Risk Management Committee P55

(1) Formulating a Human Rights Policy

Having instituted the Canon Group Human Rights Policy in the name of the Chairman and CEO in 2021, Canon is promoting efforts to respect human rights. This 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 prohibition 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 communicated to employees and stakeholders in each country and region via our website.

➤ Canon Group Human Rights Policy <https://global.canon/en/sustainability/society/human-rights/pdf/hr-policy-e.pdf>

(2) Implementation of Human Rights Due Diligence

Based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, we undertake human rights due diligence across the Group, as one of the activities under the Risk Management Committee.

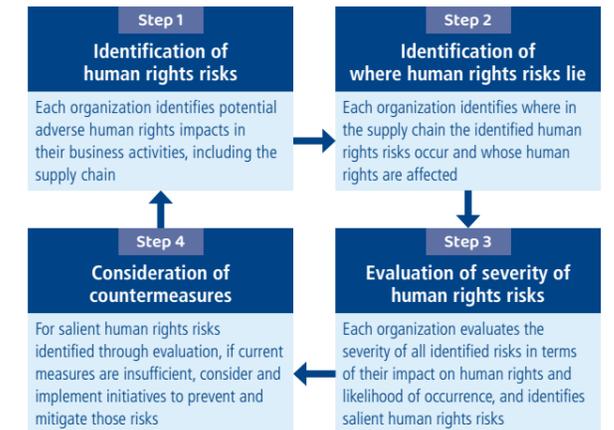
Each Canon Inc. division and Group company conducts human rights due diligence in their respective business activities, including the supply chain, following the process shown in the diagram to the right. They identify and evaluate potential adverse human rights impacts and determine salient human rights risks. In assessing human rights risks, they refer to resources such as the country/region-specific human rights risk index provided by the Responsible Business Alliance (RBA).

In addition, we assess human rights risks for new businesses.

For example, when conducting an acquisition, we examine the target company's compliance with labor standards, health and safety laws, and other regulations as part of due diligence to confirm that there are no serious human rights risks at the company that is newly joining the Group.

As part of an International Labour Organization (ILO) project entitled "Building Responsible Value Chains in Asia" funded by Japan's Ministry of Economy, Trade and Industry, Canon's initiatives in this area were cited as an example of good corporate practices in Japan and featured in an article on the website of the Japan External Trade Organization (JETRO).

Canon's human rights due diligence process



Salient Human Rights Risks for Canon

Among the potential human rights risks that may arise in Canon's business activities, the salient human rights risks identified are listed in the table below, and various countermeasures are being implemented to prevent and mitigate these risks.

	Rights-holders				Measures
	Suppliers/ Contractors	Canon employees	Customers/ Consumers	Local communities	
Discrimination based on such factors as race, gender, or religion		●			Thoroughly disseminate Canon Group Code of Conduct with company
Harassment		●			Raise awareness through training and meetings to prevent harassment
Child labor	●				Engagement through supplier questionnaires
Forced labor	●				
Unpaid wages/low wages	●				
Excessive overtime work		●			Implement so-called "no overtime days" (twice a week), educate managers on how to thoroughly manage subordinates' working hours in training sessions, and set alerts for employees who may exceed overtime limits
Occupational health and safety	●				Engagement through supplier questionnaires
Protection of privacy		●			Formulate a health management strategy map to further promote health management and prevent the occurrence of occupational accidents
Procurement of conflict minerals			●		Monitor trends regarding tighter personal data protection regulations in various countries and regions, and ensure compliance with rules for handling cookie data
Noise, environmental pollution at operational sites				●	Create and ensure compliance with rules and guidelines for information dissemination through advertising, public relations, websites, and social media
Health damage or accidents caused by products			●		Identify conflict-torn regions and high-risk areas and avoid the use of materials supplied by businesses with high human rights and environmental risks
				●	In all aspects of corporate activities, comply with applicable national and regional laws and agreements with other stakeholders, while promoting energy and resource conservation and the elimination of hazardous substances
			●		Manage and understand quality issues that occur in the market as well as their severity, and take action to prevent their recurrence

Respecting Human Rights

(3) Instituting and Operating a Grievance Mechanism

At Canon Inc., we have set up an internal reporting system that allows employees to report specific human rights concerns. We also work to raise awareness of the reporting system via the Company intranet and training programs, among other measures, and are taking steps to ensure its appropriate use. We have another reporting system for external stakeholders. Both internal and external systems maintain the privacy of informants to ensure that they are not treated unfairly for reporting. We also make it possible to report anonymously. For any reported cases, we conduct investigations to ascertain the facts, and if a problem is identified, we take the necessary measures to remedy the problem and prevent recurrence.

In 2024, Canon received 140 cases concerning human rights-related issues (discrimination/harassment, wages, working hours, etc.). Out of these 140 cases, 27 cases for which Canon completed investigations as of the end of 2024 required remedying. For cases that required remedying, we issued warnings or guidance to the employees at fault or relevant departments, as well as disciplinary action or transfers.

▶ Responsible Business Conduct Hotline <https://global.canon/en/contact/csr/csr-form-e.html>

Number of reported cases and compliance violation reports over the past three years

	2022	2023	2024
Annual number of reported human rights cases (as of each year-end)	110	94	140
Number of reported cases where compliance violations were confirmed after investigation (as of each year-end)	21	17	27
Category			
Discrimination/harassment	16	14	23
Labor management	5	3	4

(4) Human Rights Awareness Training

Since 2021, we have been carrying out an online learning program for employees to instill basic knowledge about business and human rights and raise awareness of Canon's human rights initiatives. The training programs delivered overseas reflect national and local characteristics, and each company has optimized the content and translated it into each language.

Handbook to Inform Employees

Canon Vietnam has issued an employee handbook that covers the Canon Group Code of Conduct, the RBA Code of Conduct, and various internal rules of Canon Vietnam, including those relating to the protection of human rights, to further improve the workplace environment and deepen mutual understanding between the company and employees.



(5) Stakeholder Engagement

The OECD Due Diligence Guidance for Responsible Business Conduct states that it is important for companies to engage with stakeholders when identifying and assessing the actual or potential adverse impact caused by corporate activities, and when devising measures to prevent or mitigate such impact. In addition to the Canon Workers' Union, Canon is engaged in dialogue with institutional investors, suppliers, and business partners.

Example of Stakeholder Engagement

To identify and assess salient human rights risks and to consider measures for prevention, we organized dialogues with the union relating to issues that represent human rights risks for employees, including discrimination based on factors such as race, gender, or religion, as well as topics related to harassment, excessive overtime work, occupational health and safety, and protection of privacy. Through dialogues in 2024, we identified trends in corporate responses to human rights issues and exchanged opinions on a wide range of concerns, including the active participation of women in the workforce, issues involving sexual minorities and people with disabilities, and consultations about harassment and efforts to address these issues, as well as concerns about employee career development and telework and other types of flexible work styles. The results of these discussions are taken into consideration when we identify and assess salient human rights risks for Canon and consider preventive measures.

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. 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.



Human rights dialogue with the Canon Workers' Union

(6) Addressing Human Rights Risks in the Supply Chain

Prevention of Excessive Overtime Work

We have instituted a system to accurately ascertain the working hours of employees at overseas production sites deemed to be subject to a notably high risk of excessive overtime work. Actual results on working time management, including overtime work, are reported annually to Canon Inc.'s HR division. Work guidelines were introduced to Canon Group production companies based in Asia in 2015 as part of human rights risk-related initiatives. In 2022, we overhauled these guidelines to make them consistent with RBA standards, extending them to all our domestic and overseas Group production companies.

Prevention of Harassment

In line with the principle of respect for humanity that we have followed since the Company's foundation, Canon not only prohibits discrimination based on factors such 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's employment rules and Harassment Prevention Provisions prohibit other forms of harassment, including maternity harassment. In a further effort to maintain a comfortable workplace environment, we have set up 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's 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.

Prevention of Child and Forced Labor and Unreasonable Restrictions on Movements

We use the RBA's SAQ (Self-Assessment Questionnaire) at Canon Group domestic and overseas production sites. Based on survey responses, we confirm there is no evidence of child or forced labor or any unreasonable restrictions on workers' movements on the site or while at work. In addition, we have confirmed that Group companies do not retain original documents of employees' personal ID documents through the SAQ.

In order to prevent child labor, we thoroughly check the age of employees when they enter the company, and we have developed a response flow in case an employee who is under the minimum working age is found. In addition, young workers under the age of 18 are prohibited from working any overtime, working at night time, or engaging in dangerous work, thereby giving consideration to their health.

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 operations.

Compliance with Modern Slavery Act

Canon identifies the risks of forced labor, human trafficking, and child labor within the Group and in our supply chain and publishes an annual statement in accordance with the modern slavery laws of each country and region.

Supply Chain Management

Basic Approach

Having formed partnerships with suppliers worldwide, from whom it purchases considerable numbers of components, such as electronic parts, mechanical parts, units and materials, Canon believes it has a responsibility as a global manufacturer to consider the social and environmental impact of its procurement activities. In 2019, in line with this approach, Canon joined the RBA, a coalition of companies that promotes socially responsible global supply chains.

Besides focusing on legal and regulatory compliance related to procurement from a global standpoint, Canon believes in the importance of dealing with suppliers in a fair and transparent manner. We promote an open procurement approach utilizing a broad base of suppliers worldwide.

Policies

Canon's Procurement Policy establishes our basic stance on procurement, with the emphasis placed on observing corporate ethics, environmental conservation, and fair and equitable business conduct. We are working to develop a socially responsible global supply chain on issues such as labor, occupational health and safety, the environment, corporate ethics and management systems. We have also formulated the Canon Supplier Code of Conduct, based on the RBA Code of Conduct that has been translated into more than 20 languages, including English, Chinese, Japanese, Thai, and Vietnamese. In July 2024, we also formulated and distributed to suppliers the Canon Sustainability Supplier Guidelines, which summarize our initiatives for addressing climate change, human rights, and other important issues related to sustainability, as well as requests for supplier cooperation and surveys, and the standards set out in the Canon Supplier Code of Conduct and Green Procurement Standards. Based on these guidelines, we will continue to strengthen sustainable procurement in our supply chain. Our Procurement Policy and the Canon Sustainability Supplier Guidelines are published on our website to inform all stakeholders.

To strengthen cooperation with suppliers, the procurement annual meeting with our major suppliers is utilized to explain procurement policies, request compliance with the Canon Sustainability Supplier Guidelines, and report on related activities. In addition, we raise awareness of the code by conducting an annual survey of our suppliers worldwide, while also asking first-tier suppliers to ensure their supply chains (Canon's second-tier suppliers) understand and comply with the Canon Sustainability Supplier Guidelines.

Promotion System

The Procurement Headquarters of Canon Inc. oversees and promotes procurement activities across the Group. A central unit has been established to manage internal procurement-related controls, including setting rules, monitoring operational status, and training staff.

Policy items and significant matters regarding legal violations and risks relating to business operations are deliberated by the Risk Management Committee in terms of how to respond to business risks and opportunities and the measures required, with reporting to the CEO and the Board of Directors as needed.

Fulfillment of Social Responsibility in the Supply Chain

Canon's Supply Chain

Many manufacturers outsource assembly operations or other production processes to outside contractors; however, due to the strong focus and importance Canon places on manufacturing, we not only carry out product assembly but also manufacture certain components, parts, and materials in-house at Canon Inc.'s operational sites or at Group manufacturing companies (hereinafter "Canon production sites"). Canon production sites located in Japan, China, Taiwan, Malaysia, Thailand, the Philippines, Vietnam, the United States, and Europe are responsible for supplying Canon products to Canon Inc. as well as Group marketing subsidiaries and affiliates. As the head of the Canon Group, Canon Inc. supervises Canon production sites that directly employ large numbers of people. Canon production sites also have partnerships with thousands of suppliers unaffiliated with the Canon Group, from whom they purchase considerable numbers of components, such as electronic parts, mechanical parts, units, and materials.

Canon Group Initiatives

We are using the RBA's Self-Assessment Questionnaire (SAQ) to assess the risk of human rights violations at 64 Canon Group production sites worldwide and confirm that the sites are not making use of child labor or forced labor and are respecting workers' freedom of association and right to collective bargaining. In addition, Canon conducts internal audits, including on-site inspections, and undergoes regular external audits. In 2024, 22 sites worldwide underwent VAP audits by the RBA. Some items were pointed out at sites that were audited in 2024, and we are taking corrective actions as follows:

- Management of working hours and wages of workers, including on-site subcontractors, and employee cost burden
- Emergency exits, evacuation routes, and disaster prevention equipment
- Evacuation route maps, guidance signs
- Expansion of languages needed for safety and health information
- First aid kit management, signs directing use of protective equipment

Initiatives with Suppliers

Before starting business dealings with a new supplier, Canon conducts an assessment based on the Canon Sustainability Supplier Guidelines following the supplier evaluation flow (as shown on the right). Only those suppliers that meet these standards are registered on the supplier list. Canon conducts an annual survey of suppliers registered on the list and makes a comprehensive evaluation based on the survey results, performance as a supplier, and other factors. The results are then reflected in the supplier list, enabling us to preferentially deal with suppliers with high evaluations. We conduct on-site audits of suppliers with low evaluations and provide guidance and instruction for improvement. In particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment.

For parts and materials suppliers of its main business products ("major suppliers"), Canon uses an RBA-approved SAQ to identify their labor, health and safety, environmental, and ethical risks. Our 2024 survey of 378 companies elicited responses from 372 companies. Suppliers that did not reply to the survey were followed up individually. As a result, no major suppliers were identified as high risk. However, we provided feedback on each item to the major suppliers and requested that they identify weaknesses and improve on them. We also conduct online meetings and arrange site visits to help verify the SAQ responses of a select number of major suppliers around the world. Furthermore, we request major suppliers to sign an agreement concerning the RBA Code of Conduct.

We have obtained agreements from 98.1% of our major suppliers. Since 2022, at our core business production sites, we have been carrying out risk assessments related to labor, health and safety, the environment, and ethics for the major on-site service providers related to security, cleaning, cafeterias, labor agencies, and facility and dormitory management companies.

Supplier evaluation system



* Corporate ethics covers areas including legal compliance, product safety, management of confidential information, human rights, labor, health and safety, and intellectual property right protection.

Addressing the Issue of Responsible Minerals Sourcing

Products manufactured and sold by the Canon Group and numerous other corporations contain materials that originate from a variety of minerals. These materials are sourced through diverse supply chains from their places of origin throughout the world. Mineral mining sites, smelters or other processing sites for some of those materials have been shown to have links to armed groups, serious human rights violations or environmental destruction. Corporations are therefore being called upon to exercise their social responsibility by identifying conflict/high-risk regions and avoiding the use of materials supplied from business operators disrespecting human rights or environmental conservation in those regions. To reassure customers using Canon products, we are working with suppliers and industry bodies on responsible mineral sourcing initiatives.

At Canon, we use the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT), which are standard questionnaires published by the Responsible Minerals Initiative (RMI), as well as Canon's own questionnaires when necessary, to identify and assess risks. We use the results of these surveys to inform risk-mitigation efforts in this area.

In 2024, we requested suppliers to respond to CMRT/EMRT-based surveys and received responses from approximately 90% for the CMRT (3TG: tin, tantalum, tungsten, gold) and approximately 83% for the EMRT (cobalt).

Based on the survey responses, there was no evidence pointing towards significant human rights or environmental risks. However, the complex nature of the supply chain makes it difficult to identify specific smelters or in many cases to obtain clear responses. Given these and a range of other survey challenges, Canon is working for further risk identification and improvement.

In line with OECD Guidance, the assessment framework of the Canon Group surveys, the results, risk analyses, and information relating to specific smelters are published annually in the Conflict Minerals Report on our website.

➔ Conflict Minerals Report <https://global.canon/en/sustainability/society/conflict/>

Governance

Corporate Governance

Basic Views and Structure

Basic Views

In order to establish a sound corporate governance structure and continuously raise corporate value, Canon Inc. believes that it is essential to improve management transparency and strengthen management supervising functions. At the same time, a sense of ethics and mission held by each executive and employee of a company is very important in order to achieve continuous corporate growth and development.

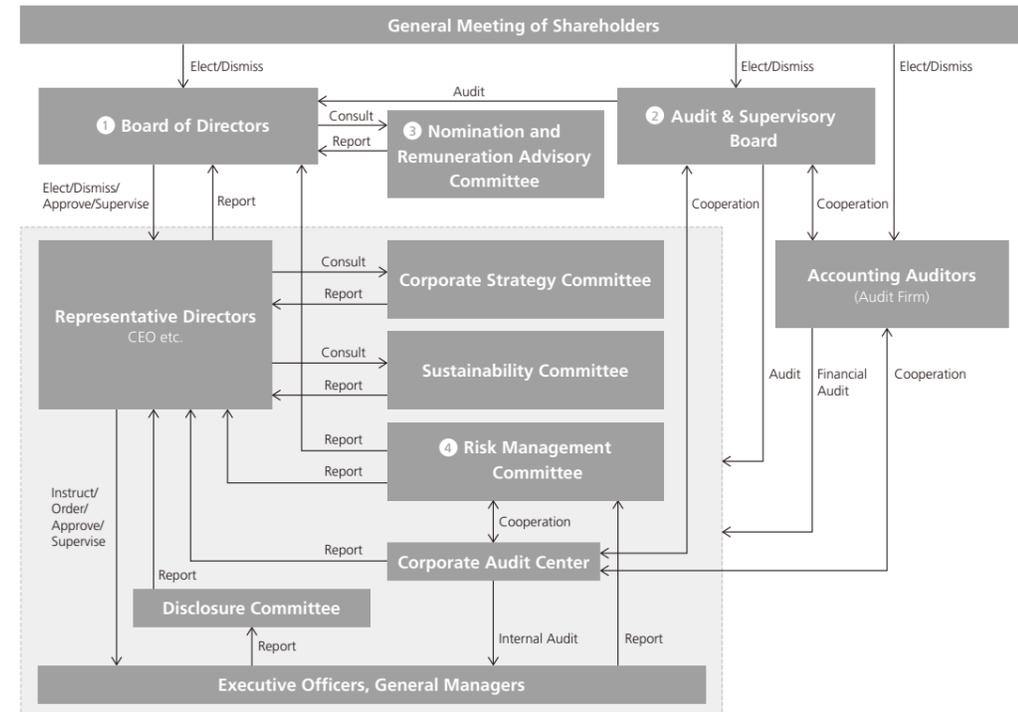
▶ An Overview of Corporate Governance <https://global.canon/en/ir/strategies/governance.html>

Governance Structure

Changes in corporate governance structure

2010	<ul style="list-style-type: none"> Reduced the number of Directors (from 25 to 17)
2014	<ul style="list-style-type: none"> Appointed Outside Directors (two)
2015	<ul style="list-style-type: none"> Appointed female Executive Officer Measures to assess effectiveness of Board of Directors
2016	<ul style="list-style-type: none"> Reduced the number of Directors (from 17 to 6) Established Nomination and Remuneration Advisory Committee Established the Independence Standards for Independent Directors/Audit and Supervisory Board Members
2024	<ul style="list-style-type: none"> Appointed a female Director Appointed Akiko Ito as Outside Director Increased the number of Directors (from 5 to 10) Increased the number of Directors to enhance the functionality of the Board of Directors and to develop the next generation of management Established the Sustainability Committee Established to share information and conduct preliminary deliberations with the aim of ensuring appropriate and effective judgement by the CEO and Board of Directors regarding sustainability-related matters that the Canon Group should respond to or address
2025	<ul style="list-style-type: none"> Appointed a female Audit & Supervisory Board Member Appointed Yuka Shigetomi as Outside Audit & Supervisory Board Member

Corporate governance structure



* The light gray boxes represent the organizations executing operations.

▶ For details on each organization, please refer to the corporate governance section on the Canon Inc. website. <https://global.canon/en/sustainability/governance/corporate-governance/management/>

(1) Board of Directors



Inside (6 persons)



Outside (4 persons)

The Board of Directors handles important decision-making and oversees the execution status of business operations in accordance with laws and regulations. Other decision-making and execution is conducted by the CEO and other Representative Directors, while Executive Officers appointed by a resolution of the Board of Directors handle decision-making and execution as the persons responsible for the respective business domains or functions under the direction and supervision of Representative Directors. In order to ensure the soundness of management, a system is in place that includes two or more Independent Outside Directors, accounting for at least one third of the Board of Directors.

Board Policies in the Appointment of Senior Management and the Nomination of Director Candidates

Director candidates are people that have the ability to fairly and effectively execute duties and, in principle, are selected from people that have met the following requirements, regardless of personal attributes such as gender, nationality, age, etc.

Requirements of Director candidates

Representative Directors and Executive Directors	Have a true understanding of the corporate philosophy and code of conduct of the Company. At the same time, have broad familiarity with the Company's businesses and operations, gained through, for example, Executive Officer experience. Have the ability to make effective decisions that overlook multiple businesses and functions. In addition to this, the CEO shall be a person with the ability to lead the Canon Group, having, in particular, a wealth of knowledge and skill related to management and a clear vision and a strong sense of responsibility.
Independent Outside Directors	In addition to meeting the independence standard that is separately determined by the Board of Directors, have an abundance of experience and superior insight in areas that cannot be adequately covered by internally appointed directors in fields such as risk management, law, and economics.

Reasons for Appointment of Outside Directors

In accordance with Japan's Corporate Governance Code of the financial instruments exchange (Principle 4-9) and our "Independence Standards for Independent Directors/Audit and Supervisory Board Members," Canon Inc. appoints Outside Directors for the following reasons:

▶ Independence Standards for Independent Directors/Audit and Supervisory Board Members <https://global.canon/en/ir/strategies/governance.html>

Name	Reasons for Appointment
Yusuke Kawamura	Yusuke Kawamura has a wealth of experience as an Outside Director along with capacity as an expert with respect to financial and securities systems as well as strategy for managing financial institutions, given that he worked at a securities company and subsequently served in various positions, including as a university professor, a commissioner of councils of Japan's Ministry of Finance and Financial Services Agency, and an Executive Counselor of the Japan Securities Dealers Association. The Company elected him as an Outside Director in the hope that he will furnish particularly useful advice, drawing on his wealth of experience and high level of expertise regarding finance and securities, especially when taking part in discussions on M&A and ESG-related topics from a shareholder and investor perspective.
Masayuki Ikegami	Masayuki Ikegami has been involved in various matters, including corporate cases, in legal professions over many years, having served in important roles at the High Public Prosecutors Office in both Nagoya and Osaka and as a Justice of the Supreme Court for seven years. The Company has selected him as an Outside Director in the hope that he can provide insightful opinions and supervision, particularly regarding internal control systems and corporate governance, including from the perspective of ensuring corporate compliance, based on his abundant experience and advanced knowledge.
Masaki Suzuki	Masaki Suzuki worked for many years at the Ministry of Finance, before transferring to the Ministry of the Environment, where he held important positions such as Vice-Minister. After retiring from the ministry, he also served as the representative director of a private financial institution. The Company has selected him as an Outside Director in the hope that he can provide insightful opinions particularly concerning the areas of corporate finance and environment, in addition to opinions and supervision based on his managerial experience at financial institutions which require a high degree of appropriateness and compliance.
Akiko Ito	Akiko Ito joined the Ministry of Construction (currently the Ministry of Land, Infrastructure, Transport and Tourism) as a technical official, served as its first female Director (Director of Housing Bureau), and was responsible for policies for regional revitalization, including human resource development and job and town development, before becoming Commissioner of the Consumer Affairs Agency. Since retiring from the Consumer Affairs Agency, she has continued to participate in research in related fields, while serving as the Outside Director of a corporation. The Company has selected her as an Outside Director in the hope that she can provide insightful advice and supervision particularly from the perspective of clients and consumers, as well as advice related to the active promotion of diverse human resources.

Corporate Governance

Board of Directors Meeting Status in 2024

Number of times held	10 times
Main agenda items	Status of execution of duties; performance reports and sales profit plans; direction of business strategy; risk management; evaluation of the effectiveness of the Board of Directors; Directors, Audit & Supervisory Board Members, Executive Officers, and other important personnel matters; significant organizational changes; convocation of the Ordinary General Meeting of Shareholders; review of strategic shareholdings; share buybacks etc.

Breakdown of agendas at the Board of Directors



Analyzing and Evaluating the Effectiveness of the Board of Directors

Once a year, a questionnaire survey of Directors and Audit & Supervisory Board Members on the items below is conducted. Based on the result of the questionnaire survey, analysis and evaluations regarding the effectiveness of the entire Board of Directors are carried out at the Board of Directors' meeting.

- Concerning the operation of the Board of Directors (including the appropriateness of when documents are distributed, how often meetings are held, and the time spent deliberating)
- Concerning the roles (the decision making and supervisory function) of the Board of Directors (including the appropriateness of agenda items and agenda criteria of the Board of Directors as well as appropriateness etc. of content that is reported)
- Concerning the roles of Outside Directors and Audit & Supervisory Board Members (including the necessity of training, etc., regarding the understanding of company affairs and corporate structure)

In fiscal 2024, the Board of Directors made continuous efforts to vitalize deliberations at the Board of Directors, such as providing advance explanations on proposals to Outside Directors and the Audit & Supervisory Board, sharing information on management through the attendance of Outside Directors at Corporate Strategy Meetings, etc., regular exchanges of opinions between Outside Directors and the Audit & Supervisory Board. As not only directors in charge of business execution but also Outside Directors and the Audit & Supervisory Board made positive and useful comments, it was evaluated that there were no problems with the effectiveness of the Board of Directors.

In the future, yearly analysis and evaluations will be continued and an overview of the results will be disclosed. At the same time, when necessary, efforts will be made to improve the running of the Board of Directors meetings.

(2) Audit & Supervisory Board



Inside (2 persons) Outside (3 persons)

As a body which is in charge of the audit of operations, under the principles of autonomy, which is independent from the Board of Directors, Canon has full-time Audit & Supervisory Board Members that are familiar with Canon Inc.'s businesses or its management structure, and Independent Outside Audit & Supervisory Board Members that have extensive knowledge in specialized areas such as law, finance and accounting, and internal control. The Audit & Supervisory Board, which is composed of these individuals, cooperates with Canon's Accounting Auditors and internal audit division, oversees the status of duty execution of operations and corporate assets to secure the soundness of management.

In accordance with auditing policies and plans decided at Audit & Supervisory Board meetings, the Audit & Supervisory Board Members attend Board of Directors' meetings and other internal important gatherings such as Corporate Strategy Committee meetings. They are also able to listen to reports from Directors and employees, review documents related to important decisions, and conduct audits by investigating, etc., the situation of businesses and property of Canon Inc. and its subsidiaries. Additionally, the Office of Audit & Supervisory Board Members is independent from the control of the Directors, etc., and it has a dedicated staff. The Audit & Supervisory Board Members can order headquarters management and other operations to conduct investigations in cases of necessity. In this way, the Audit & Supervisory Board plays a role in monitoring management, conducting strict audits of Directors' execution of duty, including the status of development of the internal control system. Furthermore, the Audit & Supervisory Board Members cooperate closely with the Accounting Auditors and Canon Inc.'s internal auditing arm, and such cooperation services to improve each monitoring function.

(3) Nomination and Remuneration Advisory Committee



Inside (1 person) Outside (5 persons)

With regard to the nomination of candidates for Directors and Audit & Supervisory Board Members and the election of Executive Officers (including the selection of a successor to the chief executive officer position), the CEO recommends candidates from among those who are recognized to meet predetermined requirements, and after confirming the fairness and appropriateness of the recommendation by the Nomination and Remuneration Advisory Committee, the proposal of candidates is submitted to the Board of Directors for deliberation.

With the aim of ensuring the transparency and objectivity of the remuneration decision-making process as well as the validity of the remuneration system, the Committee, after examining the rationale of the remuneration system, including calculation standards of the basic remuneration, bonus, and the granting standards of stock-type compensation stock option plan, reports to the Board of Directors to the effect that the system is reasonable.

Succession Plan for the CEO

The succession plan for the CEO is one of the key themes that will lead to sustainable growth and medium- to long-term enhancement of corporate value. The CEO, under his own responsibility, assigns tasks to candidates, checks and evaluates the progress, and selects and develops candidates, through a training system for senior management, training programs for selected executive officers, a system for accumulating management experience through the transfer of persons who have been selected as executive officers and involvement in Company-wide project.

Executive Compensation

The remuneration of Representative Directors and Executive Directors consists of basic remuneration, a bonus, and stock-type compensation stock options. As for the breakdown of remuneration, in view of the importance of addressing management from a medium- to long-term perspective, the Company's basic stand is to emphasize the level and stability of basic remuneration. In addition to this, consideration is also given to improved performance in a single year and the pursuit of shareholder interest.

Basic Remuneration	Approx. 50%	Basic remuneration consists of a fixed amount of monetary remuneration paid monthly as consideration for the performance of duties of Directors. The amount is prescribed according to each Director's position and the degree to which the Director contributes in this role and the total remuneration amount is within the limit approved at the General Meeting of Shareholders.
Bonus	Approx. 30%	As a reward for Director service over a one-year term, Directors receive a bonus once a year for which consolidated income before income taxes is used as a financial indicator to measure the results of annual Group-wide corporate activities. The total amount of the Director's bonus is determined by multiplying such consolidated income with a given predetermined coefficient that corresponds with the Director's position. It is also determined through individual assessment based on the degree to which the Director has contributed in this role. Matters including whether a payment is allowed or the total amount of bonus as calculated above, are deliberated during the General Meeting of Shareholders every year.
Stock-type Compensation Stock Options	Approx. 20%	Once a year, stock acquisition rights on Canon Inc.'s shares are granted with the intent of providing additional incentive for Directors to further contribute to the improvement of medium- and long-term performance and raise corporate value through sharing the benefits and risks of share price fluctuations with Canon Inc.'s shareholders. The total amount of the stock acquisition rights is within the amount approved at the General Meeting of Shareholders and the number of stock acquisition rights granted is calculated based on the amount determined by the Director's position, the consolidated income before income taxes in the previous year as well as the degree to which the Director has contributed in this role, and the stock price level at the time of granting. As remuneration is linked to the achievements throughout one's term in office, Canon Inc. has a system in place that allows the exercising of acquisition rights at the time of retirement.

Corporate Governance

(4) Risk Management Committee

Basic Approach to Risk Management

At Canon, we recognize that to ensure proper operations and to continually improve corporate value, implementation and maintenance of a risk management system to deal with significant risks that the Group may face in business operations is vital.

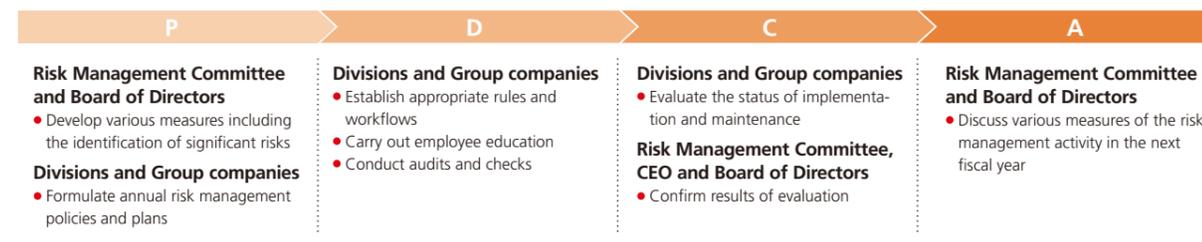
Risk Management System

Canon has established a risk management committee based on a resolution of the Board of Directors. Chaired by the CFO, the committee has established three subcommittees: the Financial Risk Management Subcommittee, Compliance Subcommittee, and Business Risk Management Subcommittee.

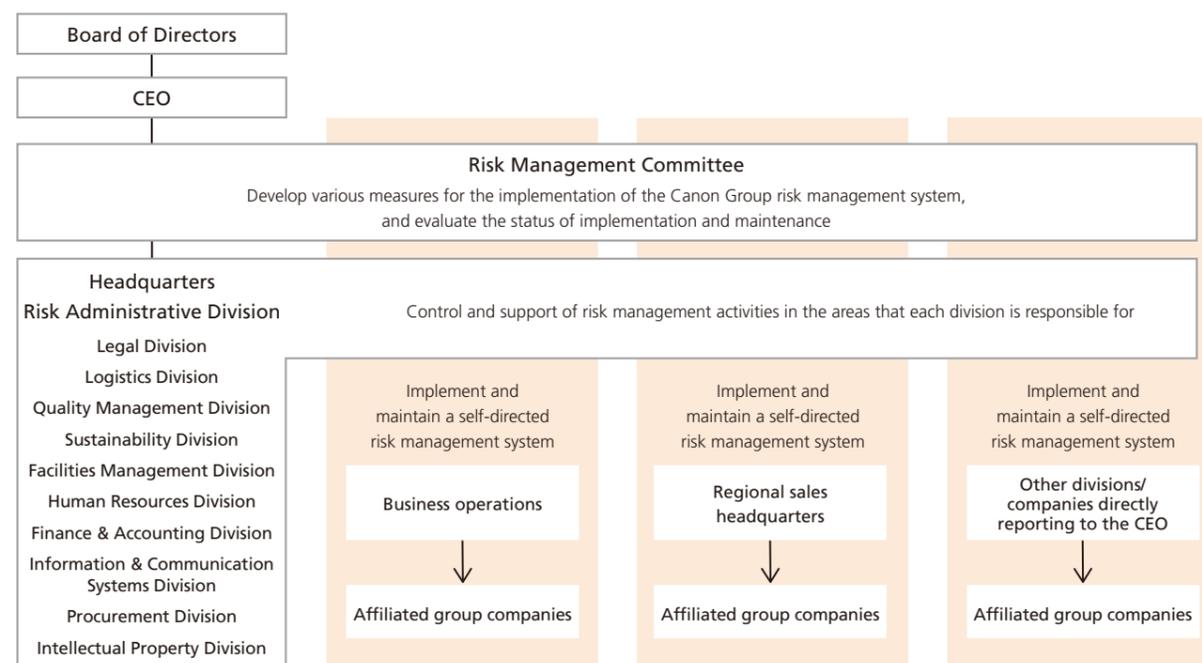
The Risk Management Committee develops various measures to implement Canon's risk management system, including identifying any significant risks that the Group may face in the course of business, including violations of laws and regulations or corporate ethics, inappropriate financial reporting, environmental issues, quality issues or information leaks.

Canon administrative divisions responsible for various risks associated with business activities, including the Legal Division, Logistics Division, Quality Management Division, Human Resources Division, Finance & Accounting Division, belong to the relevant subcommittee and according to their areas of responsibility, control and support the risk management activities of each Canon Inc. division and Group company.

Processes for implementation and maintenance of risk management system



Risk management system



Under this system, each Canon division and Group company implements and maintains a self-directed risk management system and makes a yearly report to the Risk Management Committee on the results of its activities. Having received the report of each subcommittee, division, and Group company, the Risk Management Committee evaluates the status of implementation and maintenance of the risk management system and reports its findings to the CEO and Board of Directors. The evaluation conducted in 2024 found no material flaws in the system.

Group-wide Risk Management Communication

During training for newly appointed executives at Canon Group companies, participants are educated on the importance of autonomously implementing and maintaining a risk management system at each company, and the role of executives in implementing and maintaining such a system. Furthermore, at Canon Inc. and Group companies in Japan, we distribute the Canon Group Risk Management Handbook to directors and executives. In the training for newly appointed general managers and managers, the handbook is used to educate them on the importance of risk management and the role of management in constructing the risk management system. In addition, an intranet site provides all Group employees with timely information, including our approach to risk management and updates on activities.

Financial Risk Management

Canon Inc.'s internal control over financial reporting is maintained and performed in accordance with the basic framework of internal control established in the revision of the "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Opinion)" issued by the Business Accounting Council. The Financial Risk Management Subcommittee carries out activities to strengthen internal controls pertaining to financial risks for the entire Canon Group, including compliance with Japan's Companies Act and Financial Instruments and Exchange Act. Specifically, the Subcommittee works to achieve qualitative improvements in ensuring the reliability of financial reporting across the entire Group by supporting autonomous activities and voluntary education at each Group company and ensuring that each company takes the initiative in implementing a PDCA cycle for business procedures regarding financial risks.

Promoting Compliance

The Compliance Subcommittee works to promote corporate ethics across the Group in accordance with the Canon Group Code of Conduct, developing and regularly reviewing the Group's compliance system. As a result of these initiatives, Canon had another year free from material fines or other sanctions in 2024.

Promoting Business Risk Management

The Business Risk Management Subcommittee is responsible for identifying significant operational risks in terms of their potential impact and managing them. Action policies and plans for each identified significant risk are decided in cooperation with the responsible divisions across the Group, and system implementation and risk mitigation activities are promoted through each business division and the responsible division at each Group company.

Addressing Cybersecurity Risks

As for information security risks that are an increasing global threat, while working on countermeasures against information leakage from within the Group and cyberattacks from outside, we are also taking other steps such as raising the awareness of employees at a Group-wide level. In the unlikely event that an information security incident occurs, we have established a dedicated team, CSIRT*, to deal with it promptly.

Furthermore, since we are working to boost the convenience of our products and services by connecting them to the cloud and smartphones via networks, as a key initiative, we are working on countermeasures against cybersecurity risks, such as leakage of personal and confidential information, from the development stage.

* Computer Security Incident Response Team: A general term for an organization that responds to incidents and accidents related to computer security

Corporate Governance

Listed Subsidiaries

Views and Policies on Group Management

The Company, from a Group management perspective, conducted a review of listed subsidiaries, which resulted in a reduction of such companies from eight in 2007 to two currently, namely Canon Marketing Japan Inc. and Canon Electronics Inc. The Company believes that if each company in the Canon Group, including these listed subsidiaries, fulfills its social responsibility through corporate activities rooted in Canon's corporate philosophy of *kyosei*, and continues to strive to realize *kyosei*, this will lead to sustainable growth and medium- to long-term improvement in corporate value.

From the perspective of risk management, the Company is further promoting the sharing of policies and information and the development of systems throughout the Group, including listed subsidiaries, in order to control risks related to compliance, internal control, and economic security, and to carry out activities related to sustainability, such as measures to address decarbonization and global warming, and efforts to respect human rights. On the other hand, from the viewpoint of respecting the interests of minority shareholders of the Company and listed subsidiaries, the Company considers it an important management policy of the Canon Group to continue a system that enables listed subsidiaries to conduct flexible management while maintaining a high degree of independence from the Company. Therefore, the Company does not intervene in the decisions of listed subsidiaries on specific matters. We also review the effectiveness of the listing of our subsidiaries as appropriate to ensure that they are always able to conduct their business activities in an optimal manner in this ever-changing business environment.

Significance of Holding Listed Subsidiaries

Canon Marketing Japan Inc., in addition to selling Canon products, operates its own business lines, such as IT solutions. As for Canon Electronics Inc., in addition to contract manufacturing from the Company, it sells its own products and engages in new space-related businesses. Both subsidiaries have Canon-related businesses and their own businesses, and while taking advantage of their strengths as members of the Canon Group, they maintain decision-making and financing methods independent of our Company in order to expand their non-Canon businesses. In addition, they maintain their listing based on the comprehensive judgment that the expansion of business partners through their creditworthiness as listed companies and the securing of excellent human resources, will contribute to the maximization of the Group's value.

Measures to Ensure the Effectiveness of the Governance System of Listed Subsidiaries

These two subsidiaries operate independently of the Company. In addition, the Company's officers do not concurrently serve as officers of the two subsidiaries. Both subsidiaries, to improve governance, have established a Nomination and Remuneration Advisory Committee, the majority of which is composed of independent Outside Officers. The Company fully respects the decisions of the committees in the selection and dismissal of Directors and the remuneration determination process.

In addition, in transactions between the Company and the two subsidiaries, the Company endeavors not to unduly harm the interests of respective minority shareholders of the Company and the two subsidiaries by, for example, applying arms-length rules from the viewpoint of ensuring appropriateness. Canon Marketing Japan Inc. and Canon Electronics Inc. both have special committees that deliberate and review the risks of conflicts of interest between controlling shareholders and minority shareholders and strive to mitigate such risks.

Constructive Dialogue with Shareholders

Policy

For sustainable growth and to help improve corporate value over a medium- to long-term perspective, Canon Inc. engages in constructive dialogue with shareholders through the Ordinary General Meeting of Shareholders, corporate strategy conferences, financial results conferences, and interviews with major institutional investors.

Structure to Promote Dialogue

The Investor Relations (IR), Shareholders Relations (SR), Sustainability, and Legal divisions work together to promote dialogue, which is overseen by the Executive Vice President & CFO. For analysts and institutional investors, the CEO hosts an annual corporate strategy conference, and the CFO hosts quarterly financial results conferences. In addition, we continue to provide prompt and

accurate disclosure of business conditions by posting materials on Canon Inc.'s website. Furthermore, we established an English IR website for overseas investors, to disclose the same information at the same time as in Japan.

Additionally, the Company provides opportunities to meet with Executive Officers, Outside Directors, Audit & Supervisory Board members, as necessary, to engage in dialogue with analysts and institutional investors in Japan and overseas. As for the opinions or requests that are obtained through dialogue with shareholders, accordingly, the department in charge reports to the CFO and the CFO reports important matters to the CEO or the Board of Directors.

Status of Dialogue with Shareholders

The Company actively provides opportunities for dialogue and information provision throughout the year. Depending on the topic, dialogue with shareholders and investors is carried out by the IR Promotion Division, which is in charge of IR, the Corporate Governance Center, which is in charge of SR, the Executive Officer in charge of these two divisions, the Sustainability Division, or the Human Resources Division. The dialogue covers a wide range of topics, including business performance and business policies, governance, and sustainability, depending on the time of year and the requests of investors.

Specifically for SR, the Company increased opportunities to meet with institutional investors, particularly in Japan, and made efforts to explain the Company's views on its governance and executive structure in a more thorough manner than before, as well as to listen closely to expectations and opinions of investors regarding the Company, as well as their views on the exercise of voting rights, and to engage in a frank exchange of views. The Company also engages in direct dialogue with investors at the management level, while last year, the CFO and outside directors held individual meetings.

The issues pointed out through dialogue are shared with each director and used as a reference for management discussions at the Company in an effort to further enhance corporate value.

The Role of Canon's Outside Directors

While Outside Directors participate in important business decisions, we are also strongly expected to closely monitor the due process of the Board of Directors, which is the management decision-making body, to ensure that decisions are transparent, accurate, and fair, and are made with shareholder interests in mind. When making resolutions or monitoring the Board of Directors, it is extremely important that we have sufficient information to make the correct decisions.

At Canon, Outside Directors are provided with sufficient advance explanations, as necessary, regarding proposals to be submitted to the Board of Directors. Outside Directors also participate in meetings of the Corporate Strategy Committee, the Risk Management Committee, the Nomination and Remuneration Advisory Committee, and other committees, where we gather a great deal of information on current business conditions and issues. Since Canon is a "Company with Audit & Supervisory Board," we hold meetings with Outside Audit & Supervisory Board Members as well as engage in in-depth dialogue with our full-time and independent Audit & Supervisory Board Members to exchange information and discuss internal controls and other issues.

In addition to these activities, we visit production sites to see the actual conditions of manufacturing and receive explanations and unfiltered opinions from the production divisions. We also attend various award ceremonies for R&D, manufacturing, inventions, and quality, and listen to the awardees' stories, which gives us good opportunities to gain a deeper understanding of the Company. Of course, if we have any questions, we can always ask them individually, and we can also ask the relevant divisions to look into various things in depth so that we can gain a more comprehensive understanding of the Company. Canon's Outside Directors are provided with a wealth of information, which is put to good use in decision-making and monitoring, and encourages very lively discussions.



Outside Director
Yusuke Kawamura

Directors, Audit & Supervisory Board Members, and Executive Officers

Directors

									
Fujio Mitarai Chairman & CEO	Toshizo Tanaka Executive Vice President & CFO Group Executive, Public Affairs Headquarters Group Executive, Sustainability Headquarters Senior General Manager, Corporate Governance Center	Toshio Homma Executive Vice President & CTO Head of Printing Group	Kazuto Ogawa Executive Vice President & Director Group Executive, Global Marketing Strategy Headquarters	Hiroaki Takeishi Senior Managing Director Head of Industrial Group Chairman & CEO, Canon Tokki Corporation	Minoru Asada Senior Managing Director Group Executive, Finance & Accounting Headquarters Chief, PSI Optimization Project	Yusuke Kawamura Outside Independent Mar. 2021: Director (current)	Masayuki Ikegami Outside Independent Mar. 2024: Director (current)	Masaki Suzuki Outside Independent Mar. 2024: Director (current)	Akiko Ito Outside Independent Mar. 2024: Director (current)

Skills Matrix Canon Inc. operates businesses globally with very different market environments. As a whole, the Board of Directors, which oversees important decision-making and execution, needs to possess skills in the following seven areas.

Corporate Management	●		●	●	●		●		
Global	●	●	●	●	●		●		
Business Experience			●	●	●				
Technology and Development			●		●				
Finance and Accounting	●	●					●		●
Risk Management	●	●		●			●	●	●
ESG	●	●					●	●	●

* The table above indicates up to five areas in which we expect each person to particularly demonstrate their skills. It does not represent the entirety of each person's experience, knowledge, or skills.

Corporate Management: Skills as a senior level executive of a listed company that does business globally	Finance and Accounting: Skills as a financial accounting expert, derived from being a financial accounting officer of a listed company, a certified public accountant, etc.
Global: Global awareness and experience obtained through working overseas, global marketing, etc.	Risk Management: Skills as an expert in risk management, including compliance, and internal control systems
Business Experience: Business management skills in the Company's business domain	ESG: Knowledge and experience in ESG
Technology and Development: Knowledge and R&D experience in the Company's core competence technologies	

Audit & Supervisory Board Members

				
Chikahiro Okayama Mar. 2024: Audit & Supervisory Board Member (current)	Takeshi Morikawa New Mar. 2025: Audit & Supervisory Board Member (current)	Yutaka Tanaka Outside Mar. 2019: Audit & Supervisory Board Member (current)	Koichi Kashimoto Outside Mar. 2018: Audit & Supervisory Board Member (current)	Yuka Shigetomi Outside New Mar. 2025: Audit & Supervisory Board Member (current)

Executive Officers

Executive Vice Presidents				
Hideki Ozawa President & CEO, Canon (China) Co., Ltd.	Toshio Takiguchi Head of Medical Group President & CEO, Canon Medical Systems Corporation	Go Tokura Head of Imaging Group		
Senior Managing Executive Officers				
Seymour Liebman Executive Vice President, Canon U.S.A., Inc.	Takayuki Miyamoto Chief Executive, Medical Systems and Components Operations	Katsumi Iijima Group Executive, Digital Business Platform Development Headquarters Chief, Medical Business Innovation Project	Soichi Hiramatsu Senior General Manager, Global Logistics Management Center Senior General Manager, Economic Security Office	Takashi Takeya Group Executive, Procurement Headquarters
Hisahiro Minokawa Group Executive, Human Resources Management & Organization Headquarters	Ritsuo Mashiko President, Oita Canon Inc.			

Executive Officers

Managing Executive Officers				
Kazuhiko Nagashima Deputy Chief Executive, Medical Systems and Components Operations	Yoichi Iwabuchi Group Executive, Information & Communication Systems Headquarters	Tamaki Hashimoto Unit Executive, Solution & Recurring Product Business Unit	Katsuhiko Shinjo Group Executive, Core Technology Development Headquarters	Masaki Omori Group Executive, Production Engineering Headquarters
Takeshi Ichikawa Group Executive, Device Technology Development Headquarters	Akiko Tanaka Deputy Chief Executive, Medical Systems and Components Operations	Hideki Sanatake Group Executive, Corporate Intellectual Property and Legal Headquarters	Saijiro Endo Senior General Manager, Digital Printing Development Technology Planning & Management Center	Isao Kobayashi President & CEO, Canon U.S.A., Inc.
Katsuyoshi Soma President, Fukushima Canon Inc.	Yoshiyuki Koshimizu Senior General Manager, Digital Printing Business Planning & Management Center	Toshiyuki Ishii President & CEO, Canon Singapore Pte. Ltd.	Masahide Kinoshita Chief Executive, Peripheral Products Operations	
Executive Officers				
Hideito Kotani Unit Executive, IMG Business Unit 3	Toshiyuki Matsuda Deputy Chief Executive, Peripheral Products Operations	Hiroto Okawara Executive Manager, Medical Systems and Components Operations	Shunji Sawa Plant Manager, Toride Plant	Makoto Kambe Group Executive, Facilities Management Headquarters
Hiroto Fujimori Senior General Manager, Public Relations and IR Center	Katsuhito Sakurai Unit Executive, Device Development Unit	Takahito Miura Senior General Manager, Global Legal Administration Center	Seiya Miura Unit Executive, Semiconductor Production Equipment Unit	Shinichi Yoshida President & CEO, Canon Europa N.V. President & CEO, Canon Europe Ltd.
Hisashi Tachizaki Deputy Chief Executive, Medical Systems and Components Operations President, Canon Healthcare USA, Inc.	Kohei Iida Senior Principal Analyst, Global Marketing Strategy Headquarters	Yasufumi Inoue Senior Principal Analyst, Global Logistics Management Center	Manabu Kato Unit Executive, IMG Business Unit 1	Yuki Sudo Senior General Manager, Human Resources Management & Organization Center

▶ The career summaries, concurrent positions, and reasons for appointment of each director are disclosed in the Notice of Convocation of the Ordinary General Meeting of Shareholders <https://global.canon/en/ir/share/meeting/e124conv.pdf>

Data Summary/Company Overview

Data Summary

Financial Data

Canon Inc. and Subsidiaries

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
(Millions of yen)										
Net sales:	3,800,271	3,401,487	4,080,015	3,951,937	3,593,299	3,160,243	3,513,357	4,031,414	4,180,972	4,509,821
Domestic	714,280	706,979	884,828	869,577	872,534	806,305	830,378	864,808	901,589	955,456
Americas	1,144,422	963,544	1,107,515	1,076,402	1,029,078	852,451	968,839	1,255,405	1,312,438	1,429,201
Europe	1,074,366	913,523	1,028,415	1,015,428	882,480	795,616	894,898	1,034,008	1,111,211	1,184,389
Asia and other	867,203	817,441	1,059,257	990,530	809,207	705,871	819,242	877,193	855,734	940,775
Percentage of previous year (%)	102.0%	89.5%	119.9%	96.9%	90.9%	87.9%	111.2%	114.7%	103.7%	107.9%
Cost of sales	1,868,175	1,729,489	2,089,461	2,116,383	1,983,266	1,784,375	1,885,565	2,203,612	2,212,062	2,366,726
Gross profit	1,932,096	1,671,998	1,990,554	1,835,554	1,610,033	1,375,868	1,627,792	1,827,802	1,968,910	2,143,095
Gross profit ratio (%)	50.8%	49.2%	48.8%	46.4%	44.8%	43.5%	46.3%	45.3%	47.1%	47.5%
Operating profit	343,729	216,338	322,211	342,452	174,420	110,547	281,918	353,399	375,366	279,754
Operating profit ratio (%)	9.0%	6.4%	7.9%	8.7%	4.9%	3.5%	8.0%	8.8%	9.0%	6.2%
Net income attributable to Canon Inc.	219,943	150,334	242,081	252,441	124,964	83,318	214,718	243,961	264,513	160,025
Net income attributable to Canon Inc. ratio (%)	5.8%	4.4%	5.9%	6.4%	3.5%	2.6%	6.1%	6.1%	6.3%	3.5%
Net income attributable to Canon Inc. shareholders per share (Yen)										
Basic	201.41	137.66	223.03	233.80	116.79	79.37	205.35	236.71	264.20	165.53
Diluted	201.40	137.66	223.03	233.78	116.77	79.35	205.29	236.63	264.08	165.44
Dividend per share	150	150	160	160	160	80	100	120	140	155
Depreciation of property, plant and equipment	273,327	250,096	261,881	251,554	237,327	227,825	221,246	226,492	238,676	235,465
Increase in property, plant and equipment	243,130	208,379	181,389	200,504	211,228	161,727	179,000	183,291	231,725	256,267
R&D expenses	328,500	302,376	333,371	315,842	298,503	272,312	287,338	306,730	331,914	337,348
Net cash provided by operating activities	474,724	500,283	590,557	365,293	358,461	333,805	451,028	262,603	451,190	606,831
Net cash used in investing activities	-453,619	-837,125	-165,010	-195,615	-228,568	-155,439	-207,256	-180,820	-275,372	-297,322
Free cash flow	21,105	-336,842	425,547	169,678	129,893	178,366	243,772	81,783	175,818	309,509
Net cash provided by (used in) financing activities	-210,202	355,692	-340,464	-354,830	-232,590	-183,449	-267,366	-146,844	-156,729	-225,996
Inventories	501,895	560,736	570,033	611,281	584,756	562,807	650,568	808,312	796,881	841,836
Interest-bearing debt	1,569	613,139	532,566	400,489	514,946	506,172	320,971	417,413	517,317	663,500
Canon Inc. shareholders' equity	2,959,929	2,776,327	2,863,986	2,820,644	2,685,496	2,575,031	2,873,773	3,113,105	3,353,022	3,380,273
Total assets	4,431,720	5,142,279	5,201,626	4,902,955	4,771,918	4,625,614	4,750,888	5,095,530	5,416,577	5,766,246
Key Performance Indicators										
Canon Inc. shareholders' equity to total assets ratio (%)	66.8%	54.0%	55.1%	57.5%	56.3%	55.7%	60.5%	61.1%	61.9%	58.6%
ROA (%)	4.9%	3.1%	4.7%	5.0%	2.6%	1.8%	4.6%	5.0%	5.0%	2.9%
ROE (%)	7.4%	5.2%	8.6%	8.9%	4.5%	3.2%	7.9%	8.1%	8.2%	4.8%
Price-to-book ratio (PBR) (x)	1.4	1.3	1.6	1.1	1.2	0.8	1.0	0.9	1.1	1.4
Dividend payout ratio (%)	74.5%	109.0%	71.4%	68.4%	136.2%	100.4%	48.7%	50.3%	52.6%	92.4%
Inventory turnover in days (Days)	47 days	59 days	49 days	56 days	59 days	60 days	66 days	69 days	66 days	65 days

* Fiscal year figures from 2014 to 2019 were restated to account for provision for paid leave.
* Capital expenditure is the total of tangible and intangible assets.

Company and Stock Information (As of December 31, 2024)

Company Information

Company name	Canon Inc.	Canon Inc. shareholders' equity:
Established	August 10, 1937	Common stock
Headquarters	30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo, Japan	174,762 million yen
Chairman & CEO	Fujio Mitarai	Group companies
		334 consolidated subsidiaries
		Affiliated companies accounted for by the equity-method
		10

Stock Information

Number of Shares Issuable3,000,000,000

Number of Shares Issued, Capital, and Number of Shareholders

	As of the end of the previous fiscal year	Change during the period under review	As of the end of the period under review
Number of Shares Issued	1,333,763,464	0	1,333,763,464
Capital Stock (yen)	174,761,797,475	0	174,761,797,475
Number of Shareholders	398,914	Decrease of 49,880	349,034

Shareholding Ratio by Category



Major Shareholders (top ten)

Name of Shareholder	Number of Shares Held (thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	172,090	18.2
Custody Bank of Japan, Ltd. (Trust Account)	64,575	6.8
Mizuho Bank, Ltd.	22,558	2.4
State Street Bank West Client – Treaty 505234	21,857	2.3
SMBC Nikko Securities Inc.	20,241	2.1
Obayashi Corporation	16,527	1.8
J.P. Morgan Securities Japan Co., Ltd.	13,980	1.5
Sompo Japan Insurance Inc.	13,080	1.4
Moxley and Co. LLC	13,004	1.4
The Dai-ichi Life Insurance Company, Limited	12,120	1.3

* Shareholding ratio is calculated by deducting the number of treasury shares (389,771 thousand shares) from total shares issued.
 * With respect to The Dai-ichi Life Insurance Company, Limited, in addition to the above, there are 6,180 thousand shares of the company's stock included in trust property relating to a retirement benefit trust.

Credit Ratings

	Long-term	Short-term
S&P	A	A-1
R&I	AA	—

Main Group Companies

Japan

- Canon Precision Inc.
- Canon Tokki Corporation
- Fukushima Canon Inc.
- Canon Medical Systems Corporation
- Canon Electron Tubes & Devices Co., Ltd.
- Canon Components, Inc.
- Canon Semiconductor Equipment Inc.
- Canon Chemicals Inc.
- Canon Electronics Inc.
- Canon Finetech Nisca Inc.
- Minaris Medical Co. Ltd.
- Canon ANELVA Corporation
- Nagahama Canon Inc.
- Canon Machinery Inc.
- Oita Canon Materials Inc.
- Oita Canon Inc.
- Nagasaki Canon Inc.
- Miyazaki Canon Inc.
- Canon Marketing Japan Inc.
- Canon System and Support Inc.
- Canon IT Solutions Inc.
- Primagest, Inc.
- Canon Medical Finance Co., Ltd.

Overseas

- Canon Virginia, Inc.
- Canon U.S.A., Inc.
- Canon Canada Inc.
- Canon Financial Services, Inc.
- Canon Medical Systems USA, Inc.
- Quality Electrodynamics, LLC
- Canon Bretagne S.A.S.
- Canon Production Printing Netherlands B.V.
- Canon Production Printing Germany GmbH & Co. KG
- Axis AB
- Axis Communications AB
- Canon Europa N.V.
- Canon Europe Ltd.
- Canon Ru LLC
- Canon (UK) Ltd.
- Canon Deutschland GmbH
- Canon (Schweiz) AG
- Canon Nederland N.V.
- Canon France S.A.S.
- Canon Middle East FZ-LLC
- Canon Italia S.p.A.
- Canon Medical Systems Europe B.V.
- Milestone Systems A/S
- Canon Research Centre France S.A.S.
- Canon Dalian Business Machines, Inc.
- Canon (Suzhou) Inc.
- Canon Zhongshan Business Machines Co., Ltd.
- Canon Inc., Taiwan
- Canon Semiconductor Equipment Taiwan, Inc.
- Canon Vietnam Co., Ltd.
- Canon Hi-Tech (Thailand) Ltd.
- Canon Prachinburi (Thailand) Ltd.
- Canon Business Machines (Philippines), Inc.
- Canon Opto (Malaysia) Sdn. Bhd.
- Canon Machinery (Malaysia) Sdn. Bhd.
- Canon (China) Co., Ltd.
- Canon Singapore Pte. Ltd.
- Canon Hongkong Co., Ltd.
- Canon India Pvt. Ltd.
- Canon Australia Pty. Ltd.

External Recognition

Inclusion in indexes



FTSE4Good



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

Sustainability-related recognition



* Recognition is as of January 31, 2025
 * The ENERGY STAR AWARD 2024 was awarded to Canon U.S.A.

Canon

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