

## Message from the CEO

**“Becoming a truly excellent global corporation”  
Guided by the vision we set 30 years ago, we will continue to set  
our sights on realizing a society characterized by *kyosei*”**



With the aim of realizing a society based on our corporate philosophy of *kyosei*, in which people around the world respect and support each other, Canon launched its medium- to long-term management plan, the Excellent Global Corporation Plan, in 1996. For 30 years, we have moved forward guided by our vision of becoming a “truly excellent global corporation” that addresses social challenges through technology while achieving outstanding profitability. We are steadily evolving as we strive to achieve productivity innovation and other initiatives, but our goal still lies ahead. As changes in society accelerate, including the adoption of AI and the growing global divide, predicting the future is becoming increasingly difficult. Still, now is the time for us to raise the banner of *kyosei* even higher and, with the approach of “being deliberate in council, and decisive in action,” aim for even greater heights.

Fujio Mitarai  
Chairman & CEO, Canon Inc.

A handwritten signature in black ink, reading 'Fujio Mitarai', with a long horizontal flourish extending to the right.

# Message from the CEO

## ■ The “truly excellent global corporation” that Canon seeks to become

- **For 30 years, Canon has walked its own path based on the belief that “change is progress, transformation is advancement”**

— What drove Canon to evolve and flexibly transform itself?

When I became president in 1995, I embraced the medium- to long-term objective of turning Canon into a truly excellent global corporation. For more than 30 years, I have single-mindedly pursued that goal. There are four main requirements for becoming a truly excellent global corporation. The organization must be able to: (1) contribute to solving social challenges; (2) boast an overwhelmingly strong earnings structure; (3) create value with a highly skilled and select workforce; and (4) enable each and every employee to feel pride and fulfillment. I believe that only by fulfilling all four of these requirements can we become a company respected by people around the world. Guided by the belief that “change is progress, transformation is advancement,” we have pursued improvement and reform.

- **The blue-chip companies that made a strong impression on me 60 years ago**

— Is there a model company that you aspire to?

My image of a model company comes from those highly profitable companies in the U.S. known as “blue chips.” I was stationed at Canon USA, our U.S. subsidiary, for 23 years starting in 1966. Even then, there were truly excellent corporations operating at levels far beyond Canon and other Japanese companies. My approach to corporate management changed when, after we had settled our accounts in my first year stationed there, a local tax officer who came to audit us basically said, “If you can’t earn profits above the interest rate on bank deposits, you should promptly collect your receivables, shut down the business, and return to Japan.” What I learned from reading the business reports of top-performing companies in the U.S. was that their strength lies in extraordinary earning power, a robust equity base, proactive investment in technological development, and a strong commitment to social contribution. Employees took great pride in working for these companies, and the local communities also respect them. Such companies continue to grow even today.

- **“If I’m going to be president,” I will put forward a grand vision**
- It sounds like truly excellent corporations in the U.S. have been steadily accumulating profits ever since.

At that time, not only Canon but also most Japanese companies had a strong “sales-first” mentality

and did not place much emphasis on profits. Canon, too, was constantly struggling to manage its daily cash flow. I deepened my relationships with leading U.S. business leaders and experts and learned a great deal about the essence of corporate management from them. When I returned to our global headquarters in Japan, I realized that there were many issues with Canon’s corporate management. Becoming president was unexpected, but if I was going to take on the role, I vowed to make Canon a truly excellent global corporation.



Press conference for my appointment as president in 1995  
(on the left is then-Chairman Ryuzaburo Kaku)

- **The two essential qualities required of a business leader: Imagination and Creativity**

— In 1996, Canon launched the Excellent Global Corporation Plan.

Business leaders need to have two essential qualities. One is “imagination,” which is the ability to set a medium- to long-term vision and unify the organization around it. The other is “creativity,” which is the ability to implement reforms that give tangible shape to the vision. In order for Canon to become a truly excellent global corporation, I decided to assess changes in technology and society every five years, develop strategies accordingly, and steadily carry out reforms. That is the Excellent Global Corporation Plan. Because the speed of digital technological advancement is accelerating, it is difficult to foresee even five years ahead. Nevertheless, we chose five years as a key milestone.

# Message from the CEO

## Riding the wave of innovation by “being deliberate in council, and decisive in action”

- **A series of unexpected events and decisive action to radically transform our business portfolio**

- **That was the start of 30 turbulent years, wasn't it?**

Looking back, it was a series of unexpected events. Canon's greatest challenge was in the 2010s, when the widespread adoption of smartphones and cloud computing triggered a sharp decline in demand for our two longstanding, mainstay products—cameras and office equipment. But we had no time to stand still. I quickly decided to leverage our strongest assets, our people and our technology, to enter businesses with the potential for medium-to long-term growth, and by conducting large-scale M&As to buy time, we rapidly transformed our business portfolio into four pillars: Printing, Medical, Imaging, and Industrial. Change always involves risk, but my motto is “be deliberate in council, and decisive in action.” This means to gather as much information as possible, think things through thoroughly using deductive and inductive reasoning, and once a decision has been made, to move forward without hesitation. Looking back now, be deliberate in council, and decisive in action has guided me for the past 30 years.

- **Despite COVID-19 pandemic, achieved target ahead of schedule: Two key factors**

- **Please summarize Phase VI of the Excellent Global Corporation Plan, which concluded in 2025.**

When that phase of the plan commenced in 2021, we were in the midst of the COVID-19 pandemic, and manufacturing supply chains themselves were in chaos. Just when it seemed that we had overcome the pandemic, geopolitical risks suddenly intensified due to the situation in Ukraine and other factors, while supplies of energy, grain and other commodities also tightened and inflation became severe. These three developments combined had a significant impact on the economy. Moreover, due to the impact of high tariffs and ultra-protectionist policies in the U.S., the trend of globalization that had developed since the postwar era came to a complete halt, pushing the international community into an unprecedented level of uncertainty.

Despite these challenges, we achieved our Phase VI target of 4.5 trillion yen in consolidated net sales one year ahead of schedule, establishing a record-high that was exceeded again in 2025. There were two key factors behind this success. One was the growth of our employees, each of whom persevered and applied creativity and ingenuity to deliver results. The other was our foresight in building four business portfolios as a foundation for growth before the pandemic.



## Unpredictable future and reaching new heights

- **Three concerns in the lead up to 2030: Division, AI, and competition for talent**

- **Looking ahead, how do you see Phase VII, which began in 2026?**

We are prepared for a series of unpredictable changes. Looking ahead to 2030, I am particularly focused on three major trends. The first trend is the progression of global fragmentation. In this era of rising nationalism, both economic blocs and people's values are becoming fragmented and multipolar, and competition among nations is intensifying. In circumstances where decisions cannot be made based solely on economic rationality, we must steer the management of the Company whilst carefully assessing geopolitical risks.

The second trend is the rapid adoption of AI across society. AI has become a “real-world infrastructure” that is fundamentally transforming the industrial landscape. The speed of its adoption far exceeds that of past digital technologies. And most importantly, AI itself is capable of replacing roles that have traditionally been carried out by humans. Companies must focus not on viewing ever-evolving AI as a threat, but on mastering its use.

The third trend is the worsening labor shortage. In Japan and other developed countries, declining birthrates and aging populations are making it increasingly difficult to secure talented personnel. Furthermore, even in emerging economies, labor shortages are becoming evident, and production systems that rely on low-cost labor are no longer viable. The importance of AI will continue to grow, and there will be heightened global demand for highly skilled talent capable of mastering AI. If such personnel are drawn to companies in Europe and the U.S. offering higher wages, how should Japanese companies respond? This represents a significant challenge.

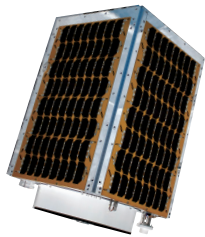
# Message from the CEO

## ■ Leveraging AI to transform productivity and positioning the Space business as a new growth engine

### — Specifically, how do you intend to steer the company?

Canon has worked tirelessly in pursuit of becoming a truly excellent global corporation, but our journey toward that goal is still ongoing. To achieve the four conditions I stated earlier, we must continue to set our sights even higher. First, we will thoroughly utilize AI. We will equip factory robots with AI to achieve the highest level of automation. We will also enhance our simulation technology not only for the production process, but also for development and prototype processes, drastically reducing both time-to-market and costs. We will also promote centralized management of intellectual property, which is scattered across various sites, through a company-wide shared platform, and use AI analysis to come up with new solutions. We are also considering offering services that use AI to analyze operating data from printing and medical equipment to further enhance the productivity of our customers.

Furthermore, we will earnestly develop the space business as a new growth engine, following the four pillars of our business portfolio. Within the Canon Group, Canon Electronics Inc. has worked on the development of ultra-compact satellites and other technologies. Going forward, Canon Inc. will take the lead in the development of the space business and further enhance its competitiveness by bringing together the Group's expertise in optics, sensing, equipment control, and image processing. In doing so, we aim to realize a space business capable of competing on the global stage at the earliest opportunity.



CE-SAT-IE microsatellite of Canon Electronics Inc. launched in February 2024



High-resolution photo taken from CE-SAT-IE microsatellite over Honolulu

## ■ Our commitment to high wages for high efficiency

### — What is the biggest challenge in becoming a truly excellent global corporation?

The biggest challenge is to create high added value with a highly skilled and select workforce. In Phase VII, I will emphasize the key theme of "high wages for high efficiency" because I am

determined to overcome this barrier. To be more specific, the talented employees at world-class companies in the U.S., that I have so far used as a model, continually grow and strive for excellence without changing jobs. Not only are wage levels high, but employees take great pride in being part of the company, to the extent that there are families where grandparents, parents, and children are all employees. This is why such companies are able to continuously generate innovative technologies and services. In contrast, in Japan, companies have traditionally been expected to serve as employment safety nets, with lifetime employment still largely taken as a given. Wage levels remain lower than those at Western companies, and the overall structure makes it difficult for meaningful differentiation in pay to emerge.

Since its founding, Canon has steadfastly protected people's jobs, promoted the autonomous growth of employees through the so-called San-ji (Three Selves) Spirit, and was quick to implement a merit-based evaluation system. That is why we are confident in our ability to secure talented human resources. However, it is also true that there remains a significant gap between us and Western companies.

By harnessing AI and other technologies to achieve high efficiency, we will offer high wages to a small number of highly skilled employees on par with those offered by Western companies. If we do not, talented personnel will leave Japan—and Canon—for opportunities abroad. It is an extremely difficult challenge for a Japanese company, but having decided to pursue the vision of becoming a truly excellent global corporation, we are fully committed to seeing it through.

## ■ Pushing through reforms to achieve a 15% operating profit ratio

### — How will you approach your 2030 targets of 5.6 trillion yen in consolidated net sales and an operating profit ratio of 15%?

In Phase VII, we expect to see strong demand for nanoimprint lithography, an entirely new semiconductor production-engineering technology. This technology forms patterns in the same way as stamping, and compared to conventional state-of-the-art lithography equipment, it can significantly reduce power consumption. Also, in the medical field, we see the likelihood of strong demand for our photon-counting CT system, which offers high performance while greatly reducing radiation exposure. We also expect digital industrial printers, as well as other markets, to steadily expand.

An operating profit ratio of 15% is not an easy target, but it is the minimum requirement for what we define as "exceptionally strong profitability," one of the four conditions I discussed earlier. From a global perspective, Canon's ability to generate profit is still not as strong as it needs to be, and across both our production and sales operations, there are still areas that have not fully adapted to changes in the market environment. We will drastically overhaul our business structure in order to achieve these goals without fail.

# Message from the CEO

## ■ Solving social challenges and realizing *kyosei*

- **Generating innovation with human resources and intellectual property**  
— Sustainability initiatives are also a key element in becoming a truly excellent global corporation.

In 1988, Canon established the corporate philosophy of *kyosei*. Our aim is to create a society where all people, regardless of differences in culture, customs, language, or race, can harmoniously live and work together in happiness in the future. This is the fundamental concept behind our approach to sustainability. To realize this vision, we must always be at the forefront of innovation, have the courage to move beyond our past successes, and continuously strive to deliver new value to society. In doing so, the two most important strategies are those that relate to human resources and intellectual property.

The personnel we seek at Canon are strong individuals who can embody the corporate philosophy of *kyosei*. Since our founding, we have upheld the spirit of respecting humanity and valued every individual's sense of mission, responsibility, and ambition. In addition, we have embraced a "meritocracy" approach, implementing fair and impartial performance evaluation and treatment,



Canon Group Invention Awards: 40 years of innovation (1986-2025)

and have created an environment where an enterprising spirit can thrive. We have also enhanced our employee training systems in line with the trends of technological innovation. Given that AI will become a major driver of change in society up ahead, we are strategically acquiring and developing data science specialists, and we have also established training programs to raise the digital literacy of all employees. We are also running hands-on AI training tailored to each job type and organizational level, thereby raising our ability right across the Company to utilize AI in every workplace and to evolve the very design of our operations. We are also breathing new life into such initiatives as our internal job transfer system to boldly shift personnel into growth areas. We will maximize the abilities of each and every employee to achieve the greatest results with a highly skilled and select workforce. We will waste no time in establishing a framework that enables us to put into practice the "high wages for high efficiency" approach I mentioned earlier.

The inventions created by our highly skilled workforce will be fully leveraged through our intellectual property strategy. Acquiring and utilizing patents will remain a key business strategy for us going forward, and with technology, we will continue to meet the desire of people worldwide to be prosperous and happy. I am confident that making the most of our technology and creating inventions that contribute to social innovation will lead to even greater growth for Canon.

- **Reducing environmental impact over the entire product lifecycle**  
— Canon has worked for many years on initiatives to recycle resources and fight global warming.

Protecting our irreplaceable global environment and passing it on to the next generation is also part of the *kyosei* philosophy. To that end, we are implementing initiatives in collaboration with partner companies and customers, not just at Canon Group locations, but across the entire product lifecycle. In the area of resource recycling, we were quick to establish a global system for collecting and recycling ink cartridges, and we are also expanding sales of refurbished office equipment. In 2024, we established a Sustainability Committee to spearhead Group-wide sustainability initiatives with the aim of achieving net-zero greenhouse gas emissions by 2050.

# Message from the CEO

## ■ To our stakeholders

### ■ The conviction and resolve to see things through and the mission to entrust leadership to the next generation

#### — What is your message to stakeholders?

As society changes at an accelerating pace and people's values grow increasingly diverse, I feel that feedback from our stakeholders is extremely important in confirming the direction Canon ought to take. We will continue to listen sincerely to everyone's opinions and tackle the management issues that we may struggle to notice internally.

Until now, I have served in two major roles as Chairman and President & CEO, but with our five-year management plan entering Phase VII, Kazuto Ogawa will assume the position of President & COO, while I will become Chairman & CEO. I will focus on overseeing the Group as a whole and formulating strategy, while entrusting the execution of operations to Mr. Ogawa. He has extensive overseas experience and the ability to assess Canon's strengths and weaknesses based on global standards. During the COVID-19 pandemic, he demonstrated his ability as the head of our U.S. subsidiary by inspiring creativity among employees and achieving an impressive turnaround in a short period of time.

If I had to name just one essential quality for a corporate manager, I believe it would be humility. That is, to honestly acknowledge one's own failures and humbly listen to those around you. A leader who can unite an organization in difficult times is someone whose humility naturally shines through. I believe that Kazuto Ogawa fully possesses this quality. Going forward, I will support and mentor him closely for some time.

As AI begins to transform society in unprecedented ways, even with more than 30 years of management experience, I feel a renewed sense of responsibility. Even so, the very purpose of Canon's existence remains unchanged. It is to become a truly excellent global corporation that continually makes contributions to society in order to realize our corporate philosophy of *kyosei*. No single company can change society on its own. That said, we will not give up but instead join hands with our stakeholders and continue to set our sights on a society of coexistence, not division. I believe my mission is to fully pass on to the next generation the conviction and resolve to "be deliberate in council, and decisive in action," the credo that I have lived by as a business leader for more than 30 years.

