

R&D Strategy

◆ Canon's R&D centered on technology platforms

Founded as a camera manufacturer, Canon, building on its core optical technologies, has expanded its business domains by pursuing diversification in line with the demands of the times. Today, we operate our businesses across four industry-oriented groups: Printing, Medical, Imaging, and Industrial.

Canon's continued growth across a wide range of businesses is supported by the presence of technology platforms that enable utilization of accumulated technologies across the entire company. We classify Canon Group technologies into technologies that go into products (core competency technologies, fundamental technologies), technologies that support products (value creation technologies, design, intellectual property), and technologies that commercialize products (commercialization technologies, design, intellectual property), which are integrated into finished products. Rather than using each technology independently, we combine them in product design to create highly competitive products that are difficult for other companies to imitate.

This development environment, in which we are able to combine technologies to create synergies, is also effective in integrating newly acquired technologies and those of companies acquired through M&As, serving as a driving force for Canon's continuing evolution and creation of new value.

◆ Phase VII R&D strategy

In Phase VII, our strategies for development innovation are shortening design lead times and reducing costs through promoting prototype development and AI utilization, and strengthening strategic investment by building a research framework for new technology fields.

Canon has established a foundation for a virtual prototyping environment by creating a Company-wide Prototype-Free Design Promotion Committee. By reducing the number of prototypes in each business, we have significantly lowered manufacturing costs while dramatically improving development efficiency and quality across the entire company. Going forward, we will establish a framework that enables faster design of highly competitive products through the advancement of simulation technologies and the use of AI.

In addition, as technological innovations that can greatly transform society continue to emerge, we must always endeavor to proactively incorporate the latest technologies to further enhance the added value of our products. To this end, we are establishing a framework for broad-based global research and will swiftly acquire the necessary technologies through investments in, and via M&As of, companies that possess advanced technologies.

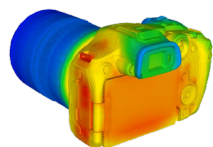
Technology platforms that support our businesses



R&D Strategy

Development and Design Platform

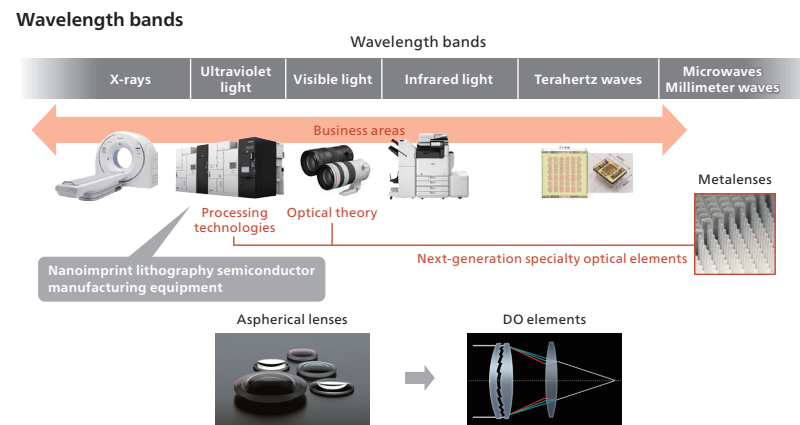
In conventional product development, multiple prototypes are produced based on designs created in a CAD environment and then used for repeated experiments and testing. This method placed a burden on product development in terms of cost and duration of prototyping because many pieces of different prototypes had to be built for each stage of development. At Canon, we have built a platform that can be used for all products throughout the Company, accumulating simulations for reproducing and testing physical phenomena from the micro to the macro scale, such as warping or undulation of paper, melting of individual toner grains, heat diffusion and fluid dynamics, or the impact on a camera when the camera is dropped. As a result, we can now check accuracy and solve problems in the product design stage, for development in a shorter time and at a lower cost. The simulation technology is used in the development of products such as office multifunction devices, FPD lithography equipment, mirrorless cameras, and CT systems, promoting prototype-free manufacturing in many divisions and providing high-quality products to customers in a timely manner.



Thermal and fluid simulation for mirrorless cameras

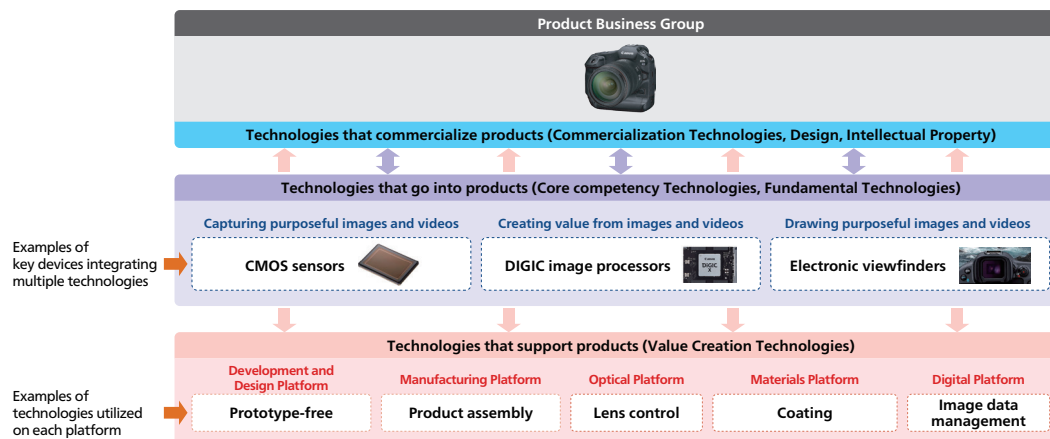
Optical Platform

Optical technology, which has served as the axis of Canon's diversification, is constantly evolving as a competitive core technology. Over time, the light handled by our optical technology has expanded beyond visible light, ranging from X-rays at the shorter-wavelength end to infrared at the longer-wavelength end, and has even expanded to cover the terahertz wavelength as well. The products that rely on our optical technology have also expanded from interchangeable lenses to printers and semiconductor lithography equipment. Our optical technology used to utilize the properties of ordinary rays of light, but as the technology progressed, it came to incorporate wave optics, which deals with the properties of light as waves, and now even utilizes the properties of light as particles. We have also developed the ability to design and manufacture lenses used in our products, which have progressed from simple spherical shapes to complex aspherical shapes. We have even developed diffractive optical (DO) elements — minute structures that control light — which is a technology that is found in our interchangeable lenses for mirrorless cameras. Canon systemizes the outcomes of these series of advances in optical technology as fundamental technologies.



Example of technology platform utilization (digital cameras)

Taking digital cameras as an example, we combine Canon's proprietary core competency technologies, such as optical, material, precision mechanical, and image processing technologies, as technologies that go into products, and develop key devices like CMOS sensors, our DIGIC image processors, and viewfinders to support the competitiveness of our products. In addition, our technologies that support products include prototype-free development environments, high-precision assembly processes for products, core optical technologies such as lens control, materials development like lens coating, and cloud-based data management platforms, all of which contribute to product quality, safety, and cost reduction. By integrating Canon's accumulated technologies through those that commercialize products (commercialization technologies, design, and intellectual property) into valuable products that meet requirements for quality, cost, and delivery (QCD), we bring to market cameras that are unmatched by competitors.



Intellectual Property (IP) Strategy

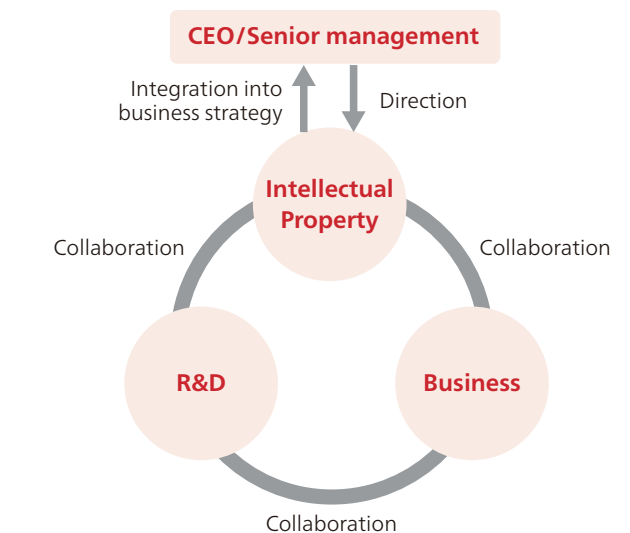
◆ Basic Policy

Canon has grown as an R&D-oriented company that develops new markets and customers through compelling, high-quality products and services differentiated by proprietary technologies. Canon's IP organization places the highest importance on supporting business development and formulates and executes IP strategies with this objective as its mission.

Collaboration between the IP organization and Management, Business, and R&D

Canon has a long history of appointing directors from within its IP organization. As a result, the importance of intellectual property is well understood across the Company and has become an important component of our management strategy. Reports are regularly given to management, including the CEO, and based on their guidance provided in response, management that takes a long-term perspective on intellectual property is implemented.

The IP organization operates under a three-pronged framework together with the head office R&D organization, which is responsible for fundamental and Company-wide technology research, and the business divisions, which conduct business-specific technology development and product design while carrying out actual business operations. Specific actions are decided at management meetings attended by executives, including the directors of each division, and intellectual property activities are carried out to realize our business strategies.



1. Securing a competitive advantage

We build strong patent portfolios of technologies related to our core competence. Instead of licensing them, we use them as barriers to market entry. Furthermore, we ensure medium- to long-term competitive advantages and high profitability by safeguarding inventions that are difficult to verify and hard for other companies to replicate as confidential know-how, thereby preventing others from catching up.

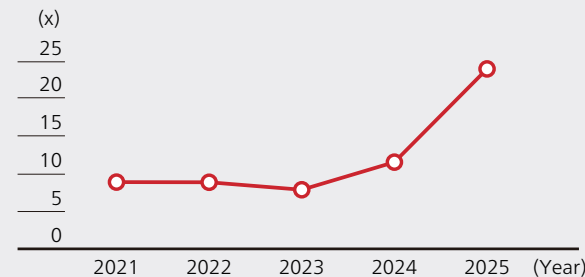
2. Greater degree of technological freedom

We hold numerous patents in collaborative technology domains that are also valuable to the business activities of other companies, which we use for cross-licensing. 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 profitability

While fulfilling 1 and 2 above, we balance licensing income and expenses by actively leveraging our patent portfolio and conducting thorough patent clearance searches. Licensing income is reinvested in subsequent technological development, thereby contributing to the continued growth of the business. In recent years, licensing income has grown to over 10 times licensing expenses, enabling us to consistently generate income that far outweighs licensing costs.

Licensing income / expenses



4. Brand Management

Canon carefully manages its brand to ensure that neither customers nor society are adversely affected by the improper handling of the Canon logo within the Group or its misuse by third parties. "Canon" is registered as a trademark in roughly 190 countries and regions worldwide. By engaging with enforcement agencies and e-commerce platforms operators around the world, we carry out global initiatives to deter and prevent the distribution of counterfeit goods.

Brand Management

➔ <https://global.canon/en/sustainability/governance/brand/initiatives/>

Intellectual Property (IP) Strategy

Transforming the Patent Portfolio to Focus on New Areas

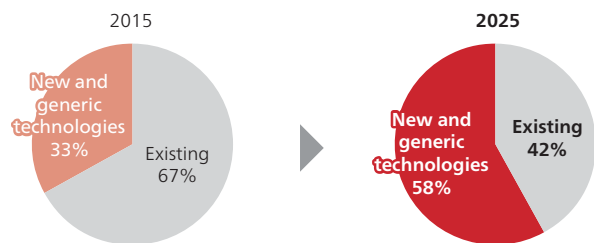
Canon maintains a patent portfolio of over 60,000 surviving patent families* worldwide. In our printing and imaging businesses, we have built a strong patent portfolio that is also compelling to our competitors in order to secure competitive advantages in our existing businesses. At the same time, over the past decade, Canon has been transforming its patent portfolio to focus on new areas.

In this transformation, in addition to various new areas centered on our medical, imaging, and industrial businesses, we have positioned generic technology areas—expected to be utilized across multiple businesses and to play an important role in licensing negotiations with other companies—as a major pillar in building our patent portfolio. Over the course of the past decade, we have significantly transformed our patent portfolio, raising the proportion of new and generic technologies from 33% in 2015 to 58% in 2025.

We will continue to refine and evolve our patent portfolio, providing strong intellectual property support for the expansion and growth of business areas, a goal set forth in Phase VII of the Excellent Global Corporation Plan.

* Number of groups of patent applications derived from a basic patent application

Patent portfolio breakdown



* Compiled by Canon using PatentSight* data of LexisNexis

* Number of surviving patent families (number of disclosed patent families with registered or pending patents) held by the Canon Group at end of each year

Examples of new and generic technology areas (2025)

	New areas	Generic technology areas
Printing	Commercial printing, industrial printing	Wireless communications (Wi-Fi, 5G), video compression (HEVC, VVC), wireless power transmission (Qi), digital, green
Medical	MRI, CT (including photon-counting CT), and diagnostic ultrasound systems, iPS cells	
Imaging	Network cameras, 3D imaging, SPAD sensors	
Industrial	Nanoimprint lithography, OLED display manufacturing equipment, die bonders, robotics	

Intellectual property for creating the future

IP Activities in the Medical Field

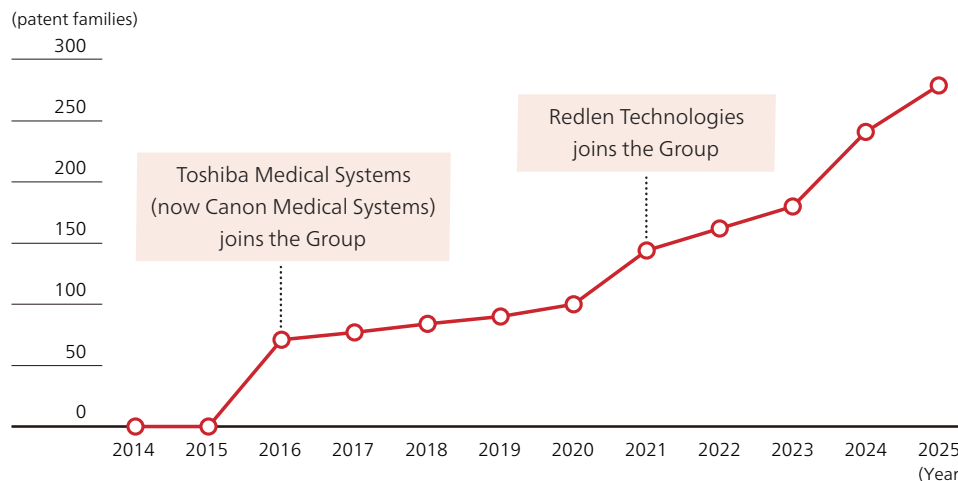
Photon-counting CT is a next-generation technology that dramatically improves the accuracy of diagnostic imaging, and has the potential to fundamentally transform diagnosis itself, opening up new horizons for the future of medicine.

Canon regards this technology field as a future growth area and has actively pursued M&As to acquire advanced technologies and intellectual property, thereby expanding its patent portfolio.

This rapidly growing patent portfolio will not just serve to protect our business from our competitors but will also play an important role as intellectual property for creating the future. The needs of the medical field will grow even more sophisticated and diverse in the future, and our patent portfolio will support new clinical applications and the development of new devices.

While continuing to closely coordinate our R&D and intellectual property strategies, we will promote the creation of inventions that support the social implementation of innovative diagnostic imaging technologies and lead to the creation of new value in the medical field. Canon's intellectual property activities will contribute to the further improvement of corporate value by serving as a foundation for shaping the future of healthcare.

Cumulative number of photon-counting CT patent applications (counted by patent family)



(Based on Canon research)

Human Resources Strategy

◆ Human Resources Strategy in Phase VII of the Excellent Global Corporation Plan

At Canon, guided by a corporate DNA of Respect for Humanity passed down since its founding, we believe that people are the source of value creation, which is why we actively invest in maximizing the value of our workforce. Currently, under Phase VII of the Excellent Global Corporation Plan, we are carrying out productivity innovation and pursuing new growth.

To achieve this, we focus on acquiring and nurturing human resources that can drive innovation and fostering a free and open organizational culture that maximizes the value of a diverse workforce and different ideas. In addition, we introduced a position-based pay system to ensure that the right people are appointed to the right jobs, 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 fully realize their potential. Furthermore, we are realizing the growth of both individuals and the company by strengthening engagement through better working conditions and job satisfaction.



Acquiring and Nurturing Human Resources that 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 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. In addition, we are actively pursuing career hiring (experienced-hire recruitment) to acquire people with technological know-how that Canon does not possess. In 2025, career hires accounted for 43% of new hires, a 3.9-fold increase compared with 2015.

In terms of nurturing human resources, from a long-term perspective, we have established over 300 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 2025, the average training time per employee was 25.7 hours and average training outlays were 167,000 yen.

Promoting right people in the right jobs and a highly skilled and select workforce

Canon is working to strengthen job-based HR management to achieve a highly skilled and select workforce while it promotes placing the right people in the right jobs through strategic workforce deployment and career development support.

In order to promote outstanding talent regardless of age or gender and ensure fair and equitable treatment, Canon introduced a position-based pay system in 2001. Canon creates 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 jobs. 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.

As a mechanism to shift talent to growth areas and enable employees to take ownership of their career development, Canon introduced a Career Matching Program (internal job posting system), promoting greater talent mobility and organizational dynamism. Moreover, to support employees who wish to challenge themselves in new roles, Canon 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, 281 employees transferred through internal recruitment in 2025.

Human Resources Strategy

Advancing Diversity

Canon promotes workforce diversity to capitalize on an array of values and ideas to drive 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 key measures of (1) female empowerment and (2) encouraging men to participate in childcare.

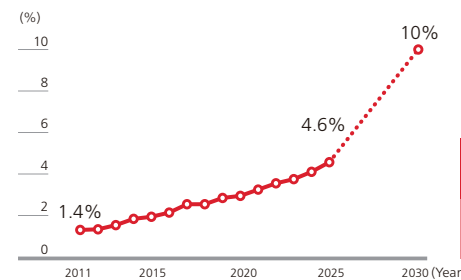
Female empowerment

In addition to conducting leadership training for women as part of our planned development of managerial candidates, we have also established a support system that includes seminars for employees returning to work from childcare leave and mentoring. In this way, we are working to create an environment in which women can play active roles.

As a result of these initiatives, the ratio of female managers reached 4.6% at the end of 2025, meaning that we achieved our target of increasing this ratio to more than three times the 2011 level by the end of 2025. In recognition of these achievements, we received the highest-level, three-star Eruboshi certification,

granted by the Minister of Health, Labour and Welfare to companies with outstanding records in promoting female empowerment. Starting in 2026, we set a new target of raising the ratio of female managers to 10% or more by the end of 2030 and began initiatives to achieve it. In the future, we aim to make the ratio of female managers equivalent to the ratio of female employees in the total workforce (17.1% at the end of 2025).

Ratio of female managers



Aiming to eventually bring it in line with the ratio of female employees in the total workforce

2030 target for the ratio of female managers

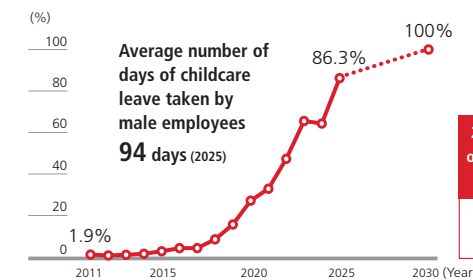
10% or more

Encouraging men to participate in childcare

To raise awareness and foster a workplace culture that embraces gender equality, we hold initiatives such as roundtable discussions and seminars by male employees who have taken childcare leave.

As a result of these initiatives, the rate of men taking childcare leave reached 86.3% at the end of 2025, a significant increase from 1.9% in 2011, meaning that we achieved our target of raising the rate to 50% or more by 2025. In addition, the average number of days of childcare leave taken remained high at 94. Starting in 2026, we set a new target of raising this figure to 100% or more by the end of 2030 and began initiatives to achieve it.

Ratio of male employees taking childcare leave / average number of days taken



2030 target for the ratio of male employees taking childcare leave

100% or more

Current ratio of female managers and Canon's initiatives

The ratio of female managers in the Canon Group is 12.7% on a consolidated basis, 4.8% in Japan, and 4.6% at Canon Inc. This reflects the fact that Canon places a strong emphasis on technological development and conducts most of that development in Japan, where we hire many employees for technical positions, a field in which the ratio of female students is generally low. As a result, the ratio of women among our employees is also low. To address this, in addition to strengthening the hiring of women through numerical targets, we are also working to develop candidates for managerial positions, and the ratio of women at the assistant-manager level rose steadily to 8.9% at the end of 2025.

Since 2024, we have also supported initiatives such as Riko-challe, a program of the Gender Equality Bureau of the Cabinet Office that encourages junior high school and high school girls to pursue science and engineering. As part of this program, we have organized and held a variety of events.

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

	Canon Inc.	Consolidated Group	By region			
			Japan	Americas	Europe	Asia and Oceania
Total number of employees	19,916	165,547	69,627	14,313	22,332	59,275
Number of female employees	3,399	60,951	16,452	4,695	6,550	33,254
Ratio of female employees	(17.1%)	(36.8%)	(23.6%)	(32.8%)	(29.3%)	(56.1%)
Number of female managers	182	1,207	313	306	217	371
Ratio of female managers	(4.6%)	(12.7%)	(4.8%)	(30.4%)	(23.6%)	(33.3%)

Human Resources Strategy

Enhancing Employee Engagement

Canon implements a variety of measures to encourage employees to identify with the company’s corporate philosophy and strategies and engage in work enthusiastically.

To help each employee maintain high motivation and maximize their potential, we are working to create a work environment that supports shorter working hours and 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 that allows employees to take five consecutive days of paid leave, and improving work efficiency through the use of IT and AI, total hours worked per employee in 2025 came to 1,708 hours, a level significantly below the national average.

In addition, in 2025 the average paid leave utilization rate was 94.5% (18.9 days), which was significantly higher than the national average. As a result of these efforts, Canon’s voluntary job separation rate is low at 1.2%, and our employee retention rate is one of the highest in the industry.

Comparisons with the national average

	Canon	National average
Total actual work hours per person	1,708 hours	1,917 hours*1
Average paid leave utilization rate/ average number of days taken	94.5% / 18.9 days	66.9% / 12.1 days*2
Voluntary job separation rate	1.2%	11.5%*3

*1 Canon estimates the above based on finalized monthly results from the Ministry of Health, Labour and Welfare’s 2025 Monthly Labour Survey

*2 Source: 2025 General Survey on Working Conditions, published by the Ministry of Health, Labour and Welfare

*3 Source: 2024 Survey on Employment Trends, published by the Ministry of Health, Labour and Welfare

In addition, to understand the current state of the organization and employees, we conduct an employee opinion survey every two years. 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 next survey.

In the 2024 CAMP Training, we adopted “Think Engagement” as the theme, and around 1,800 employees from 140 departments discussed how to improve engagement in their own departments. We also compiled internal best practices into a Best Practice Handbook and shared them across the company, thereby supporting proactive initiatives in each workplace aimed at improving organizational culture.

These initiatives also received high external recognition, and we won the Excellence Award in the Human Resource Management Division of the 14th Japan HR Challenge Award. We were recognized not only for combining multifaceted analysis of employee opinion survey data with the latest HR theories and using that analysis to formulate specific action plans for each workplace, but also for going beyond training alone and promoting manager-led improvements in subordinate engagement and reform of organizational culture through multifaceted measures such as company-wide sharing of best practices and the provision of e-learning.

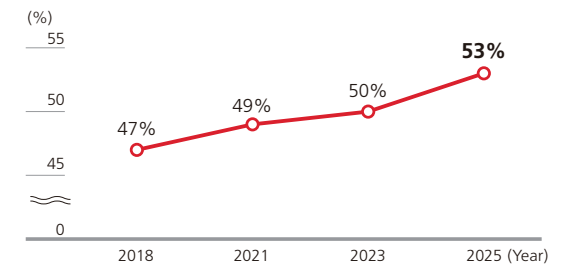
Going forward, we will continue striving for further improvement in employee engagement, identifying organizational issues from diverse perspectives and reflecting the results in various HR measures, thereby supporting the sustainable growth of both employees and the company.

2025 Employee Opinion Survey

In the 2025 employee opinion survey, the rate of positive responses rose from the previous survey in most items, including “self-growth” and “overall perception of the company.”

In particular, scores for employees in their 20s increased sharply, reflecting the results of our efforts to improve engagement among younger employees through the introduction of so-called motivation diagnosis and pulse survey questionnaires. At the same time, the employment opinion survey also revealed issues such as employees’ understanding of the company’s direction, and we will work to address these through stronger communication of management policies and the implementation of CAMP Training.

Employee engagement score*



* Rate of positive responses to engagement-related items in the employee opinion survey, such as job satisfaction, self-growth, and a comfortable working environment