# Initiatives for the Environment

## Environmental 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.

### 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.

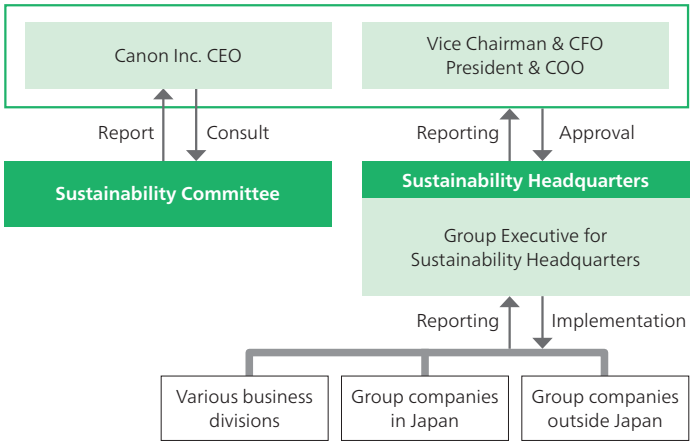
### Global Environmental Promotion System

Under the supervision of the Vice Chairman & CFO, Canon is conducting environmental activities with the aim of achieving Canon's environmental targets and realizing the Canon Group environmental vision. We use a global framework comprising business operations and Canon Group companies in Japan and overseas. Activities are regularly reported from the Canon Executive for Sustainability Headquarters to the Chairman & CEO, CFO, and President & COO*, as well as to the CEO if necessary to gain approval.

The Sustainability Committee also identifies risks and opportunities with regard to sustainability-related matters requiring Canon's response or engagement, deliberates on response policies and measures, and receives approval from the CEO.

* From April 2026

**Global Environmental Promotion System**




| Materiality | Rationale for Selection |
|---|---|
| Climate change | We recognize that climate change could have a significant negative effect on our business stemming from the risk of climate-related impacts, such as operational stoppages caused by natural disasters, higher regulatory compliance costs, reputational damage from non-compliance, or the loss of sales opportunities. At the same time, we believe that responding to climate change is important because there are also opportunities to increase sales arising from higher demand for products that help customers adapt to climate change while reducing costs from improvements in energy efficiency, thereby supporting growth in profits. |
| Circular economy | In line with the Canon Group Environmental Charter, we pursue maximum efficiency in our use of resources to support the sustainable development of society. With fears of resource depletion fueling global interest in recycling, Canon recognizes the importance of working as a manufacturer to help make society more focused on recycling. Demand is growing for products and consumables that can contribute to the circular economy, in turn leading to the creation of business opportunities. Canon is pursuing strategies to promote the ongoing recycling of resources to maximize the value generated by resource efficiency. |
| Chemical substance management | Canon regards supplying customers with safe products as a fundamental part of our mission as a manufacturer. Our product development complies with in-house standards modeled on the most stringent regulations in the world. Moreover, to avoid the risk of significant harm to human health or the environment, we believe in the importance of ensuring that emissions of chemical substances from Group business sites stay within regulatory limits. |
| Biodiversity and ecosystems | We recognize the importance of addressing nature-related issues to help prevent the loss of economic activity or other negative consequences for the ongoing development of society and Canon. Mitigating the risk of water shortages and water pollution has become an issue of societal importance. We believe addressing water-related issues is critical to our business sustainability since significant water resources are required in manufacturing processes for Canon products. |

# Initiatives for the Environment

## Climate Change

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

### Vision for 2050

We aim to achieve net-zero GHG emissions across the entire product lifecycle (Scope 1-3) by 2050.

### Disclosure in Line with TCFD Recommendations

Canon endorses 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

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.

To achieve these targets, the Sustainability Headquarters plays a central role in promoting activities Company-wide. The progress of targets is reported to management every month, and the annual review is reported to the CEO.

#### Strategy

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. We are working to achieve our GHG (greenhouse gas) emissions reduction targets and build a sustainable business model resilient to climate-related impacts.

As climate-related risks and opportunities differ among the businesses of Canon's industry-oriented groups (Printing, Medical, Imaging, and Industrial), the Group reviewed its major climate-related risks and opportunities, their countermeasures, and financial impacts for the entire Group and each industry group.

For details on the risk and opportunity factors affecting Canon and estimated financial impacts, please see our annual securities report.

https://global.canon/en/ir/library/yuuhou.html

#### Risk management

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 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 others in the management team. Canon manages identified climate-related risks in accordance with the PDCA cycle of ISO14001.

| | |
|---|---|
| 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

| | 2030 Targets | 2025 Results |
|---|---|---|
| GHG emissions (compared to 2022) | 42% reduction for Scope 1 & 2<br>25% reduction for Scope 3 (category 1 and 11) | 6.3% reduction for Scope 1 & 2<br>19.4% reduction for Scope 3 (category 1 and 11) |
| Lifecycle $CO_2$ improvement index per product (compared to 2008) | 50% improvement | 45.5% improvement |
| Overall target Lifecycle $CO_2$ improvement index per product | Average annual 3% improvement | Average annual 3.59% improvement (2008–2025) |

### Environmental Targets

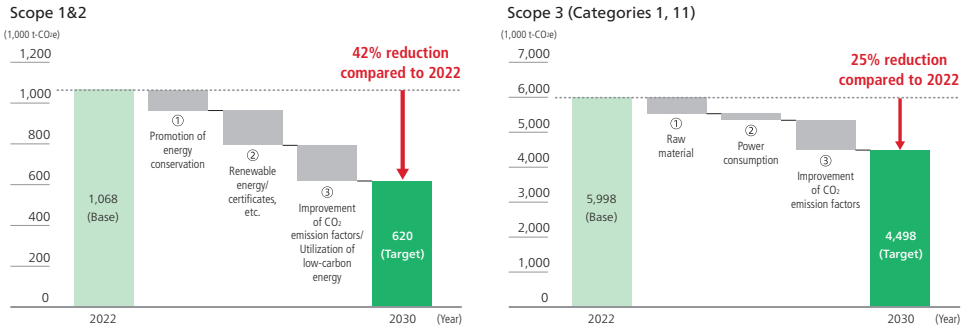
At Canon, environmental targets are set in line with our three-year management plan and reviewed every year to determine whether changes are necessary. Under the overall target of a 3% average annual improvement in the index of lifecycle $CO_2$ emissions per product unit, our product target is a 3% average annual improvement in the index of $CO_2$ 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. As for the operational site target, we also set goals for waste emissions, water consumption, and controlled chemical substance emissions, thus making the management of environmental risks and opportunities more comprehensive and conclusive.

# Initiatives for the Environment

## Canon's GHG Emission Reduction Initiatives

Canon is working to reduce greenhouse gas emissions by assessing the impact of climate change on the entire product lifecycle, from the manufacturing of materials and parts at suppliers, transportation to retailers, use by customers, and disposal and recycling. Canon aims to achieve net-zero GHG emissions by 2050, and to reduce its scope 1 and 2 GHG emissions by 42% compared to 2022 and scope 3 (category 1 and 11) GHG emissions by 25% compared to 2022 by 2030. These targets for 2030 have been verified by SBTi (Science Based Targets initiative), an international initiative that recommends setting scientifically based GHG emissions reduction targets. To reach these targets, 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 (Diagram)**

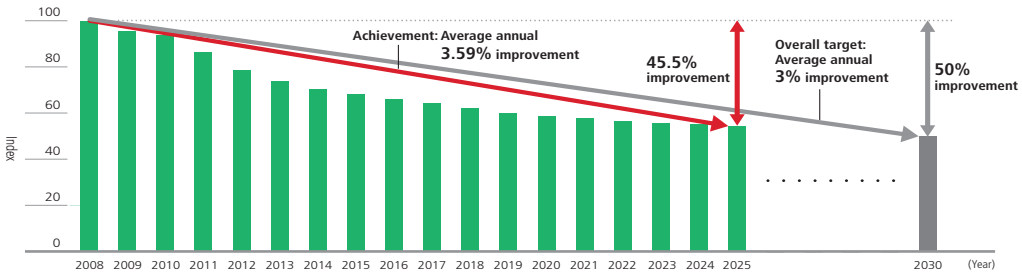



Scope 1: Direct emissions (city gas, LPG, diesel oil, kerosene, non-energy greenhouse gases, etc.)
Scope 2: Indirect emissions (electricity, steam, etc.)
Scope 3: Emissions in the supply chain (category 1: Purchased goods and services, category 11: Use of products sold)

## Lifecycle $CO_2$ improvement index per product

Since 2008, we have set a target of "an average improvement in lifecycle $CO_2$ emissions per unit of product of 3% per year" (basic unit target) as a comprehensive target of Canon's environmental targets. By consistently achieving this target, we expect to achieve a 50% improvement in 2030 compared to 2008. As of 2025, the average rate of improvement since 2008 had exceeded the target average at 3.59%, representing an improvement of 45.5% compared to 2008.

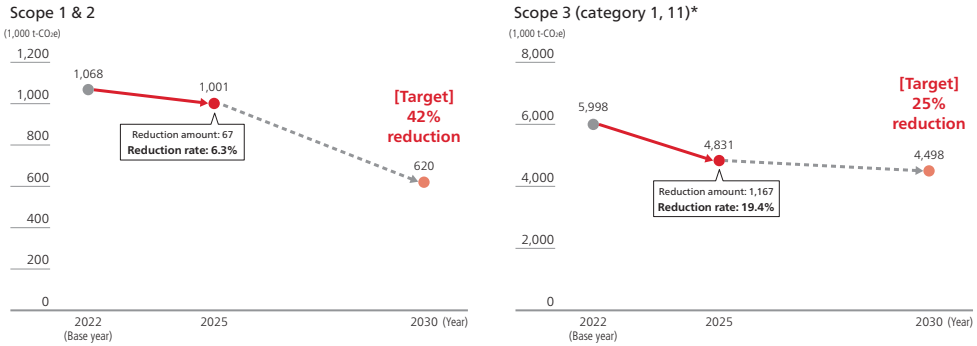
**Index of Lifecycle $CO_2$ Emissions Per Product Unit**




## Results of Reducing Lifecycle $CO_2$ Emissions

In 2025, actual lifecycle $CO_2$ emissions (the total of Scopes 1, 2 and 3) were 7,774,000 t-$CO_2$e, with Scope 1 emissions of 184,000 t-$CO_2$e, Scope 2 emissions of 817,000 t-$CO_2$e, and Scope 3 emissions of 6,773,000 t-$CO_2$e. In 2025, in terms of 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 6.3% in Scope 1 and 2, and 19.4% in Scope 3 (categories 1 and 11) compared to 2022.

**GHG Emissions**




* Some of the data for 2022 and 2023 has been recalculated in line with the 2025 calculation method.

# Initiatives for the Environment

## Energy-saving Activities at Production Sites

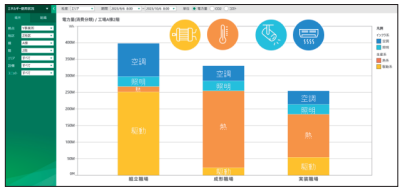
At Canon, we use Green Cost Management (GCM) to refer to the management framework we have developed that targets parallel reductions in costs and $CO_2$ emissions, alongside decarbonization efforts based on the development of green technologies. Within this framework, we focus on "production GCM" initiatives that aim to reduce the power used at the production stage. In production GCM, a factory's energy data is automatically collected and plotted in graphs (visualization of electricity) through established systems, 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).

The production GCM system is being gradually rolled out to all Canon production sites, with installation completed in 2025 at six major sites in Japan that use large amounts of electricity.

This initiative has yielded more sophisticated energy management at production sites, with the rollout demonstrating concrete results.

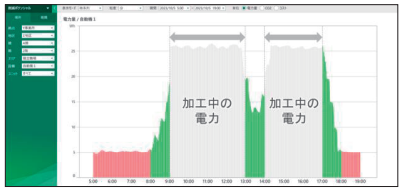
For example, we used the system to discover wasteful operations involving certain production equipment, which resulted in a 10% reduction in power consumption. Canon aims to further improve energy efficiency across the Group by rolling out the system to overseas sites in 2026 as well as in Japan.

**❶ Visualization of electricity consumption**



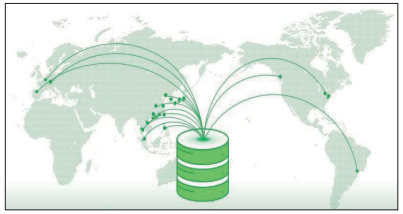
Check factory electricity for each workplace and narrow down reduction targets, such as production heat and drive systems.

**❷ Analysis of electricity consumption**




Focus on equipment that uses large amounts of electricity and break down operations and phenomena to identify hidden wastefulness.

**❸ Rapid rollout to production sites worldwide**



Systematize actions aimed at improvement, compile into a database, and rapidly implement them at Canon production sites.

## 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 various countries.

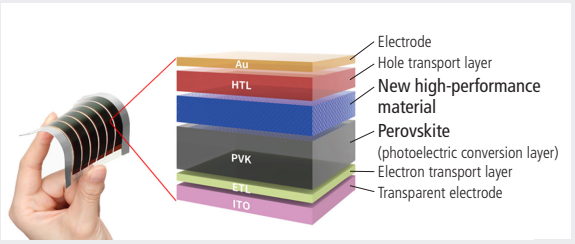
For example, we have installed solar generation panels on the premises of Canon Vietnam's Thang Long Factory and other sites, using the renewable energy generated. In addition, five factories of four production sites—Canon Suzhou, Canon Vietnam (Thang Long Factory and Tien Son Factory), Canon Hi-Tech Thailand (Ayutthaya Factory), and Canon Prachinburi Thailand—obtained renewable energy certificates for a second year in a row in 2025, which document the environmental value of renewable energy. This means that the sites achieved their target of using 100% renewable energy for the year. 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. Use of renewable energy earned Canon Europe and Canon UK an "excellent" evaluation (the second highest rating) under the BREEAM* environmental assessment standard. Total worldwide renewable energy consumption by the Canon Group was 291,797 MWh in 2025.

* 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.

Axis's new headquarters building in Lund, Sweden, meeting the "Excellent" rating under the Swedish version of BREEAM (BREEAM-SE)

### High-performance materials that contribute significantly to the use of renewable energy

Perovskite solar cells are drawing attention as the next generation of solar cells. Compared to conventional silicon solar cells, they are lightweight, bendable, and can generate electricity even with indoor light, allowing for greater flexibility over where they can be installed and the potential for lower capital investment costs. Canon is currently developing a high-performance material to coat the perovskite layer (the photoelectric conversion layer). This material is expected to help improve the durability and mass production stability of the solar cells.



# Initiatives for the Environment

## Circular Economy

**Promote resource recycling at every stage (Produce, Use, Recycle)**

### Resource Efficiency Initiatives

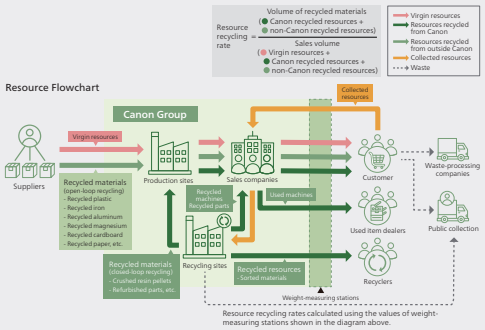
Canon seeks to recycle used products to allow the continued reuse of resources and maximize the value brought about by resource efficiency. In addition to contributing to resource efficiency, we believe these efforts will help bring about a carbon-free future. Canon handles a broad array of products, ranging from consumer products to industrial products, both small and large. We believe it is vital to pursue resource efficiency initiatives appropriate for each product group, taking into account product characteristics and market conditions. Canon's four industry-oriented business groups—Printing, Medical, Imaging, and Industrial—have established resource efficiency initiatives and targets tailored to their particular context.

#### Printing

**Resource recycling rate for Printing Business products**

**2030: 50%**

The resource circulation rate is an indicator that represents the proportion of recycled materials and recycled products in the total sales weighting of the Printing Business, and a target of 50% has been set for 2030. To improve the resource circulation rate, Canon is implementing various initiatives. In 2025, as a result of activities to enhance reuse and recycling, the resource circulation rate reached approximately 16.7%, representing an improvement from approximately 16.0% in 2024*1.
Looking ahead, toward the target of 50% by 2030, we will further promote resource circulation initiatives through measures such as expanding the use of recycled materials and increasing the production, sales, and collection of recycled products.




#### Medical

**Improvement in waste generation per basic unit:**

**1% annual reduction**

At the Nasu Plant, steps to reduce environmental impact include more rigorously separating discarded products as well as reusing parts and selling valuables. Guided by an annual target of improving the total waste generation per basic unit by 1% or more, the plant brought pallets used in deliveries back for reuse. As a result, in 2025 we achieved an 4.2% improvement compared with the previous year, exceeding our target.

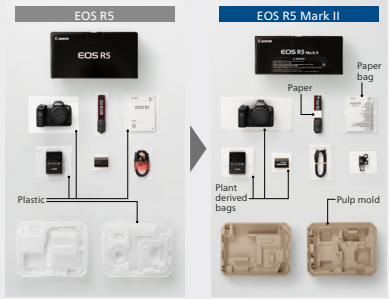
Product packaging initiatives involve replacing plastic cushioning materials and fixing materials with paper variants and eliminating cushioning materials altogether where possible

#### Imaging

**Percentage of products using non-single-use plastic packaging materials*2**

**2030: 100%**

We aim to boost the proportion of products that do not use single-use plastics in their packaging to 100% by 2030 for all interchangeable lens digital cameras, interchangeable lenses, and compact digital cameras announced in a given year.
Starting with the PowerShot V10 released in 2023, we have eliminated the use of single-use plastic packaging in 33 products, including the EOSR50 V, the RF75-300mm F4-5.6, and accessories. (as of the end of 2025)



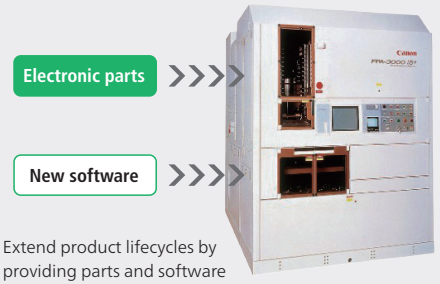

EOS R5 Mark II adopted plant-based non-woven fabric and paper bags, reducing the plastic used in packaging

#### Industrial

**Maintain operational availability of i-line and KrF lithography systems shipped since 2001**

**2030: 95% or greater**

We are working to extend the lifespans of products, with a goal of ensuring that 95% or more of the i-line and KrF lithography equipment shipped in 2001 or later is still operational in 2030.
We provide parts and software that extend product lifespans and product lifecycles and reduce waste, as well as develop products that encourage recycling. In 2025, we launched services to overhaul the electronic components of legacy products of the FPA-3000 series i-line lithography systems and switch out existing servers with the latest models, using virtualization technology to avoid the need to rewrite existing software. This will enable us to extend the lifespan of products that have been up and running for many years at our customers' production sites. We will further increase the proportion of i-line and KrF lithography equipment shipped in 2001 or later that is still in operation—currently at 92.6%—by 2030.




Extend product lifecycles by providing parts and software

*1 In order to more accurately reflect actual conditions, the calculation method was revised in 2025, and the 2024 results were recalculated accordingly

*2 This refers to petroleum-derived plastics, and excludes the raw materials used for labels, coatings, and adhesives

# Initiatives for the Environment

## Chemical Substance Management

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

| Initiative | Target (annual) | 2025 results |
|---|---|---|
| Ensure environmental regulatory compliance at Group sites | Keep wastewater effluent at 80% of regulatory value | Implemented |
| Assess, manage, and reduce use of controlled chemical substances in products, and related emissions | In principle, deliveries by suppliers of items containing prohibited chemical substances to cease 12 months prior to any regulatory ban | Implemented |

### 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 Canon-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, and are working to develop products that comply with these standards. Specifically, we classify and rigorously manage chemical substances as shown in the table below. To ensure rigorous management and compliance with laws and regulations, the Canon Green Procurement Standards prohibit the delivery of parts and materials containing regulated chemical substances. The standards also make even stronger demands of suppliers and clarify the need to provide reliable chemical substance information.

**Classification and Management Method for Chemical Substances Contained in Products**

| Classification | Management Method |
|---|---|
| Prohibited substances | Chemical substances which cannot be used in products |
| Use-restricted substances | Substances for which substitution or phase-out is pursued, and for which use is prohibited after a specified deadline |
| Controlled substances | Chemical substances for which the amount should be monitored |

### 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.

**Classification and Measures for Controlled Chemical Substances in Production Processes**

| Classification | Explanation | Response Measures |
|---|---|---|
| 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/SF6), other soil and groundwater pollutants, and substances that significantly impact people's health | Prohibit use in principle. Only use as an exception when there are no alternatives and the substance is not prohibited by law after applying for and receiving permission, and control the amount used. |
| B | Greenhouse gases other than PFCs/HFCs/SF6, greenhouse gases for which global warming potential (GWP) has been determined by the IPCC*, volatile organic compounds (VOCs), and other substances designated by Canon | Aim to reduce use and emissions through substitutions, sealing, recovery, etc. |
| C | Chemical substances with defined compliance requirements, including compliance with reference values and the ascertainment of usage and storage quantities | Manage the amount of use and usage history in accordance with laws. |

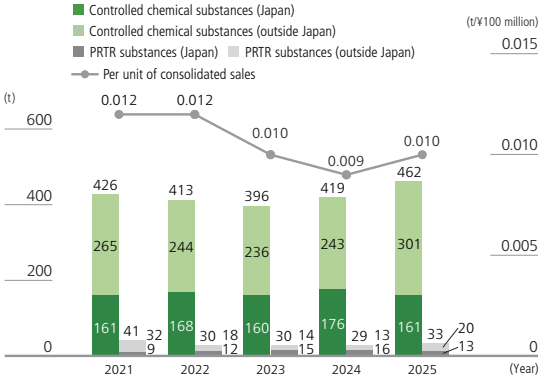
*IPCC: Intergovernmental Panel on Climate Change

### Reducing the Usage and Emission of Controlled Chemical Substances

Canon engages in various initiatives at its sites to reduce emissions of controlled chemical substances, including reducing the volume of substances and promoting reuse through improvements in production processes.

In 2025, Canon Dalian Business Machines took steps to reuse and recycle solvents, as did Canon Inc., Taiwan, amid other efforts to replace controlled chemical substances with other substances.

**Emissions of Controlled Chemical Substances and Amount of Chemical Substances Designated by the PRTR System***




* PRTR System: Pollutant Release and Transfer Register System, a notification system for the transfer and release of chemical substances.
* Controlled chemical substances exclude regulated substances.
* The scope of aggregation mainly includes companies that have acquired ISO 14001 consolidated certification.

# Initiatives for the Environment

## Biodiversity and Ecosystems

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

| Initiative | Target (annual) | 2025 results |
|---|---|---|
| Reduce use of water resources | 1% improvement in per-unit usage | 0.9% improvement |

### 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 Canon'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).

### Initiatives in 2025

In 2025, in line with the TNFD-recommended LEAP approach*1, we initiated the Locate phase of analyzing our main operational sites and marketing and production sites (80 locations in Japan and overseas), targeting direct operations. We used the ENCORE*2 tool to assess the dependencies and impacts on nature at each of Canon's business sectors. By creating and scoring a heat map, we found that several businesses have relatively high dependencies and impacts on nature.

We also used multiple analytical tools to assess ecologically sensitive areas based on the location information of the sites.

Accordingly, we will continue to conduct detailed surveys, evaluating impacts on business and the environment to identify priority locations, while also identifying dependencies, impacts, risks, and opportunities in accordance with the analysis from the Evaluate phase onwards.

*1 LEAP approach: An integrated approach for evaluating nature-related issues, consisting of the steps Locate, Evaluate, Assess, and Prepare
*2 Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE): A nature-related risk management tool that can assess dependencies and impacts on nature for each type of economic activity.

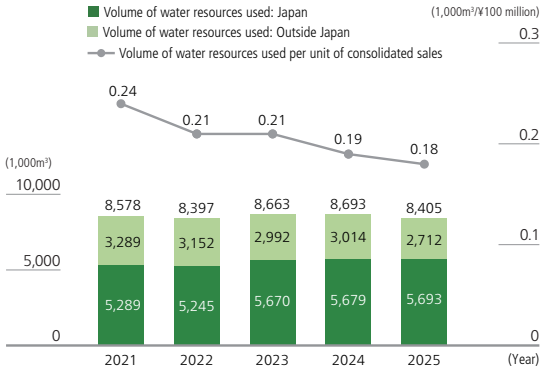
### Water Resources Policy

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 as such, we continue to monitor 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.

### 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. Although various Canon sites are making ongoing efforts to reduce water usage, total water consumption was down by 3.3% in 2025 from the previous year to 8,405,000 m$^3$, reflecting the larger volume of cooling water used for facility maintenance and due to high prevailing temperatures.

**Use of Water Resources**




* Third-party assurance obtained for water consumption figures from 2018.
* The scope of aggregation mainly includes companies that have acquired ISO 14001 consolidated certification.