Approach (Society)

- Respecting Human Rights

- Hiring and Treatment of Human Resources

- Diversity and Inclusion

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Why is this important?

Human Rights and Labor Respecting Human Rights

Canon recognizes that its business activities, including supply chains, can impact human rights in various negative ways. We believe in the importance of identifying notable human rights risks and taking countermeasures to prevent or mitigate such risks.

Hiring and Treatment of Human Resources/ **Diversity and Inclusion**

Enterprises that operate globally have employees with varied personalities and values. Mutual respect for such diversity is critical in maximizing the potential of every individual, leading to the creation of original innovations. It also demands attractive working environments that can enable everyone to play an active part.

In line with this thinking, Canon respects the diversity of each employee, including culture, customs, language, and ethnicity. We also believe in the importance of the fair recruitment and utilization of human resources, irrespective of gender, age or disability.

Occupational Safety and Health Management The health and safety of employees is a fundamental

tenet of corporate activities. Canon believes it is essential to create working

environments where employees feel safe and healthy, both physically and mentally. This is critical to ensuring the workplace helps to foster vitality and improve productivity.

Human Resource Development and Personal Growth

Employee growth is the source of being competitive in business. Canon believes it is critical to develop HR systems based around on-the-job training (OJT) in the workplace, while also providing career development support to help individual employees realize their goals.

Sociocultural Support Activities

Recognizing that business enterprises only thrive due to social development, Canon believes in contributing through business activities to addressing societal issues as part of building the community foundations that support the company.

Relevant Guidelines •

- UN Universal Declaration of Human Rights
- The International Labour Organization (ILO) International Labour Standards
- The United Nations Guiding Principles on Business and **Human Rights**
- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational **Enterprises**
- Children's Rights and Business Principles developed by the UN Global Compact
- Sustainable Development Goals (SDGs)

- Occupational Safety and Health Management

- Human Resource Development and Personal Growth

- Sociocultural Support Activities

Major Initiatives/Targets/KPIs, Results =

Major initiatives/targets/KPIs FY2022 result Respecting Human Conduct third-party audits at production sites Sites audited in Japan and overseas: 16 Rights (→P39) • Human rights e-learning courses taken at 98.2% of Japan-based Group Human rights awareness training companies Appropriate management and reduction of Average annual hours worked at Canon Inc.: 1,740 (reduction of 59 Hiring and working hours based on laws in each country/ hours from 1,799 in 2010) Treatment of region **Human Resources** (→P44) Encouragement to take paid leave Average days' paid leave taken at Canon Inc.: 18.1 (annual) Enhancement of support systems to assist Workers on childcare leave at Canon Inc.: 388 workers in balancing work with childcare and • Workers on nursing care leave at Canon Inc.: 25 nursing care • Female managers at Canon Inc.: 147 (increase of 89 from 58 in 2011) · Female leadership training conducted Boost ratio of female managers at Canon Inc. • Besides roundtable discussions between female employees and by 3x by end-2025 from 2011 level presidents and awareness surveys, actions included networking events with female leaders inside and outside the company, training related to career development and childcare leave Diversity and Inclusion • Ratio of males taking childcare leave at Canon Inc.: 47.7% (increase of (→P48) Boost ratio of male employees taking 45.8ppt from 1.9% in 2011) childcare leave at Canon Inc. by at least 50% Roundtable discussions and interviews, introductory seminars and other by end-2025 initiatives on use of childcare-related programs to male employees Employment ratio for people with disabilities at Canon Inc.: 2.48% Active recruitment of people with disabilities (statutory minimum 2.3%) Barrier-free Mindsets training • Training conducted at Canon Inc. or Group companies in Japan: about 83% • One accident where worker was caught in machinery at Canon Inc. or Eliminate fully accidents where workers get Group companies in Japan caught in machinery at Canon Inc. or Group Worksite education programs conducted to promote safety at work, companies in Japan including OHS training and distribution of original posters and leaflets Occupational Eliminate fully accidents involving hazardous Safety and Health · No accidents involving hazardous chemical substances at Canon Inc. or chemical substances at Canon Inc. or Group Management Group companies in Japan companies in Japan (→P50) • The Health & Productivity Stock Selection received by Canon Inc. for fourth consecutive year Stress checks offered at Canon Inc. (96.5% take-up) Promote health management Program developed to rehabilitate employees suffering mental health problems; training conducted to improve health management skills of HR and other support personnel Devise and operate procedures to enable more international personnel assignments Employees on international assignment: 1,040 between countries and regions **Human Resource** Development and Build level-specific set-up to develop and Technical trainees across Canon Inc. and Group companies in Japan: Personal Growth implement training measures 8.017, based on 231 courses (→P54) Canon Inc.: 312 employees transferred jobs via internal career matching system for better career alignment Conduct career support measures Canon Inc.: 588 employees completed third year of career support training Sociocultural Contribute to local communities through Support Activities • Beneficiaries in 4E's Project: 86,494 various activities, including humanitarian and (→P58) Participants in Canon Young People Programme: 1,247 disaster support aid, educational and science grants, and sponsorship of the arts, culture • Participants in Junior Photographers: 336 and sports Expenditure on Sociocultural support activities Approx. ¥1.8 billion

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Activity Report

Respecting Human Rights

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

Basic Approach

Based on the UN Guiding Principles on Business and Human Rights, Canon respects the human rights of all stakeholders involved in its business activities, including employees and business partners. Since its foundation in 1937, Canon has been committed to respecting humanity, treating all employees in a fair and equal manner, without discrimination based on social status, gender, age or occupation. In 1988, following half a century of operations, we established *kyosei* as our new corporate philosophy, and reiterated our commitment to promoting respect for humanity as a global aspiration, working together with stakeholders around the world in that pursuit. In addition, we instituted the Canon Group Human Rights Policy in 2021 and continue to promote efforts to respect human rights.

Human Rights Policy

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

It stipulates that Canon will conduct human rights due diligence, establish and operate a grievance mechanism, conduct awareness training, and engage in dialogue with stakeholders in addition to respecting internationally recognized human rights, including the 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 published in Japanese and English and is communicated to stakeholders in each country and region via our website.

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

Promotion System

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

Reference: Risk Management Committee (→P75)

Human Rights Initiatives

Based on the advice of outside experts, Canon has taken the following actions to ensure respect for human rights:

- (1) formulation/review of the Human Rights Policy;
- (2) undertaking human rights due diligence;
- (3) institution/operation of grievance mechanism;
- (4) conducting human rights awareness training;
- (5) addressing human rights risks in the supply chain; and (6) stakeholder engagement.

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 activity under the Risk Management Committee. Each Canon Inc. division and Group company identifies and evaluates

the potential adverse human rights impacts in their respective business activities, including the supply chain, and identifies the salient human rights risks. Subsequently, the promotion secretariat aggregates, analyzes and evaluates those risks, and through stakeholder engagement (→P42), identifies salient human rights risks for Canon. In assessing human rights risk, we also refer to the human rights risk country/region index provided by the Responsible Business Alliance (RBA).

Additional measures have been initiated to prevent or mitigate salient human rights risks identified by Canon Inc. divisions or Group companies where it is believed current actions are deemed insufficient.



Due diligence workshop

Salient Human Rights Risks for Canon

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

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

Grievance Mechanism

Canon has an internal reporting system at nearly all Group companies worldwide through which our employees can report specific human rights concerns in the local language. Canon also strives to make the reporting system known through the company intranet and training programs.

In addition, Canon has a point of contact in our website for external stakeholders to report specific human rights concerns about Canon's corporate activities.

Both internal and external contact points maintain the privacy of informants and allow them to report anonymously to ensure that they do not suffer unfair treatment as a result. The facts in any whistle-blowing case are investigated, where it is received. If Canon judges that there is a problem, with appropriate steps and procedures, Canon works to remedy such problem and prevent any recurrence.

In 2022, Canon received 110 cases concerning human rights-related issues (discrimination/harassment, wages, working hours, etc.). Out of these 110 cases, 21 cases for which Canon completed investigations as of the end of 2022 required remedying.

The industry body of which Canon is a member also has a grievance mechanism through which Canon's stakeholders can report specific human rights concerns.

Salient Human Rights Risks for Canon

	Rights-holders				
	Suppliers/ Contractors	Canon employees	Customers/ Consumers	Local communities	Measures taken by Canon
Discrimination based on such factors as race, gender, or religion		•			P48 Diversity and Inclusion
Harassment		•			P42 Prevention of Harassment
Child labor	•				P43 Respect for Human Rights in the Supply Chain
Forced labor	•				P43 Respect for Human Rights in the Supply Chain
Unpaid wages/low wages	•				P43 Respect for Human Rights in the Supply Chain
Excessive overtime work	•	•			P42 Prevention of Excessive Overtime Work P43 Respect for Human Rights in the Supply Chain
Occupational health and safety	•	•			P50 Occupational Safety and Health Management
Protection of privacy		•	•		P79 Protecting Personal Information
Procurement of conflict minerals				•	P85 Addressing the Issue of Responsible Minerals Sourcing
Noise, environment pollution at operational sites				•	P11 Environment
Health damage or accident caused by product			•		P63 Product Responsibility

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.

We extended this program to Canon Group companies in Japan in 2022. A total of 33,100 people completed the course, for a participation rate of 98.2%.

Handbook to Inform Employees

The employee handbook issued by Canon Vietnam aims to further improve the

working environment and help deepen the mutual understanding between the company and employees. It includes items such as the Canon Group Code of Conduct, the RBA Code of Conduct, and internal rules of Canon Vietnam, including respect for human rights.



Stakeholder Engagement

The OECD Due Diligence Guidance for Responsible Business Conduct states that it is important for companies to engage with stakeholders at the time they identify the actual or potential adverse impact caused by corporate activities. In 2022, to identify salient risks for Canon as part of human rights due diligence, we engaged in dialogue with the Canon Workers' Union representing our employees in Japan. In the dialogue, we confirmed the recognition of the workers' union on discrimination based on such factors as race, gender, or religion; harassment; excessive overtime work; occupational health and safety; and the protection of privacy, which are considered to be human rights risks for employees in particular. A broad range of opinions were also exchanged on the topics of changes in work styles due to greater telecommuting and men taking childcare leave. The dialogue helped to identify salient human rights risks for Canon. The workers' union introduced the risks it was evaluating and pointed to examples of flexible work styles developed during the COVID-19 pandemic. The dialogue served to deepen mutual understanding, with both sides confirming their desire to maintain such dialogue.



Dialogue with Canon Workers' Union

Respect for Human Rights of Employees

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 the HR division of Canon Inc. 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 overseas Group production companies.

Respect for Freedom of Association and the Right to Collective Bargaining

As stated in the Canon Group Human Rights Policy, Canon respects freedom of association and the right to collective bargaining in accordance with the local laws and regulations of each country and region. We also strive to address various labor issues by promoting dialogue between labor and management. For example, the labor agreement between Canon Inc. and the Canon Workers' Union commits both sides to work in good faith to peacefully resolve issues in a timely manner.

Prevention of Harassment

In line with the principle of respect for humanity that Canon has followed since its foundation, Canon not only prohibits discrimination on such factors as gender or occupation, but also maintains a zero-tolerance policy on harassment, which it communicates to all management executives and employees.

In addition to sexual harassment and abuse of authority (power harassment), Canon Inc.'s employment rules and Harassment Prevention Provisions prohibit other forms of harassment, including maternity harassment. These provisions have been disseminated throughout Group companies in Japan, and many have instituted similar rules based on them.

In a further effort to maintain a comfortable workplace environment, Canon Inc. and its many Group companies in Japan have established a Harassment Hotline. Confidentiality surrounding employee consultations is strictly maintained and a firm guarantee against unfair treatment is provided to victims and informants.

In terms of preventing harassment, regular liaison meetings are held for persons responsible at Canon Inc. operational sites and Group companies in Japan, enabling the operational status of hotlines to be monitored and shared. Meeting participants review procedure manuals and share knowledge on how to respond to reports of harassment.

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Evaluation & Improvement of Human Rights Risk-related Activities at Canon Group Production Sites

We utilize the RBA's Self-Assessment Questionnaire (SAQ) to evaluate the risk of human rights violations at 57 Canon Group production sites worldwide. While the SAQ did not confirm any significant violations, it can help to identify if a site makes use of child/forced labor, or disrespects workers' freedom of association and the right to collective bargaining. In 2022, we held a dialogue with representatives of foreign workers, since such workers' working conditions didn't meet the RBA standards. An external RBA audit was also conducted at 16 production sites in Japan and overseas. The audit did not reveal serious violations regarding labor or health and safety, including human rights at these sites, but we revised internal rules and procedures to address any deficiencies indicated due to differences between the requirements under the RBA Code of Conduct and rules and procedures based on local laws and regulations. The results were shared with Group companies to promote related improvements. We also organized internal and external (RBA) audits of the companies that provide catering, security and other services as contractors, with the results being applied to guide related improvements. Canon Group employees follow a variety of religions. Related measures we take to respect religious practice include putting places of worship inside the workplace, and enabling consultations on religious customs in the workplace about prayers, worship, attire or meals, as well as setting rules on how to approach such issues.

Prevention of Child Labor

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

Prevention of Forced Labor and Unreasonable Restrictions of Movement

We use the RBA's SAQ at Canon Group domestic and overseas production sites to confirm there is no risk of forced labor or any unreasonable restrictions on workers' movements on the site or while at work.

Respect for Human Rights in the Supply Chain

We have formulated the Canon Supplier Code of Conduct, which is based on the RBA Code of Conduct, to promote sound procurement activities that take proper account of labor, health and safety and environmental concerns, and management systems. We have collected a letter of agreement concerning adherence to the RBA Code of Conduct from our major suppliers. In addition, we conduct annual checks of our major suppliers using the RBA's SAQ as part of efforts to prevent in our supply chain the use of any child/forced labor, unreasonable movement restrictions, or excessive working hours, alongside good health and safety measures. We also perform our own checks on some major suppliers, which may include conducting a local audit.

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

Reference: Supply Chain Management (→P82)

Ongoing Monitoring

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

Compliance with Modern Slavery Act

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

Reference: Compliance with Modern Slavery Act (→P86)

Hiring and Treatment of Human Resources

We strive to create an attractive, motivational workplace environment for employees.

Basic Approach

Canon believes that in order to become a truly excellent global corporation, each employee must be an "excellent person."

Based on this recognition, we are building a corporate culture that encourages an enterprising spirit by guaranteeing respect for the values of ambition, responsibility and mission, as well as fair and impartial assignments, evaluations, and treatment based on merit.

The San-ji (Three Selfs) Spirit has been a central guiding principle for Canon since its founding. The three "selfs" refer to 1) self-motivation: proactively taking the initiative; 2) self-management: conducting oneself responsibly and with accountability; and 3) self-awareness: knowing one's position, roles and circumstances.

Canon encourages all employees to embrace the San-ji Spirit as they pursue their work with a positive and forward-looking attitude, and promotes this approach at Group companies worldwide.

Guiding Principles

Three Selfs	Adhere to the principles of self- motivation, self-management and self-awareness in day-to-day activities
Meritocracy	Make vitality (V), specialty (S), originality (O), and personality (P), daily pursuits
Internationalism	Strive to become a culturally sensitive, internationally minded, sincere and active person
Familism	Strengthen trust and understanding of others and work together in a spirit of harmony
Health First	Live by the motto "healthy and happy" and work to cultivate character

Promotion System

Canon Group companies inside and outside Japan implement HR policies in line with national and regional laws and regulations, while also collaborating on various related Group-wide initiatives.

Hiring and Retaining Talent

Canon seeks to hire and retain talent that can drive globalization and innovation in its businesses with the ultimate goal of sustainable growth. With this in mind, we follow a uniform policy for hiring, job placement and human resource development.

In 2022, Canon Inc. and Group companies in Japan actively continued their recruitment programs, resulting in the hiring of 1,410 employees in total. Canon has established various programs and systems, such as a career matching system (→P56) and a work-life balance program for employees engaged in childcare or nursing care to support the continued employment of all employees so that they remain motivated and can maximize their skills and abilities over the long term (→P46). Canon also conducts biennial in-house employee awareness surveys, with the results providing feedback to management across each division as a way of helping inform policy formulation while increasing employee engagement. Thanks to these initiatives, Canon Inc. boasts one of the highest retention rates in the industry in Japan. As part of maintaining employee engagement, regular employee awareness surveys are conducted by Group companies in Japan, Canon U.S.A., Canon Europe, and Group marketing companies in Asia.

In terms of non-employee workers, a total of 7,254 people worked at the Canon Group as of the end of 2022. Canon generally outsources services such as security, cleaning and the operation of onsite worker canteens, based on corporate contracts.

Promoting Globalization of Executive Management

As part of promoting the development of globalized management, Canon appoints appropriate personnel, regardless of nationality, as presidents, executive officers, and managers of subsidiaries in each country and region where it operates (\rightarrow P54).

For example, within the region overseen by Canon Europe, the HR globalization ratio* is 86% for Presidents and 93% for managerial positions.

^{*} Ratio of non-Japanese in CEO/managerial positions

- Diversity and Inclusion

Creating Local Employment Opportunities at Production Sites

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

For example, our production sites in Asia employ over 60,000 local employees. In every region of the world, Canon ensures its employees are paid substantially more than the local minimum wage.

Reference: Comparison of Canon's Minimum Wage to Local Minimum Wage

https://global.canon/en/sustainability/report/pdf/data-2023-e.pdf

Fair and Impartial Compensation System

Salary Linked to Duties and Performance

Canon Inc. has introduced a position-based pay system to evaluate and compensate individuals fairly and impartially, regardless of gender or age.

In this system, remuneration is based on duties and performance. Basic pay scales incorporate the level of position in the company based on responsibilities and other factors. An employee's achievements as well as work-related processes and performance during the year are evaluated to determine annual remuneration. Bonuses reflect individual achievements and company performance.

This system is being promoted across the Group worldwide, and has already been adopted by most Group companies in Japan and manufacturing subsidiaries in Asia. Systems for determining compensation based on duties and performance have already been established at Canon U.S.A. and Canon Europe, along with other Group companies in those regions, as well as Group marketing companies in Asia.

Regarding basic salary amounts and increases as well as calculation and payment of bonuses, a wage committee meets with the Canon Workers' Union (Japan) three or four times a year to check whether remuneration is being paid in accordance with the rules of the labor agreement. The minutes of these meetings are made available to all employees. The committee also facilitates discussions between labor and management on the implementation and improvement of the compensation system.

Employee Benefit Programs

Canon offers various employee benefit programs, covering each stage of life from hiring to retirement, enabling employees to lead comfortable and enjoyable lives.

For example, as well as providing staff canteens and sporting facilities, Canon funds or subsidizes programs and clubs that bring together people with shared interests to foster better workplace communication.

We host various events for employees and family members that incorporate the local culture of each region. In addition, benefit programs have been developed in line with employee needs.

With a view to securing their futures, in addition to national social insurance programs, employees of Canon Inc. and Canon Group companies in Japan are eligible for added benefits that include a corporate pension plan as well as membership in our welfare association and health insurance society. Canon Inc. also offers a voluntary employee stock ownership plan, a savings plan and group life insurance policies, among other benefits.

Corporate Pension Plan

At Canon Inc., we offer employees the defined-benefit Canon Corporate Pension as a form of performance-based pay—a role- and grade-based retirement system—to supplement their public pension and contribute to a more comfortable retirement. A company-run pension fund manages pension assets, so employees do not need to provide any additional funds. Canon Inc. also offers a defined-contribution pension plan with matching contributions, which, coupled with the defined-benefit pension plan, provides solid financial security.

Other Group companies in Japan have also set up their own corporate pension plans.

Reducing Total Work Hours

Canon works diligently to ensure that employee work hours comply with the laws of each country and region where it operates, targeting reductions in hours where appropriate.

For example, at Canon Inc., we encourage workplaces to ban overtime in principle and to review work practices. In addition to an open vacation program in which employees can take five consecutive days of vacation once per year, we have been encouraging the taking of paid leave in various ways, such as having employees submit a plan for taking five or more days of annual vacation at their first meeting with their supervisor in the new year. Average paid leave taken in 2022 was 18.1 days. Total hours worked per employee were 1,740, a 59-hour decrease from 2010 (1,799 hours), when activities to reduce total working hours began.

Flexible Work Styles

We promote flexible work styles in line with national and regional employment customs.

For instance, in 2005, Canon Inc. formulated an action plan following the guidelines of Japan's Ministry of Health, Labour and Welfare, and is encouraging the adoption of flexible work styles while helping employees achieve work-life balance and taking steps to aid the development of the next generation.

Promoting Flexible Work Styles

Canon Inc. has several leave programs that enable employees to take time off flexibly in line with personal circumstances, including a program that facilitates leave in 30-minute blocks for reasons such as childcare, nursing care, injury or illness. We also have a long-service leave system where those employed for certain numbers of years can then take a vacation to refresh. In 2020, we introduced a remote working system aimed at boosting productivity by promoting flexible work styles not limited by time or location. We are currently implementing the seventh phase of the action plan spanning the three-year period from April 2021 to March 2024.

In addition, Canon Inc. conducts surveys on flexible work styles to assess the circumstances and needs of employees, aiming to create a flexible workplace environment.

A System for Supporting Working Parents/ Care Givers

To enable employees to focus on childcare responsibilities with peace of mind, Canon Inc. offers an array of programs that go beyond the legally stipulated minimum requirements, including a childcare leave program that enables employees to take leave until their child reaches the age of three, and a system for reducing work hours to support childcare, making it possible for employees to reduce their workday by up to two hours until their child has finished the third grade of primary school. In 2022, 388 employees started to utilize our childcare leave system.

Furthermore, to support employees who are undertaking fertility treatment, we have put in place a fertility treatment subsidy program that subsidizes 50%

of the treatment cost up to a maximum amount of \$1 million, and a fertility treatment leave program that allows employees to take leave for the period required for treatment. Furthermore, we have implemented a system that allows male employees whose spouses have given birth to take two days of paternity leave.

In addition, to support the work-life balance of those in our local community, Canon Inc. established Poppins Nursery School Tamagawa. Located on our property adjacent to the Shimomaruko headquarters, the school is certified by the Tokyo Metropolitan Government and open to local residents. Approximately 50 children are enrolled at the school.

To help employees caring for aged relatives, we provide various support systems that go beyond the legally stipulated minimum requirements, including nursing care leave available for up to one year, sympathy money, and a system for reduced work hours to support nursing care, enabling employees to reduce their workday by up to two hours a day. A total of 25 employees began using our nursing care leave system in 2022.

Hotlines have been set up at each of our operational sites to handle employee inquiries about these systems.

External Recognition

Canon Inc., Canon Marketing Japan, Oita Canon Materials, Fukushima Canon, and Canon IT Solutions have all been granted "Platinum Kurumin" accreditation

by the Japanese Ministry of Labour, Health and Welfare to recognize that their family-friendly HR policies and initiatives are of a particularly high standard. The Kurumin Mark recognizes activities by companies to support childrearing activities.

Action Plan Phase VII (from April 2021 to March 2024)

Action Plan	Measures	Results as of 2022 End	
(1) Promote use of work-life balance programs with aim of raising participation rate.	 Continue leave programs, hold related discussions and information seminars, and provide individual guidance on leaverelated systems and procedures to those wishing to take leave. Hold seminars to assist employees seeking to balance work and childcare by increasing their understanding of related systems and providing related career support. 	While female employees typically make up the majority of those taking advantage of the programs, the number of male employees is also increasing significantly.	
(2) Support diverse work styles while promoting further reform by encouraging work styles that do not rely on overtime; by continuing efforts to promote use of paid leave; and by maintaining an appropriate level of total work hours.	Using total work hours as an indicator for work-life balance, bolster measures to encourage use of paid leave and maintain an appropriate level.	Designating July–September as Work-Life Balance months, implemented earlier work hours and continued efforts to promote work style reforms. Provided employee benefit programs to encourage self-development during the period of earlier work hours. Due to productivity gains and the promotion of work-life balance, total work hours company-wide decreased by 59 hours compared to 2010.	
(3) Continuing from Phase VI, carry out community contribution activities open to participation by children — who are the future of our communities — through social contribution activities.	Continue reaching out to local regions and communities and implement appropriate initiatives from April 2021 to March 2024.	Continued to carry out the following initiatives (1) Unique learning programs for children, including environmental education outreach program (2) Photography classes (Junior Photographers) (3) Tag rugby lessons and online rugby meet-and-greet events, etc.	

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Supporting Employees' Volunteer Activities

Canon Inc. has in place a volunteer leave system for interested employees. Under this system, employees wishing to participate in volunteer activities certified by the company may take up to one year of leave (two years and four months in the case of JICA Japan Overseas Cooperation Volunteers).

Worker-management Relations

At Canon Inc. and Canon Group companies in Japan, worker-management relations are founded on the principle of prior consultation, that is, finding solutions through thorough discussion. Candid discussions between management and the labor union are held whenever policies that affect wages, working hours, safety and health, and benefit programs are to be implemented.

Canon Inc. convenes a Central Worker/Management Conference with the Canon Workers' Union*1 to exchange opinions and information spanning a range of subjects. The CEO and other senior management attend the conferences.

In addition, special committees have been created to establish programs and enact new policies relating to wages, working hours, OHS issues, and benefit programs, based on discussions between labor and management. As of the end of 2022, combined employee membership in the Canon Workers' Union totaled 23,848, with a union membership rate of 80% for Canon Inc.'s workforce. The working conditions for non-unionized workers of Canon Inc. are stipulated via our employment regulations.

The annual Canon Group Workers' Union Conference is held for Group companies in Japan and representatives from Canon Inc. to enable discussions on working conditions, the status of the business, and other issues. The conference brings together 18 Group workers' unions and executives from 23 Group companies in Japan. As of the end of 2022, there were 51,333 employees in unions that belonged to the Canon Group Workers' Union Conference, for a union membership rate of 82% in the workforce of the 23 Group companies in Japan.

Dialogue-based proper labor-management relations are also maintained within Group companies outside Japan, in accordance with national and regional labor laws. The union membership rate*2 for employees of major overseas Canon Group companies is 79%.

Minimum Notification Period for Changes in Work Duties

Canon Inc. has established a minimum notification period clause within its labor agreement to ensure that personnel transfers do not negatively impact the lives of employees.

The minimum official notification period is four weeks for personnel transfers requiring relocation, two weeks for assignments not requiring relocation, and one week for other types of transfers.

Additionally, Group companies worldwide have established minimum notification periods in accordance with the laws and regulations of the countries and regions where they operate.

^{*1} The Canon Workers' Union consists of employees from Canon Inc., Canon Marketing Japan, Fukushima Canon, and Ueno Canon Materials.

^{*2} Calculated for companies that have internal workers' unions.

Diversity and Inclusion

We aspire to be a company that grows by openly accepting and working with people having different characteristics and values.

Basic Approach

Guided by the corporate philosophy of *kyosei*, Canon believes in the importance of allowing individual employees with varied personalities and values to fulfil their potential by playing an active role, without restricting opportunities. In line with this thinking, we respect diversity of culture, customs, language, and ethnicity, and actively encourage fair recruitment and deployment of employees, regardless of gender, age or disability.

Promotion System

Canon Inc. established Vital workforce and Value Innovation through Diversity (VIVID) in 2012 as a horizontally integrated organization to help promote diversity across the company. Headed by the CFO of Canon Inc. and governed by its own policies, VIVID is engaged in a range of initiatives.

These policies are published on Canon's home page and the Intranet.

Reference: VIVID Activities Policy https://global.canon/en/sustainability/society/pdf/vivid-activities-policy-endf

Major Policies and KPIs

Two themes of our pro-diversity policies are "Promoting the Active Participation of Women" and "Encouraging Men to Participate in Childcare." We are taking a range of measures and have set specific targets and KPIs as defined below.

- Boost ratio of female managers by 3x by end-2025 from 2011 level
- Boost ratio of male employees taking childcare leave by at least 50% by end-2025
- * The year before VIVID was introduced.

Promoting the Active Participation of Women

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

In Japan, in addition to formulating action plans and disclosing information as mandated by the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we are conducting our own original initiatives. For example, at Canon Inc., we organize leadership training for women as part of efforts to develop female candidates for managerial positions. Using the theme of developing a new business proposal, the training provides an opportunity to

develop leadership qualities. Since its launch in 2012, a total of 244 women have completed the training and are playing active roles in their workplaces, including at overseas locations. Partly as a result of these measures, the number of female managers rose to 147 in 2022, compared with 58 in 2011.

- Sociocultural Support Activities

Furthermore, we hold return-to-work seminars for employees returning from childcare leave and their supervisors, and provide mentoring by female managers. We also host lectures and interviews with female executives, and share the experiences of female managers to create opportunities for raising awareness around working with purpose and balancing work with life events.

Group companies in Japan are promoting a range of initiatives to support career development for women, including roundtable discussions between presidents and female employees and surveys to gauge awareness, as well as networking events with female leadership candidates inside and outside the company, career advancement training, and career training for women who have returned from childcare leave.

Outside Japan as well, to coincide with International Women's Day, since 2020 Group companies in the Middle East and Africa have begun the SHE RISE Program, an in-house campaign to encourage the active participation of women. Canon U.S.A. is also running a project called Women in Leadership Levels (WiLL) to support the participation of women through a variety of opportunities, including networking events, lectures, and mentoring. In addition, Canon Europe formulated a set of diversity and inclusion commitments, and is monitoring and reviewing these in the regions it oversees. The commitments include activities to raise awareness of diversity and recruitment of diverse personnel.

External Recognition

Reflecting excellence in empowering women within the workplace, Eruboshi certification has been granted to Fukui Canon Materials (Grade 3), and to Canon Marketing Japan and Canon IT Solutions (Grade 2). The Eruboshi certification is granted by the Japanese Ministry of Health, Labour and Welfare based on satisfying certain evaluation criteria.

Encouraging Men to Participate in Childcare

Canon is promoting initiatives to encourage men to participate in childcare, with the goal of realizing a society where men and women participate equally as parents.

At Canon Inc. and Group companies in Japan,

- Diversity and Inclusion

we organize roundtable talks by, and publish interviews with men who have used childcare leave-related systems, and we hold seminars to introduce our childcare-related programs to male employees. These initiatives have proven effective: the childcare leave participation rate among men at Canon Inc. rose from 1.9% in 2011 to 47.7% in 2022.

LGBTQ+Inclusion

The Canon Group Code of Conduct emphasizes respect for the individual and prohibits discrimination based on race, religion, nationality, gender, age, sexual orientation or gender identity. Our initiatives also cover sexual minorities, including lesbian, gay, bisexual, trans and queer (LGBTQ+) persons. With the goal of eliminating all forms of discrimination from the workplace, training for managers includes education on preventing discrimination. In addition, we make use of various opportunities to educate employees, such as departmental staff meetings and compliance meetings. The Barrier-free Mindsets training program, which we provide for employees of Canon Inc. and Canon Group companies in Japan, features content relating to sexual minorities and aims to deepen understanding of related issues. The Barrier-free Mindsets program is an online training module that aims to help employees understand the problems and hurt created by barriers within society, along with the many issues experienced by those with disabilities or members of sexual minorities, plus related points to consider. Around 83% of employees of Canon Inc. and Canon Group companies in Japan received this training between 2019 and 2022.

Another provision to promote a barrier-free environment is gender-neutral washrooms. We also provide counseling and consultation services with a specialist counselor.

Utilizing the Abilities of Veteran Employees

Canon Inc. makes full use of the wealth of knowledge and skills of its veteran staff. In 1977, Canon Inc. was one of the first companies in Japan to set its retirement age at 60. In 1982, we introduced a system for reemploying retired employees until the age of 63.

In 2000, we partially revised our system for re-employment after retirement and introduced a system of open recruitment internally for re-employment posts. Further, we raised the age limit for re-employment to 65 in 2007. As of the end of December 2022, there were 2,137 rehired employees in total.

Proactive Support for the Participation of People with Disabilities in Society

Respecting the ideal of normalization*1 advocated by the United Nations, Canon proactively employs persons with disabilities at Canon Inc. and Canon Group companies in Japan. The employment ratio at Canon Inc. for people with disabilities was 2.48% in 2022, exceeding the statutory minimum of 2.3%. Our recruitment processes also include workplace experience days and site tours to ensure all recruits can adapt quickly to life at work.

Moreover, we are doing our utmost to make workplaces more comfortable and accessible for people with disabilities by improving facilities, including providing greater barrier-free access. We are also working to expand the range and nature of jobs for people with disabilities.

Canon Wind*2 primarily hires people with intellectual disabilities and maintains a high employee retention rate.

Canon Inc. and Group companies in Japan have set up on-site hotlines after the 2016 amendment of the Promotion of Employment of Disabled Persons Law prohibiting discrimination and mandating reasonable consideration for people with disabilities. Canon's measures to prevent discrimination against people with disabilities and ensure reasonable consideration at each site include providing individual consultations and personalized assistance or instruction during evacuation training drills and disaster preparedness training.

Since 2004, Canon Inc. and Canon Group companies in Japan have organized training courses and created e-learning modules to ensure workplaces are attentive to the needs of the hearing impaired. The training provides an accurate understanding of hearing impairments and introduces sign language to help promote smoother workflow. A total of 949 employees participated in this training up to and including 2022.

- *1 According to the World Programme of Action concerning Disabled Persons adopted by the United Nations in 1982, society is made up of many different types of people and it is normal for people with and without disabilities to coexist in all settings. Therefore, we should create an environment in which all people can live and work together.
- *2 A subsidiary of Oita Canon formed in 2008 as a joint venture with the Social Welfare Corporation Gyoun Welfare Association with the aim of promoting employment for persons with intellectual disabilities.

Support for Balancing Work and Nursing Care

Preventing the flow of people leaving their jobs to provide nursing care for family members has become an important social issue in Japan, which has a falling birthrate and an aging society. At Canon, we are taking steps to reduce the number of employees leaving work for nursing care by promoting activities to support them in balancing both priorities. Canon Inc. and Group companies in Japan hold nursing care seminars, conduct interviews with employees engaged in nursing care, and offer information on steps to take when a relative begins to need care and on nursing care-related systems, both public and internal.

Since 2020, we have been holding online nursing care seminars in cooperation with local authorities.

Occupational Safety and Health Management

We pursue initiatives aimed at improving occupational safety and health so employees can feel safe and secure in their work environment.

Basic Approach

Based on the principle that "management without safety is not management," the safety and health of employees forms the foundation of business activities at Canon.

Moreover, in line with the "Health First" principle, we take a proactive stance on the promotion of health management to ensure employees stay healthy in body and mind.

Promotion System

Canon has established the Central Safety and Health Committee as its highest body overseeing safety and health activities. Chaired by the CFO of Canon Inc., the committee establishes its central activity policies and plans for safety and health, while labor and management also work together to promote the elimination of occupational accidents, the maintenance and improvement of health, traffic safety, fire and disaster prevention, and the creation of pleasant workplaces.

In line with labor agreements, management also works with unions to ensure working conditions are safe for employees.

Canon Inc. and Group companies in Japan have established safety and health teams at each operational site, and set targets based on the situation at each site in line with the policies of the Central Safety and Health Committee, to build healthy and safe work environments for all workers, including those of contractors. We also hold health and safety conferences with contractors to maintain and improve health and safety on site.

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

Priority Targets and Initiatives

Occupational Safety and Health

Canon strives to create workplaces that are safe and secure. Canon Inc. and Group companies in Japan have worked on the following priority targets and initiatives.

Sociocultural Support Activities

Priority Targets for 2022

- 1. Eliminate all types of machinery-related accidents (0 cases)
- 2. Eliminate accidents caused by highly hazardous chemical substances (0 cases)

Initiatives

- Promote effective operation of Canon Group Occupational Safety and Health Management System
- 2. Entrench and promote effective use of risk assessments
- 3. Improve health and safety awareness by enhancing education and training

Health Management

Canon Inc. and Group companies in Japan have declared their commitment to addressing the following priority targets and initiatives through the Central Safety and Health Committee. Health care initiatives carried out in collaboration with the health insurance union include long-term health targets and measures formulated in line with health care plans based on an analysis of medical cost and diagnostic data.

The Central Safety and Health Committee Medium-Term Plan (2022-2024)

Priority Targets

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

Initiatives

- 1. Mental health-related measures
- 2. Lifestyle disease prevention
- 3. Improving health literacy
- 4. COVID-19 response

Occupational Safety and Health

Prevention of Workplace Accidents

In 2022, in terms of serious occupational accidents requiring time off work, there were no accidents caused by hazardous chemical substances, but there was one accident relating to the use of machinery (getting pinched or caught). We are taking steps to prevent accidents from reoccurring, in terms of both education and equipment, such as investigating the underlying cause of any accident, retraining workplace personnel, and improving the operability of machinery. We conduct a thorough safety inspection and risk assessment to determine if similar risks exist at the site where any accident occurs. In addition, information about accidents is promptly shared with Group companies, particularly production sites, to prevent similar occurrences elsewhere.

Promoting Effective Operation of Canon Group Occupational Safety and Health Management System

We are expanding the Canon Group Occupational Safety and Health Management System in an effort to promote autonomous safety and health activities across countries and regions. System requirements are based on the Occupational Safety and Health Management System of the Japan Industrial Safety and Health Association and reflect Canon Inc.'s standards and rules. We are also working to cultivate best practices across all sites based on reciprocal supervision as well as develop measures to tackle a variety of issues.

Canon sites are currently transitioning from the international OHS management system standard OHSAS 18001 to the new ISO 45001 standard. As of the end of December 2022, approximately 17% of Canon Inc. and Canon Group sites around the world had acquired ISO 45001 certification.

Reference: ISO 45001 Certifications https://global.canon/en/sustainability/society/pdf/iso45001-e.pdf

Entrenchment of Risk Assessments and Promotion of Effective Use

Canon conducts risk assessments for all installed machinery and related operations based on common Group-wide standards. For all operations with high risk of injury, illness, or accident, we take appropriate risk mitigation measures and manage any residual risk. Recognizing the especially serious risks posed by machinery-related accidents, we review existing equipment at least once a year. For new businesses, we also identify and evaluate risks from the R&D stage and implement OHS measures based on risk assessment outcomes.

To ensure common standards are applied to risk assessment across the Canon Group, we provide online learning programs for workplace managers and

employees with responsibility for equipment operations to deepen their understanding of assessment methods. In addition, if a specific risk is identified, all relevant workers are notified of the risk and given the requisite training, including steps to confirm understanding and mastery of any new work processes.

Improving Health and Safety Awareness by **Enhancing Education and Training**

Whenever an occupational accident occurs at Canon, we immediately brief all operational sites in Japan and overseas production sites, as well as publish the causes and countermeasures on our intranet to prevent a similar accident from occurring elsewhere.

To help eliminate workplace accidents, we also provide training to managers involved in on-site workplace risk assessment, along with online learning programs to ensure all employees involved with risk assessments have a good understanding of assessment objectives and procedures. A total of 4,724 people received such training up to and including 2022.

In addition, we are also taking steps to foster a workplace culture that is constantly aware of health and safety. For example, at Canon Inc. and Group companies in Japan, we provide health and safety training and use original awareness-raising posters and leaflets to educate employees about checking and enforcing basic safety behaviors in their work.

Canon is working to implement an occupational safety and health management system overseas, mainly at its production sites, on the same level as in Japan. For example, to help employees understand health and safety matters in their native language, we make effective use of work manuals, health and safety training materials, posters, leaflets, and other materials prepared by Canon Inc. in Japanese, English, Chinese, and Vietnamese to suit the situation of each site. For example, at Canon Vietnam, we are making a focused effort to promote activities for early prevention of hazards by raising employees' health and safety awareness. These include an experiential training facility called the Safety Experience Ring that enables trainees to experience the importance of safety through simulated hazard experiences, as well as risk assessment activities and a program for sharing improvement proposals based on on-site experience.

Health Management Mental Health-related Measures

Canon conducts a variety of programs to promote comprehensive mental health at Group companies in Japan. These incorporate four types of care: self-care, care from workplace supervisors, care from occupational health staff, and care from external organizations. There are also programs to promote primary, secondary, and tertiary prevention. We are focusing in particular on

- Sociocultural Support Activities

creating a standard response across Group companies, such as developing support programs for employees with mental health issues, and carrying out training to improve the ability of human resources and health support staff to handle such cases.

The stress check participation rate is high at Canon Inc., reaching 96.5% in 2022. In addition to check-ups with an occupational physician, any employees showing signs of high stress receive individualized health consultations. We distribute a "Health Report" detailing the health status of each division, based on grouped data analysis and organize related worksite meetings. We also provide managers with mental health training to help enhance workplace support capabilities. Employees on overseas assignments are given the same stress checks and follow-up procedures as in Japan, with any mental health measures coordinated with local HR managers.

Lifestyle Disease Prevention

As part of measures to combat lifestyle diseases, we identify health-related areas requiring attention and rank their priority based on analysis of employee data. For example, a longitudinal study analysis of physical exam data from 2009 showed the effects of shortened sleep, smoking, rapid eating and other factors on the onset of metabolic syndrome, leading us to select these as priority areas. For sleep, besides activities to raise awareness, we also introduced individual guidance using sleep monitors. The result was not only an improvement in sleep, but also in physical exam outcomes and presenteeism (working even while sick). Furthermore, smoking is prohibited inside workplaces at Canon Inc. and all Group companies in Japan, and we provide seminars and online programs to help employees to quit smoking. Since we initiated such measures in 2004, the ratio of active smokers at Canon Inc. has fallen by 17.9 percentage points over 18 years, reaching 14.5% in 2022.

To prevent serious disease, Canon Inc. and Group companies in Japan have adopted unified follow-up standards for employees with abnormal findings from a workplace physical check-up. Based on cooperation with health insurance unions, the provision of health guidance from expert providers has resulted in a decline in the numbers of employees either at high risk of metabolic syndrome or subject to specific health guidance. To prevent and detect cancers, we utilize the cancer screening system of the Canon Health Insurance Union, while ensuring a balance between treatment and work for employees living with cancer.

Improving Health Literacy

Canon Inc. is promoting health self-management in various ways: ongoing training tailored to different job levels; campaigns on the themes of sleep, nutrition, and

exercise; regular dissemination of information to raise awareness via the intranet; and, management of healthy activity goals and in-house events using ICT tools.

Moreover, Canon Inc. and Group companies in Japan conduct an e-learning program every year for employees just turning 30, 40, 50, or 60 years old, in which they can learn about the health issues and self-management points specific to each age bracket, including women's health issues. In 2022, a total of 5,328 employees completed this program.

In collaboration with the health insurance union, labor union, in-house retail stores, staff cafeterias and other partners, we put the principal focus on Canon's nutritional campaign for 2022 on exercise. Our annual walking competition, which features the use of ICT tools, had 12,076 participants, a six-year high. In other health initiatives, the Canon Health Call service provided by the health insurance union offered personal health support to Canon Group employees both in Japan and overseas on a 24/7 basis.

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

Measures in Response to COVID-19

The response of Canon Inc. to the novel coronavirus (COVID-19) pandemic has centered on infection prevention, consultation access, support for high-risk staff, and information sharing. We have drawn up guidelines and manuals, acquired equipment and materials to prevent infection, and offered health consultations with occupational physicians and nurses as well as via a 24-hour telephone hotline.

Our workplace vaccination program for employees of Canon Inc. and Canon Group companies in Japan, which covers family members and contractors as well, inoculated around 60,000 people in 2022.

Infectious Disease Prevention

As part of its efforts to prevent infectious diseases, Canon Inc. provides training to staff traveling or being assigned overseas related to HIV, malaria, and other infectious diseases, based on information put out by the Quarantine Information Office of Japan's Ministry of Health, Labour, and Welfare. In addition, the company also recommends various vaccinations depending on the destination country or region, based on information from both the Quarantine Information Office and the Ministry of Foreign Affairs, and covers the cost of such vaccinations.

Approach (Society)

- Respecting Human Rights

- Hiring and Treatment of Human Resources

- Diversity and Inclusion

Health Training for Contract Workers

With increasing rates of heat stroke occurring in both indoor and outdoor worksites throughout Japan, we provide ongoing training to contract workers on heat stroke prevention. We also take preventative measures in the workplace environment.

External Recognition

Canon Inc. has been selected for four years in a row as a "Health & Productivity Stock" under a scheme administered jointly by the Japanese Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). In addition, Canon has been certified for six years in a row in the Large Organization category of the "White 500" Health & Productivity scheme jointly administered by METI and Nippon Kenko Kaigi. Canon Inc. was also joined in the "White 500" list in 2022 by 11 Canon Group companies in Japan.

"Health & Productivity Stocks" are selected on the basis they are a TSE-listed company that has taken the strategic initiative to manage employee health from a business perspective. The "White 500" certification is based on commitment to managing the health of employees at the local level, and the adoption of initiatives as recommended by Nippon Kenko Kaigi to improve health.

Canon has adhered to the "Health First" principle since its earliest days. External recognition points to our commitment over many years to ongoing actions that ensure progressive health management.





- Sociocultural Support Activities

Human Resource Development and Personal Growth

We provide all employees the opportunity to build and advance their career.

Basic Approach

Based on the principle of "respect for human rights," a constant element of our corporate DNA since the company's foundation, we actively invest in human resources since we regard the growth of employees as a source of business competitiveness.

We support employee growth through a system of training/study programs and traineeships, based on the desire of every individual to grow in line with the *San-ji* (Three Selfs) spirit, along with on-the-job (OJT) training that relies on support provided by superiors and workplace colleagues.

We have also created specialist in-house bodies and programs to support business strategy in certain domains. Developing next-generation leaders, software engineers and other human resources will help to drive Canon's future growth.

Promotion System

Led by the Human Resources Management & Organization Headquarters, Canon has put in place a wide range of HR development systems, based on the idea of "developing our people in-house." As a rule, this means training the course trainers in-house as well.

Technical HR development committees have been established for each specialist area. Composed of inhouse experts from each field, the groups discuss related HR development issues and training set-ups to support the systematic development of specialist engineering human resources.

In addition, we have created systems to allow Canon engineers to gain the latest external knowledge and technical skills through assignments to universities and research institutions in Japan and abroad.

Developing Globally Minded Personnel

With 341 operational sites* worldwide as of the end of 2022, the globalization of Canon's operations is proceeding apace. Against this backdrop, we are stepping up training to develop human resources with leadership abilities that can be utilized on the international stage.

* Number of operational sites includes Canon Inc., consolidated subsidiaries and equity-method affiliates.

Vitalizing Human Resources Through International Assignments

Canon established the Canon Global Assignment Policy (CGAP) as an international assignment system for its Group companies worldwide to stimulate international personnel exchanges, not only from Japan to other

countries but also from other countries to Japan, and internationally from Europe to the United States, for example. The goal of this program is to promote global business cooperation and the development of human resources capable of functioning at the global level.

CGAP is an international personnel dispatch policy shared by our Group companies, and personnel assignment policies in each respective country or region are based on it. Combining these policies allows us to promote personnel exchanges and to share basic philosophies and systems, while providing for flexibility in dealing with the special characteristics of each region, such as laws and culture.

For example, in Europe and the United States we have the US/Europe Exchange Program, which enables employees with at least three years of service to participate in a personnel exchange for a period of one year; and, in Asia we have the ASIA CGAP, which is a one-year training program in Europe and the United States for developing executive management candidates from Asia.

As of the end of 2022, a total of 1,040 employees were deployed on international assignments under these programs.

Global Training for Young Employees

In order to help employees acquire language and international business skills, Canon Inc. has established a system to allow employees to gain overseas work experience early in their careers.

For example, the Asia Trainee Program enables employees who are 30 years old or younger to engage in practical study at Group companies in Asia. Started in 1995, the program to date has deployed a total of 118 people. The program sends trainees to Group companies in countries and regions where languages other than English are used on a regular basis in professional settings. After roughly six months of language training at a local university, trainees spend about one year gaining practical experience at Asian affiliates. Meanwhile, the Europe–US Trainee Program dispatches young employees to Europe and the United States. Started in 2012, the program has thus far provided training to a total of 68 employees. In 2020, we launched the Canon Global Marketing & Sales Trainee Program for new employees. With the aim of fostering human resources who will play an active role in Canon's future global marketing efforts, participants spend a year and a half both in Japan and overseas acquiring sales experience and language proficiency.

The Overseas Study Program for Technicians is intended to develop engineers and technicians who can function internationally, as well as enable them to acquire skills that they can use to contribute to Canon's core businesses in the future. This program began in 1984, and to date, a total of 129 employees have participated in the program, studying at universities abroad. In line with our strategy to improve our R&D system in the United States and Europe, we plan to select several employees each year for overseas study.

Fostering Experts in Various Fields

Development of Human Resources in Engineering To aid development of next-generation engineering human resources, Canon Inc. has built specializationspecific training set-ups for machinery, electronics, optics, materials, software, and other areas. We have also set up committees to oversee development of human resources across five core specializations. Each committee develops rank-based training programs for personnel from new hires and junior engineers to experienced leaders, as well as conducting courses and implementing other initiatives. We also provide training in some non-core specializations such as analytical technology. In 2022, a total of 8,017 engineers from Group companies in Japan took part in 231 related programs. Since 2021, we have also held online training to build general IT literacy for Canon employees across all job types.

In 2023, we instituted a new system to designate technology leaders within Canon as "top scientists" as part of our efforts to retain and develop the people needed to create new businesses based on our technical innovations.

Development of Software Engineers

Canon Inc. set up the Canon Institute of Software Technology (CIST) in 2018 to cultivate software engineers. Programs at CIST provide systematic support for the development of human resources in this area, from upskilling for engineers within product development teams to providing basic training for new recruits and people joining from other occupational fields.

Elsewhere, we have sent 4 people to the "Top SE (system engineer) course" programs hosted by the National Institute of Informatics; and 5 people to the "Smart SE course" business school program organized by Japan's Waseda University that focuses on AI, IoT and Big Data technologies.



Based in Tokyo, the CIST develops software engineers



Software engineer training at CIST

Development of Global Human Resources in Manufacturing

At Canon, we are focusing on developing human resources who support production activities, mainly through the Monozukuri Advancement Center of Canon Inc.

In 2022, 216 employees working at eight overseas production sites took part in a total of 39 online training programs organized by the Monozukuri Advancement Center.

To promote training at overseas production sites, Canon is also focusing on on-site instructordevelopment training. A total of 62 personnel took part in 16 online training workshops for instructors in 2022. Site-based instructors across the Canon Group provided training to around 3,400 personnel in 2022.

A technical skill testing program, following the same standards as in Japan, has also been established at overseas sites. In 2022, testing was carried out for seven types of work skills, including injection molding, board mounting, and metal stamping, at a total of five sites in Thailand, Vietnam, China, Malaysia, etc. with approximately 460 employees participating.

Human Resource Development System

To motivate employees and enhance skill specialization, Canon Inc. maintains an educational system for rankbased, elective, and self-development training.

Rank-based training is carried out to help employees more readily understand and fulfill their respective roles and to foster awareness of the actions and behaviors defined by Canon's guiding principles. We also supplement this with elective training that includes e-learning programs and other programs to support self-development. These training programs cover such issues as harassment prevention and compliance.

On average, Canon Inc. employees spent about 22 hours on average in training in 2022. Related training costs per employee amounted to approximately ¥162,000 at Canon Inc., and about ¥89,000 at major Canon Group companies in Japan and overseas marketing companies.

Managerial Development

For the development of management personnel, we operate the Canon Management School and the Canon Leadership Development (LEAD) Program. The Canon Management School, aimed at division managers and general managers, is designed to develop top-class management leaders. Led by our CEO, the school invites as instructors experts from such fields as politics, foreign diplomacy, economics, and science and technology. The program has produced many of our Group executives. The LEAD Program is designed to help candidates switch to a management-oriented mindset and develop their leadership abilities while also reinforcing strategy planning and execution capabilities. It provides training prior to and after appointments to management positions, as well as assessments prior to appointments. Our goal is to further reinforce efforts to systematically cultivate the next generation at Canon, concentrating on the development of management personnel as well as personnel for global, technological, and manufacturing roles.

Canon Inc.'s Career Development Support Programs

■ Regular Performance and Career Reviews

Since we evaluate the conduct and performance of employees under our position-based pay system, supervisors have meetings with their team members individually three times a year—at the start, midpoint, and end—to confirm duties and targets, monitor progress, and discuss future career development based on a "career sheet" filled out by the employee.

When discussing the evaluation, supervisors offer advice and guidance on improving results and work performance. This enables employees to objectively

understand their own strengths and weaknesses, which aids them in achieving further growth. Supervisors also use this information in future development plans for the employee.

- Sociocultural Support Activities

■ Career Matching System

Canon Inc. has also established an internal career matching system to support its employees in pursuing satisfying careers. The system matches the right people to the right jobs, promotes internal mobility of human resources, and brings greater vitality to the company.

We also provide a trainee-style career matching system featuring a combination of training and internal recruitment. Employees who wish to take on new work challenges in a field where they have no experience can receive training opportunities to gain requisite skills, and then take up a position based on their skill level. In 2022, a total of 312 moved jobs via our internal recruitment system.

■ Career Development Support for Young Employees

At Canon Inc., discussions are organized by the Human Resources Division for all employees after working for three years to review the suitability of their job and working environment and provide peace of mind and help them fulfill their potential.

Since 2022, we have also introduced a training program for young employees in their third year with the company that includes a talk on career development and the opportunity to talk to a career counselor. The program aims to build awareness and motivation for career development. A total of 588 employees attended this training program in 2022.

■ Post-retirement Career and Life-plan Training

Canon holds Creative Life Seminars for employees when they reach the ages of 50 and 54 in order to help them plan for their retirement years. By providing employees with an opportunity to think about their life plan and career plan at an early stage, we help them to systematically plan and prepare for life after the age of 60.

■ Supporting Organizational Invigoration

Canon aims to realize individual and organizational growth at the same time as achieving success in business. To this end, we have established a dedicated division for organizational development, which supports organizational invigoration through consulting on increasingly diverse organizational challenges, post-activity support, and rank-specific training. As of 2022, the division has provided support to 464 divisions and 16,000 employees, including Group companies worldwide.

■ Other Career Development Support

To offer a more diverse range of learning opportunities and support the career development of self-motivated employees, we are developing e-learning content that can be accessed on weekends or after work during the campaign period to promote work-life balance.* In 2022, around 6,000 employees participated in these programs.

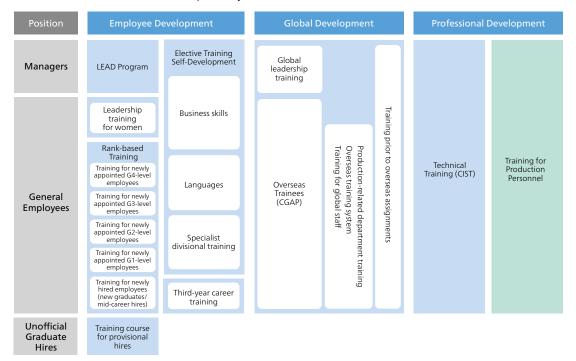
Various Certification and Award Programs

Canon has established certification and award programs to honor Group employees for their outstanding achievements.

At the Canon Summit Awards, Canon honors Group

companies, divisions, teams, and individual employees who have made a major contribution to the development of the company in terms of activities or products. Canon recognizes employees with numerous other accolades: the Invention Award for employees who make inventions and contribute to intellectual property activities; the Quality Award and the Production Innovation Award for excellence that contributes to improvements in quality and productivity; the Canon Meister Certification/ Commendation for contributions to advancements in manufacturing using a wide range of skills; the Canon Master Craftsman certification for outstanding skills that Canon should pass down; and, the Environment Award for excellent environmental practice.

Canon Inc.'s Human Resource Development System



^{*} As part of a drive to reform work styles, from July to September, we set our work hours forward to enable workers to finish earlier.

Sociocultural Support Activities

We are contributing to the sustainable development of local communities using technology and knowledge gained in business.

Basic Approach

Contributing to society through business activities has been the ethos underpinning our corporate culture ever since Canon was founded. Based on this thinking, in the important field of social contribution activities, we are involved in projects that provide medical services to impoverished regions by utilizing the technology from our medical operations; we also focus on educational and sociocultural support activities to use the imaging and printing technologies Canon has developed over many years. This area is one of the key strategic elements of strengthening our competitiveness, as identified in Phase VI of the Excellent Global Corporation Plan. Developing these business activities also helps us to address societal issues.

We also support the Children's Rights and Business Principles formulated by UNICEF jointly with the United Nations Global Compact and Save the Children. In support of the next generation, Canon is engaged in activities to help protect the rights of children.

In 2022, Canon spent approximately ¥1.8 billion on social contribution activities.

Policies

Based on the Canon Group CSR Activity Policy, we are engaged in activities that support the arts, culture and sports; in providing humanitarian aid and disaster relief; and in activities that enrich local communities while also taking care of the global environment. Under this policy, we are developing sociocultural support activities across the Canon Group by leveraging the Group's strengths in terms of advanced technological capabilities, global business development expertise, and diverse, specialized human resources.

Reference: Canon Group CSR Activity Policy https://global.canon/en/sustainability/society/pdf/csr-activity-e.pdf

Promotion System

The Sustainability Headquarters at Canon Inc. oversees and promotes sociocultural activities across the entire Canon Group. The Group Executive for Sustainability Headquarters, who is an executive officer of Canon Inc., reports important matters periodically to the Chairman & CEO and Executive Vice President, and receives approval for the direction and content of any measures taken in response to related risks and opportunities.

Moreover, social contribution managers at Group companies around the world regularly share information on such matters, while we actively use our intranet and social media platforms to share with employees information on Group activities, action on the SDGs, and other related topics as a way of promoting dynamic sociocultural support activities across the Group.

Major Initiatives

The 4E's Project in India

Canon India carries out the 4E's Project in cooperation with the NGO Humana People to People India. The project provides various forms of assistance in the four fields of eye care, education, environment, and empowerment to impoverished villages near to the Canon India offices.

Especially in the field of eye-care, Canon strives to provide improved medical assistance to the people with vision impairment by utilizing its technology from the Medical Group that Canon plans to further strengthen and expand its operation as part of the priority business strategy. In India, despite the fact that 80% of cataracts, a major cause of visual impairment, are believed to be preventable or treatable, the issue is lack of access to appropriate diagnostic or therapeutic care due to insufficiently developed healthcare infrastructure. Canon India opens vision centers in selected villages to provide eye examinations using equipment made by Canon. A total of 6,105 people visited these centers in 2022, with 644 receiving free eyeglasses, and 188 patients being referred for treatment in hospital.



Eye testing at a vision center in India

In addition, in the field of empowerment, we are engaged in initiatives to stimulate young people's interest in photography. For example, we organize photography workshops for children living in juvenile homes in New Delhi in partnership with the Department of Women and Child Development, Government of National Capital Territory of Delhi. Targeting children in care who are aged 16-18, the workshops explore the world of photos and aim to foster related employment opportunities. In 2022, these workshops were attended by a total of 74 children.

In 2022, there were 86,494 beneficiaries in the entire 4E's Project.

Canon Young People Programme Harnesses the Power of Positive Visual Storytelling

The Canon Young People Programme (YPP) runs across Europe, Middle East and Africa (EMEA) with the objective to give young people a voice to create a better and more sustainable future by introducing them to the power of creative visual storytelling, aligned to the United Nations SDGs. We achieve this by supporting young people from disadvantaged backgrounds across EMEA to develop the creative storytelling skills they need to succeed in the workplace of tomorrow.

The program is run in partnership with local NGOs in each country and through this close collaboration helps us reach the local communities, run the workshops and amplify the voice of the participants. The program is diverse, creative and enabling, giving us the opportunity to work with young people with great ideas, willing to contribute, and to work hard to make the world a better place and really make a significant difference to their community. In 2022 YPP workshops were held across EMEA in 24 countries, including 10 new countries such as Jordan and Turkey, and supported over 1,200 young people to have their voices heard, and their stories told.



Canon YPP students in Za'atari Refugee Camp, Jordan

Miraisha Programme Aims to Increase Employment **Opportunities and Technical Skills in Africa**

High youth unemployment is a severe problem in Africa. Moreover, while demand is increasing for photography, video production, and printing, most of this business is done by foreign companies because local skill levels often do not reach international standards. In response to this situation, Canon Europe has been promoting its Miraisha Programme, a social investment initiative in Africa. Miraisha is a portmanteau of the Japanese word mirai, meaning future, and the Swahili word maisha, meaning life. Through the program, Canon aims to improve the technical skills of and increase employment opportunities for local young people in Africa's growing photography, video production, and print industries. Workshops in photography, film-making, and professional printing have been conducted in Kenya, Ghana, Nigeria, DRC, Uganda, Cameroon, Ivory Coast, and other countries. Through partnerships with local organizations, educational institutions, event organizers, and with the assistance of Canon Ambassadors, the Miraisha Programme has so far provided training to more than 6,500 workshop participants. Canon has also organized a training program to develop local photographers and video producers as Canon-accredited trainers for the Miraisha Programme. By 2022, a total of 26 people had been accredited as Canon Certified Miraisha trainers, with three of these recruited as Canon Group employees.



Miraisha Programme participants in Kenya

Research and Education Program "Eyes on Yellowstone" Helping to Communicate Importance of Environmental Conservation

Canon U.S.A. contributes funds to the globally renowned Yellowstone National Park to support surveillance activities targeting endangered wildlife species.

Specifically, through the research and education program Eyes on Yellowstone, Canon imaging devices are being used for ecological observation with the aim of building a digital image library that can be accessed through the website. These images will serve as educational resources for millions of children worldwide, helping to foster their knowledge of the environment and awareness of the importance of conservation.

Support for Education in Asia

Canon is helping to support the education of the next generation across Asia.

Respecting the right of every child to receive an education, we have set up ten Canon Hope Elementary Schools in China to provide a better educational environment through improved access to education.

In Vietnam, we have been involved in the Friendship School Chain Project since 2007, building schools, providing desks and chairs, and donating other supplies to help improve educational conditions for local children. We opened the project's 50th school in 2022 in an impoverished mountainous area of Northeast Vietnam.

In Thailand, Canon Group employees visit schools in remote areas or lacking in local infrastructure to help repair school facilities and plant vegetable gardens for greater self-sufficiency. We also donate equipment and school supplies.

Elsewhere, Canon employees can make donations under a matching gift program. For example, since 1997 Canon Inc. has organized an annual Charity Book Fair to allow employees of the Canon Group in Japan to donate unwanted books, CDs and DVDs for sale at an in-house bazaar. The company matches the proceeds generated by the sale, and these funds are donated to organizations supporting education and medical services in Asian countries, including Thailand, Laos, and Cambodia.

Preserving Japanese Cultural Assets for the Future Through the Tsuzuri Project

Canon and Kyoto Culture Association (NPO) have been running the Cultural Heritage Inheritance Project, commonly known as the Tsuzuri Project, since 2007.

Many of Japan's precious ancient cultural assets have limited viewing opportunities, often because they have been moved overseas or are preserved in storage as designated national treasures. The Tsuzuri Project combines Canon's proprietary digital imaging technology with traditional crafts from Kyoto to create high-resolution facsimiles that are as close to the original as possible. These facsimiles are utilized in varied ways, including public exhibitions at the donating institution or in school education.

The Yonezawa City Uesugi Museum hosted a special exhibition called "Let's Enjoy Japanese Paintings – Approaching Japan's Masterpieces through Highresolution Facsimiles" in 2022 of 24 high-resolution facsimiles that had been created with technologies from Canon's Tsuzuri Project. Such an event would never have been possible for the original cultural properties.



Special exhibition at Yonezawa City Uesugi Museum

In addition, Canon Inc. sponsored the exhibition in the Second Gallery of "Through the Four Seasons: High-Resolution Facsimiles of Folding Screens" as part of the Tokyo National Museum 150th Anniversary Special Thematic Exhibition "Museum of the Future." Using projection mapping onto high-resolution facsimiles of national treasures, visitors could appreciate the beauty of the four seasons in Japan. This provided a new way of appreciating the original assets.



The exhibition of "Through the Four Seasons: High-Resolution Facsimiles of Folding Screens"

Elsewhere, in a joint research project with the National Center for the Promotion of Cultural Properties (CPCP) aimed at utilizing Japanese cultural properties by using high-resolution facsimiles, facsimiles of six works, including *Cypress Trees* by Kano Eitoku (National Treasure), *Autumn and Winter Landscapes* by Sesshu (National Treasure), and *Chinese Landscape* by Ike no Taiga (National Treasure) were made. Along with other facsimiles donated by the Tsuzuri Project, these pieces were widely used in venues such as "The Door to Japanese Art," an interactive exhibition space in the Tokyo National Museum.

Reference: The Tsuzuri Project https://global.canon/en/tsuzuri/ Approach (Society)

- Respecting Human Rights

- Hiring and Treatment of Human Resources - Diversity and Inclusion

Contributing to Society Through Rugby

Canon Inc. manages the Yokohama Canon Eagles, part of Japan's Rugby League One, with the aim of creating and sharing thrilling experiences with sports fans and local residents through the sport of rugby.

As a social contribution activity targeting elementary, junior high, and high school students nationwide, the team holds career education classes and tag rugby workshops run by current Eagles players and staff. The goal is to contribute to the healthy development of children through rugby by letting them experience the importance of team play and the joy of physical activity.

In 2022, the team held career education classes and tag rugby workshops at 25 elementary schools, with a total of 2,269 students participating. Also, to support recovery efforts in the disaster-stricken Tohoku region, the team held a rugby clinic (classes and coaching) for junior high school students in Miyagi Prefecture.



Tag rugby class at an elementary school

Supporting Research Activities that Contribute to the Sustainable Development of Humankind Through the Canon Foundation

The Canon Foundation was established in 2008 with the aim of contributing to the development of science and technology. Operating completely independently of Canon's business activities, it provides assistance in a wide range of science and technology research fields.

The foundation's aim has been to create new value for society by adopting an approach of supporting research that addresses cutting-edge fields of science and technology. Based on this concept, the foundation supports two research programs, focusing on the themes of "Science and Technology that Achieve a Good Future" and "Science and Technology that Create New Industries."

Over the past 14 years, the Canon Foundation has disbursed a total of 207 research grants totaling ¥3.7 billion. The foundation enjoys recognition from universities and public research institutions across Japan as a distinctive research grant foundation which provides an average project grant of around ¥20 million—a relatively high amount mainly for fledgling research projects and young researchers just starting out.

Reference: Canon Foundation website https://ip.foundation.canon/eng/index.html

Canon Institute for Global Studies, Dedicated to Conquering the Problems Faced by Humankind

The Canon Institute for Global Studies (CIGS) is a non-profit private-sector think tank established in 2008 as a general incorporated foundation in commemoration of Canon Inc.'s 70th anniversary.

CIGS brings together researchers with diverse backgrounds in business, academia, and government to exchange ideas and engage in global activities, seeking to analyze the current situation from the perspective of Japan's position in the global community and provide strategic recommendations across a wide array of areas, including the global economy, foreign affairs and national security, and energy and the environment. Even during the COVID-19 pandemic, the institute actively disseminated information and made policy proposals through online events and research seminars.



Kunihiko Miyake (Research Director, CIGS)

Reference: The Canon Institute for Global Studies https://cigs.canon/en/

Other Major Sociocultural Support Activities

Area	Name of Activity	Overview	Notes
Humanitarian Aid and Disaster Relief	Donations	Canon has donated 1 million euros (about ¥130 million) to UNHCR, the UN Refugee Agency and other international disaster relief organizations to fund humanitarian aid for Ukraine. In addition, we donated 100,000 euros (about ¥14 million) to organizations such as the Japanese Red Cross Society and the Turkish Red Crescent Society in response to the damage caused by the earthquake that struck southeastern Turkey, as well as donating medical equipment to support victims of the disaster.	Canon donated six tablet-type diagnostic ultrasound devices for medical support in Turkey
	Cooperation with UN Support Programs	In partnership with Japan for UNHCR*1, Canon sponsored an exhibition featuring refugees who had become elite athletes. Canon has also sponsored the Refugee Film Festival organized by Japan for UNHCR with the cooperation of the UNHCR Representation in Japan. In addition, we participate in activities to support the Japan Association for the World Food Programme.*2	*1 The national partner of UNHCR in Japan *2 The national partner of the World Food Programme (WFP) in Japan Exhibition on refugees who became elite athletes
Environmental Conservation	Environmental Outreach Classes	These classes teach the importance of recycling by using experiments to sort materials with different characteristics to help promote deeper understanding of environmental issues. Canon extended the program in 2022 to overseas, with the first implementation in elementary schools in France.	
Social Welfare	American Cancer Society	Since 1998, Canon U.S.A. has been a supporter of the American Cancer Society (ACS) initiative "Making Strides Against Breast Cancer" to raise funds for cancer research. Canon employees participate in walks and other fundraising activities.	URL: https://www.usa.canon.com/ about-us/community-and-social- involvement/walk-for-american- cancer-society
ocal Communities	Disaster Recovery Support Programs	In Thailand, we provided assistance to areas damaged by floods. In Belgium, we were involved in efforts to restore photographs damaged in a flood event. We have also continued to support areas affected by the Great East Japan Earthquake.	
Education and Science -	Junior Photographers	This project organizes nature-themed photography classes for children with the aims of raising environmental awareness and fostering richer artistic sensitivity. In 2022, photography workshops were held at 8 schools, attended by 336 participants.	
	Internship Program for Students	Group companies conducted various internships, including programs aimed at supporting the career development of students. Canon Inc. offered a total of approximately 1,700 internships to students on administrative, technical or specialist tracks in 2022.	
Art, Culture, and Sports	New Cosmos of Photography	This photography competition project aims to discover, nurture, and support new photographers pursuing new possibilities in creative photographic expression. In 2021, we celebrated its 30-year anniversary with a final photo competition, and in 2022 we held a retrospective exhibition at two venues to look back on our 30 years of history.	URL: https://global.canon/en/ newcosmos/