

Sustainability at Canon

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Approach to Sustainability

Since 1988, Canon has been striving to uphold our corporate philosophy of *kyosei* (living and working together for the common good) in order to contribute to worldwide prosperity and happiness.

A society in which all people live and work together, respecting one another and coexisting happily, regardless of culture, customs, language, ethnicity, or region. And a society in harmony with nature, able to preserve Earth's abundant resources for future generations.

To realize such a society, Canon will create new value through the power of technology and innovation, providing world-first technologies and world-leading products and services while also contributing to solutions for the problems our society faces. By providing greater value while using fewer resources throughout all product lifecycles, we aim to enable affluent lifestyles while protecting the environment.

Through our corporate activities, Canon proactively works toward realizing a sustainable society.

Reference: Approach to Sustainability (formulated in October 2021)

Promotion System

Besides coordinating activities across the Canon Group to promote sustainability from social and environmental angles, Sustainability Headquarters of Canon Inc. draws on the expertise of divisions such as legal affairs, human resources, procurement, and quality assurance to inform the response to specialist issues.

The division overseeing activities reports as required on the direction and content of measures to the CEO and the CFO. Once approval is received, it then promotes activities in cooperation with the relevant divisions in Japan and overseas. We disclose information regarding our sustainability initiatives in this report, which is published annually with the approval of management.

Additionally, in April 2024, Canon established a Sustainability Committee to share information and conduct preliminary deliberations with the aim of ensuring appropriate and effective judgment by the CEO or Board of Directors regarding the sustainability-related matters that Canon should address.

Driving Awareness across the Group

To revitalize activities and help develop a sustainability mindset across the Group, we share the direction of sustainability activities and related details at meetings such as our global management conferences for the senior managers of major Group companies. Moreover, we assess the results achieved under the business policies of each operating division and manufacturing and marketing company under a consolidated performance evaluation system, as well as the results of their various environmental and social contribution activities, to raise awareness among executives.

In addition, we are conducting a range of sustainability-related training for managers and general employees to drive awareness of sustainability issues.

Specific examples of initiatives

- Education programs for specialist areas such as environmental protection, respect for human rights, data management and compliance
- Sustainability awards system based on categories (e.g., environment, quality)
- Sharing of information on sustainability activities via the company intranet
- Information-sharing meetings involving personnel responsible for sustainability across Group companies
- We invite experts from both within the Group and outside to speak on various topics related to sustainability, such as human rights issues, diversity, and food waste, using the company intranet to disseminate information to employees (for details, see the following website).

Topics addressed to date on the Canon Sustainability Channel
<https://global.canon/en/csr/policy/>

Sustainability-Related policies

- [Canon Group Environmental Charter](#)
- [Canon Environmental Vision](#)
- [Canon Group Human Rights Policy](#)
- [Canon Group CSR Activity Policy](#)
- [Principles of Universal Design](#)
- [Canon Group Code of Conduct \(->P80\)](#)
- [Canon Supplier Code of Conduct](#)
- [Canon Group Basic Policy on Responsible Minerals Sourcing](#)

Addressing Social Issues Through Products, Technologies and Solutions

Leveraging our advanced technologies, Canon will be the source of innovation with our ever-evolving products and services that adapt to changing social needs and a changing business environment, as well as with a variety of IT/AI-based solutions.

Printing



The Printing Group is making Groupwide efforts to strengthen products and services in the office and home fields that offer highly productive, convenient and secure environments not limited by where people work, and strengthen the product lineup and expand workflow software to support labor-saving and added value for customers in commercial and industrial printing.

Since 1992, we have been promoting the remanufacturing of used multifunction devices, and our environment-specific model has achieved part reuse rates greater than 94%. In 2023, using low temperature fixing toner, we reduced power consumption by about 15% compared to conventional models. We also launched a new type of large format inkjet printer which uses corrugated cardboard for all cushioning material.

We aim to increase the global resource recycling rate to up to 50% in 2030, and increase the ratio of remanufactured products to total multifunction devices to 5% in 2025, while promoting green transformation throughout the product lifecycle.

Please refer to pages 23, 29, 30 and 31 for related information.

Medical



With health promotion and disease prevention measures attracting attention as common issues in countries and regions around the world, the Medical Group is developing and providing new technologies along with medical professionals. The Group focuses on generating value through the reduction of the burden on healthcare professionals and patients, and through cost savings for medical institutions.

We are supporting people's health through the provision of diagnostic imaging equipment such as CT systems that achieve high image quality while significantly reducing exposure to radiation, healthcare IT solutions that support diagnosis such as reading and diagnostic support, and in vitro diagnostics such as biochemical testing equipment and reagents.

We are also working to promote innovation, including clinical studies of photon-counting CT systems with the National Cancer Center and other medical facilities in Japan and overseas, and joint research with the Kyoto University iPS Cell Research Foundation to commercialize high-quality, low-cost autologous iPS cells.

Please refer to page 07 for related information.

Imaging



The Imaging Group is supporting the sustainable society called for by the SDGs by supplying systems that support imaging experiences as well as video solutions that tie into solutions to social issues. For example, the network camera business extends beyond simple recording and monitoring. The business also aims to help create communities that continue to foster people's lifestyles—using data obtained from video as information, we will be able to appropriately grasp and respond to situations even from a distance, contributing to the creation of sustainable cities and communities where people can continue to live in safety and security.

Canon is also helping to build resilient infrastructure, promote sustainable industrialization and foster innovation by means of imaging DX, including the AI-based crack detection of tunnels, bridges and other concrete structures using high-resolution images, and various automation solutions for production sites.

The Group is also making steady headway in reducing its environmental impact, such as by quantitatively measuring CO₂ emissions reductions and eliminating plastic from camera and lens packaging materials.

Please refer to pages 25, 31, 63 and 64 for related information.

Industrial



The Industrial Group provides leading-edge technology in the form of industrial equipment. The Group expects continued growth in its main business areas—semiconductor and display manufacturing equipment and measurement devices— as technological innovation in such areas as AI, IoT and 5G makes society smarter.

By enabling real-time equipment analysis, automatic recovery in the event of errors and suggestions for optimal manufacturing conditions, "Lithography Plus," our new solution platform for semiconductor lithography equipment increases equipment utilization rates, optimizes our customers' production processes and improves the rate of non-defective products.

Furthermore, because it involves a simpler manufacturing process than conventional lithography technology, nanoimprint lithography technology makes it possible to create more intricate patterns with less power. Under the Canon Environmental Vision "Action for Green," we set power reduction targets from the design stage to contribute to the realization of a sustainable society.

Please refer to the Integrated Report for more detailed information on how Canon creates new value and addresses societal issues through products, technologies and solutions.

<https://global.canon/en/ir/library/integrated.html>

Canon EXPO 2023 Future Focused. Always.



Canon EXPO 2023 showcased Canon's revamped image and conveyed how the Group will continue to evolve by adapting to changes in social needs and business conditions through products, solutions and technologies that help address social issues.

Canon Technologies Changing Society and How We Live and Work in the Future



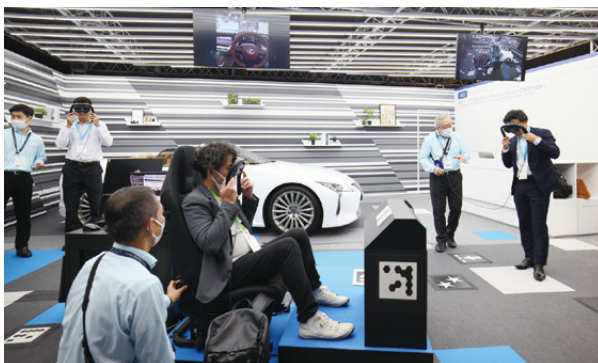
Development of Autologous iPS Cell Manufacturing Automation

We are working with the CiRA Foundation to develop a device that can stably produce autologous iPS cells from a patient's own cells at low cost.



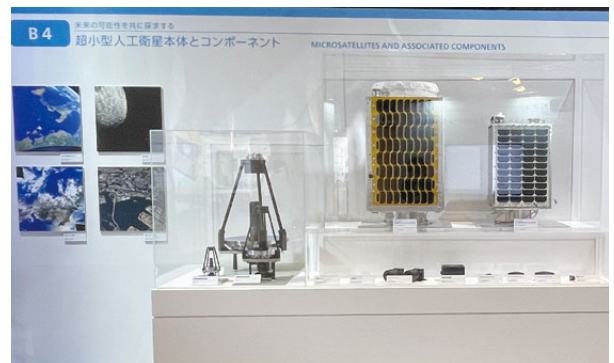
Robot Assembles Toy Building Blocks

We are applying automation technology to expand the possibilities of manufacturing and change the way people work.



Visitors Experience What an MR System Can Do

By eliminating the limitations of time and space, Canon MR system provides a new, highly realistic visual experience for fostering creativity in manufacturing, culture, and art industries.



Micro-Satellite

Images captured by 50kg-class satellites hold promise for use in a diverse range of fields, including disaster prevention and agriculture.



Green Platform: A Technical Base Leading to Decarbonization and Resource Recycling

As a manufacturer, it is vital that Canon helps to realize decarbonization and resource recycling. We have put all the eco-friendly approaches and technologies accumulated by Canon across the stages of the product lifecycle of design, production and reuse into a single Group-wide technical base we call the "Green Platform." By evolving this technical infrastructure, we will target reductions in environmental impact.



Canon's Green Platform

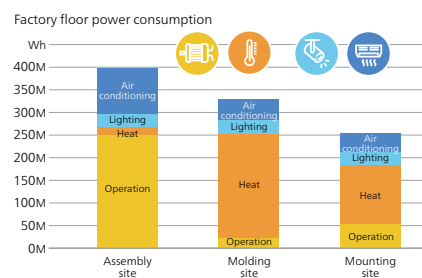
<Example of Green Platform Technology>

Environmental Impact Reduction via Thorough Use of Simulation

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

Targeting Zero Power Wastage in Factories Using Comprehensive Analysis

We have established a methodology for tracking down wasted power in factories by analyzing and classifying each operation and function, from the motive power and heat used in production lines to lighting, air-conditioning and other infrastructure. Focusing the reduction measures on each function in turn also generates faster results. We are now developing a system based along these lines for the entire Canon Group to help reduce our power usage on a systematic basis.



Power consumption by workplace location

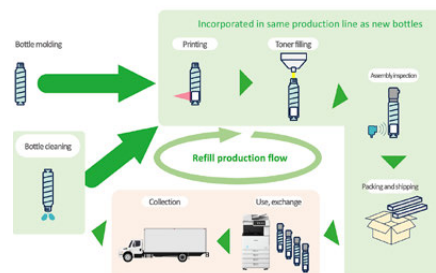
Leak-resistant Toner Bottles for Greater Collection and Reuse

We have minimized toner wastage using toner control technologies and a redesigned toner bottle with a narrower outlet. Because they require almost no external cleaning, collected post-use bottles can be re-inserted into new bottle production lines for a more efficient production process with much lower environmental impact, without any loss of product quality.

New idea! Development Flame-Retardant, High-strength PET*

Widely used in daily-use items and industrial applications, PET boasts low CO₂ emissions but underperforms compared to industrially popular engineering plastics in areas such as flame retardation and strength. Leveraging our in-house materials technology, we are developing a new recycled PET plastic with enhanced qualities such as flame retardation and mechanical strength. Utilizing this new plastic in products will help to accelerate Canon's efforts to promote decarbonization and resource recycling.

* PET = polyethylene terephthalate (a type of plastic derived from oil)

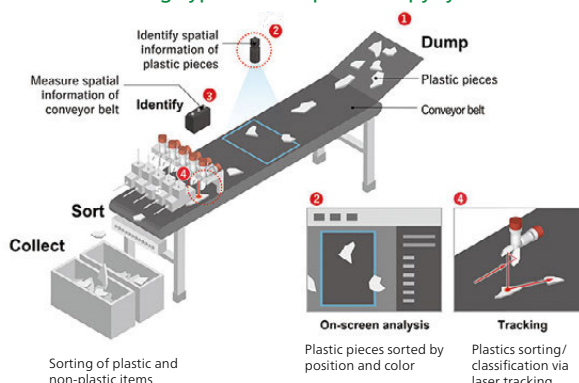


Toner bottle recycling preserves quality, enhances production efficiency and lowers environmental impact

Environmental Solutions Contributing to Resource Recycling in Various Industry

In plastics recycling, the collected products are first crushed and sorted. However, black plastic pieces cannot be sorted via conventional technology and are generally only reused as fuel. This prompted Canon to develop a tracking-type Raman spectroscopy technology that combines a Raman spectroscopy method with a proprietary measurement/control devices. The technology uses a laser to track the plastic pieces as they move along a high-speed conveyor belt, so the technology can generate sufficient scattering of light to identify the type of the black plastic pieces. This technology helps to expand plastic resource recycling including even black one and Canon contributes to its promotion.

How tracking-type Raman spectroscopy system works



Stakeholder Engagement GRI2-12 GRI2-29

Canon conducts ongoing dialogue with various stakeholders to deepen mutual understanding. In addition to addressing societal issues at the national or local level, we are working to upgrade Canon initiatives and disclosures in alignment with stakeholder interests. Through close communication with numerous visitors at the Canon EXPO 2023 venue (→P07), we were able to confirm the value Canon can provide to society and what stakeholders expect from us. We have had dialogues with multiple external experts on sustainability regarding the content of this report (see P91–93). The table below outlines the more important stakeholder communication methods employed within our business activities.

Any external inquiries may be directed to the Canon website*. All opinions or requests are promptly shared with, and answered by, the relevant division.

* Inquiries about Canon
<https://global.canon/en/contact/inquiry/inquiry-form-e.html>

Stakeholder Feedback

Below is a list of page references for this report containing comments made by employees and others outside Canon about the impact of Canon activities.

- Founding members of the hydroponic plant factories (→P27)
- Activities to attract kingfishers (→P37)
- Male employees taking childcare leave (→P49)
- Participants in leadership training for women (→P52)
- Trainee-style career matching system users (→P59)
- UN SDG Action Campaign (→P62)
- Smithsonian National Museum of Asian Art (→P64)
- China-based environmental NGO Institute of Public & Environmental Affairs (→P88)

Stakeholder	Topics of Interest	Main Communication Methods
Customers	<ul style="list-style-type: none"> • Provision of high-value-added products and services of high quality • Provision of appropriate information on products and services • Responding to inquiries • Improving customer support 	<ul style="list-style-type: none"> • Customer advice centers • Website/social media • Showrooms • Service centers • Customer satisfaction surveys
Educational/Research Institutions	<ul style="list-style-type: none"> • Optical technology • Joint research • Cutting-edge technology • Environmental education 	<ul style="list-style-type: none"> • Joint R&D projects • Visits to Canon Foundation grant recipients • Internship programs • Meetings with research institutions, including collaborative projects with industry and academia • Providing committee members to various academic societies • Outreach classes and instructor dispatch • Introductory and operational briefings
Employees	<ul style="list-style-type: none"> • Improvement in workplace environments • Management policies • Maintenance of employee benefit programs • Support for career development • Maintenance of personnel evaluation system • Maintenance of workplace safety system • Cultivation of high company morale 	<ul style="list-style-type: none"> • Labor-management conferences and committees • Information sharing from top management • Training programs • Whistleblower system • Safety and Health Committee • Human resource hotline • Career matching system • Employee awareness surveys • Compliance meetings
NGOs/NPOs	<ul style="list-style-type: none"> • Issues affecting global society such as refugee issues and poverty • Disaster relief support • Ecosystem protection/conservation • Supply chain risks 	<ul style="list-style-type: none"> • Collaborative biodiversity conservation projects • Humanitarian and disaster-relief activities in disaster-affected areas • Collaboration to achieve a green supply chain
Local Communities	<ul style="list-style-type: none"> • Fulfilling responsibilities as corporate citizen to participate in local community activities • Contributions to local communities through business operations • Protection/conservation of local community ecosystems 	<ul style="list-style-type: none"> • Emergency disaster-relief assistance • Disaster-preparedness and crime-prevention drills • Involvement in local groups/organizations • Ecosystem protection/conservation activities • Local events and volunteer activities • Environmental education and awareness activities
Shareholders/Investors	<ul style="list-style-type: none"> • Medium- to long-term management strategy aimed at achieving continued growth • Status of business portfolio transformation • Financial condition • ESG activities • Business activity trends and results 	<ul style="list-style-type: none"> • General meeting of shareholders • Financial results conferences • Individual meetings with institutional investors • Integrated Report/Investor relations website • Corporate strategy conference • Conferences for institutional investors
Suppliers	<ul style="list-style-type: none"> • Procurement policies • Analysis of business trends and supplier performance • Product/technology trends • Improved efficiency of the chemical substance information transmission scheme • Requests to address social issues 	<ul style="list-style-type: none"> • Procurement annual meeting • Business briefings to suppliers • Technology exhibitions by suppliers • Supplier surveys • Onsite supplier briefings • Promotion of green procurement
Central/Local Governments	<ul style="list-style-type: none"> • Active support for initiatives addressing societal issues • Strengthening ties with companies • Promotion of community revitalization 	<ul style="list-style-type: none"> • Opinion exchange with central government agencies • Opinion exchange with local government authorities • Dialogue with economic organizations and industry groups • Cooperation in surveys and questionnaires
Other Companies	<ul style="list-style-type: none"> • Industry trends • Addressing social issues that affect multiple industry sectors • Product/technology trends 	<ul style="list-style-type: none"> • Participation in environmental technology initiatives • Participation in standardization for common base technologies of IoT systems

External Recognition

Canon has received awards and citations from various external bodies for the efforts it has made to satisfy stakeholder expectations. Please refer to the URL below for further details.

Reference: Recognition
<https://global.canon/en/environment/external-evaluation.html>

Environmental and Social Material Topics GRI2-23 GRI2-25 GRI3-1 GRI3-2 GRI3-3

Identifying Material Topics

In 2022, based on the GRI Standards as revised in 2021, Canon used the four-step process outlined below to identify six material topics by considering the positive and negative, direct and indirect impacts of Group activities to the environmental and social areas.

Of the six topics identified, four were regarded as of greater importance: three themes (Climate Change; Resource Efficiency, Chemical Substances) due to being issues our society faces, while also affecting Canon's operating sites and product competitiveness due to the trend towards stricter regulation worldwide; and the fourth topic (Human Rights and Labor) as being vital to underpin the mutual respect between individuals that helps create workplaces with innovative potential, thereby sustaining our business development. Although important, the fifth theme (Biodiversity) was regarded as

having a lesser impact on our business, while the sixth topic (Sociocultural Support Activities) was deemed important based on the recognition that the development of society as a whole supports our corporate activities. Results from this analysis were discussed with outside experts to maintain objectivity, before approval by management.























Every year we review the sustainability trends in countries and regions worldwide and analyze related legislative and regulatory developments to help review our sustainability activities. There has been no change to the environmental and social material themes we established in 2022, including climate change, the recycling of resources, and human rights.

Internally, we continue to establish specialized projects and specific activities for addressing these issues.

Identification Process

The environmental and social material topics were identified via the following four-step process.



Identified material topics	Significance	Goals	Targets						
Environmental domain Climate change   Resource efficiency   Chemical substances   Biodiversity   	Very important Important	Achieve net zero CO ₂ emissions over entire product lifecycles by 2050 • Contain new resource input and use recycled materials • Completely eliminate single-use plastics in packaging materials Careful management of chemical substances in products and in manufacturing • Conserve biodiversity from a global perspective while considering diverse local characteristics • Reduce impact on biodiversity of all business activities and promote social contribution activities that help conserve biodiversity	In line with SBTi criteria, reduce Scope 1 & 2* GHG emissions by 42% and Scope 3* (category 1, 11) emissions by 25% by 2030 compared to 2022 Lifecycle CO ₂ emissions improvement index per product in 2023-2025: 3%-per-year average improvement, 50% improvement in 2030 compared to 2008 Raw materials and use CO ₂ emissions improvement index per product in 2023-2025: 3%-per-year average improvement Improvement in energy consumption per basic unit in 2023: 2.4% Improvement in total waste generation per basic unit in 2023: 1% Improvement in water usage per basic unit in 2023: 1% Reduce single-use plastics in packaging materials Resource recycling rate for printing products in 2025: 20%. In 2030: 50% Emissions of controlled chemical substances per basic unit in 2023: 1% improvement Prohibit inclusion of designated chemical substances in products one year before ban “Consideration for biodiversity centered on operational sites”: Ascertain impact of business activities on biodiversity, conserve animal and plant habitats around operational sites “Contribution to the realization of a community rich in biodiversity”: Promote biodiversity conservation activities and educational activities in collaboration with local communities Purchase paper products with a view to forest resource conservation						
			Social domain Human rights and labor    	Very important Important	Respect the human rights of all stakeholders involved in Canon's business activities Highly motivational workplace environments for employees Environments that maximize the individuality and potential of employees, ensure mutual respect for diversity, and empower employees Safe, secure workplace environments for employees Environments where each employee can build a career and play an active role	Mitigate risks by conducting human rights due diligence Proper management and reduction of working hours in compliance with the laws of each country and region Encourage employees to take paid leave Canon Inc.: Increase ratio of female managers by 3x by end-2025 from 2011 level Canon Inc.: Increase ratio of male employees taking childcare leave to at least 50% by end-2025 Active recruitment of people with disabilities Canon Inc. and Group companies in Japan: Eliminate all types of machinery-related accidents (0 cases) Canon Inc. and Group companies in Japan: Eliminate accidents caused by highly hazardous chemical substances (0 cases) Promotion of health management Develop rank-based training programs for personnel, conduct courses and implement other initiatives Implement career development support measures			
						Sociocultural support activities         	Important	Contributing to the realization of a better society as a good corporate citizen Promote sociocultural support activities in global and local communities by leveraging the Group's advanced technological capabilities, global business development expertise, and diverse, specialized human resources	

* Scope 1: Direct emissions (city gas, LPG, light oil, kerosene, non-energy-related greenhouse gases, etc.)
 Scope 2: Indirect emissions (from use of electricity, steam, etc.)
 Scope 3: Supply chain-related emissions (emissions from purchased goods and services, upstream transportation and distribution, and utilization of sold products).

★: Target met, good
☆: Target partially met

Results, achievements in 2023 (KPIs)

Status

Reduced Scope 1 & 2 emissions by 10.2% and Scope 3 (category 1, 11) emissions by 18.5% compared to 2022 (→P18)	★
Lifecycle CO ₂ improvement index per product: Annual average of 3.95% (2008-2023) (→P18)	★
Raw materials and use CO ₂ emissions improvement index per product: Annual average of 2.37% (2008-2023) (→P18)	Although we are making steady improvements, the target has not been met due to slow progress
Improvement in energy consumption per basic unit: 4.5% improvement (→P18)	★
Improvement in total waste generation per basic unit: 1.4% deterioration (→P18)	Not met due to increased waste stemming from production adjustments, etc.
Improvement in water usage per basic unit: 0.8% deterioration (→P18)	Not met due to increased water usage stemming from equipment maintenance, etc.
"PowerShot V10" awarded for initiatives to eliminate plastic from packaging materials at 2023 Japan Packaging Contest in the category for packaging of electronic goods and appliances (→P31)	★
Resource recycling rate for printing products in 2023: approx. 17% (→P29)	★
Emissions of controlled chemical substances per basic unit: 0.2% deterioration (→P18)	Not met due to greater use of chemical substances stemming from increased parts cleaning, etc.
No prohibited substances in products (→P34)	★
<ul style="list-style-type: none"> Fostered biological species at operational sites (→P37) Expanded Bird Branch activities Created on-site environments conducive to wild bird life, such as developing biotopes and installing and cleaning bird baths and nesting boxes, took measures to protect against bird strikes; and took part in seasonal wildlife monitoring (→P37) Shimomaruko Woodland certified as a "Nature Symbiosis Site" by the Japanese Ministry of the Environment, contributing to achievement of the Global 30by30 Target committed to at the G7 Summit (→P38) Maintained factory green spaces (→P38) 	★
<ul style="list-style-type: none"> With expert help, created environments conducive to wild bird life (→P37) Held on-site environmental classes and career education for elementary and junior high school students (→P38) 	★
Adopted office paper made under forest certification schemes or using environmentally conscious raw materials (→P37)	★
<ul style="list-style-type: none"> Identified salient human rights risks in business activities including the supply chain (→P43) Self-audits by sites in Japan and overseas using RBA tools: 59 sites (→P46) 	★
Total work hours at Canon Inc.: 1,734 hours (65 hours less than 1,799 hours in 2010) (→P48)	★
Annual average paid leave taken at Canon Inc.: 17.7 days (→P48)	★
<ul style="list-style-type: none"> The ratio of female managers at Canon Inc.: Achieve 93% of the target by the end of 2025 (→P51) Based on the Vital workforce and Value Innovation through Diversity (VIVID) activities policy, besides roundtable discussions between female employees and presidents and awareness surveys, actions included networking events with female leadership candidates inside and outside the company, training related to career advancement, female leadership, and returning from childcare leave (→P51) 	☆
Ratio of males taking childcare leave at Canon Inc.: 65.8% (increase of 63.9ppt from 1.9% in 2011) (→P52)	★
Employment ratio for people with disabilities at Canon Inc.: 2.55% (statutory minimum 2.3%) (→P53)	★
Canon Inc. and Group companies in Japan: All types of machinery-related accidents (1 case) (→P55)	Not met due to occurrence of an accident
Canon Inc. and Group companies in Japan: Accidents caused by highly hazardous chemical substances (0 cases) (→P55)	★
Canon Inc.: Awarded Health & Productivity Stock Selection for fifth consecutive year from 2019 to 2023 (→P56)	★
<ul style="list-style-type: none"> Technical trainees across Canon Inc. and Group companies in Japan: 6,638, based on 273 courses (→P58) The Canon Institute of Software Technology, a training facility for software engineers, offers programs ranging from education to hone the skills of engineers in charge of product software development to training for new employees and employees aiming to change jobs (→P58) 	★
Canon Inc.: 304 employees transferred jobs via internal career matching system (→P59)	★
<ul style="list-style-type: none"> Showcased Canon Young People Programme to foster creativity and expressiveness in young people at two United Nations events (→P62) Participants in <i>Miraisha</i> Programme aiming to increase employment opportunities and technical skills in Africa: About 300 (→P61) Beneficiaries in 4E's Project providing multi-faceted assistance in India: 20,081 (→P63) Visitors to Tsuzuri Project special exhibition preserving ancient Japanese cultural assets for the future: About 40,000 (→P64) 	★