

Third-party Opinion



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Canon's 2025 Sustainability Report shows the company's continued efforts to advance transparency and corporate responsibility. The report presents several notable improvements, while also pointing to areas where further progress is possible – particularly in terms of strategic alignment and quantified data. Based on my review and discussions with the reporting team and Judy Kuszewski, I would like to highlight four core issues.

Sustainability Governance Structure

Canon presents a revised sustainability governance structure, notably the introduction of a new Sustainability Committee (P5). This reflects the organisation's continuous effort to strengthen internal coordination. However, the sum of governance structures developed over time on various topics appears complex and somewhat fragmented, with multiple overlapping systems and responsibilities across committees and management structures. While the report contains numerous organisational diagrams and charts, it remains difficult to trace how these structures lead to measurable outcomes. In light of recent developments and alignment of standards for corporate sustainability reporting and due diligence requirements, this outcome-oriented focus – prioritising quantitative data – is both timely and necessary. One strength of the report in this direction is the two-page overview of material topics and associated targets (P10-11), which clearly presents progress and non-achievement. The six materiality topics still appear quite broad. I believe that the formulation of more specific or additional material topics – for example, on societal impacts of products or contributions to the circular economy – would be helpful in further advancing sustainability accounting and transparency.

Impact through Products, Technologies and Solutions

The theme of "Creating Positive Environmental and Social Impacts through Products, Technologies and Solutions" has been expanded this year by an additional page (P7-8), which I highly welcome. This underlines the relevance of Canon's core business activities in addressing societal needs. In my view, products and services represent the main interface between Canon and real-world impacts. Given its significance, I would recommend that the topic be considered a material topic – as it already is in the Integrated Report. This would also be a step towards a more consistent treatment of topics across Canon's interlinked reporting formats and would help clarify the company's broader societal contribution.

Circular Economy

Circular economy concepts have received increasing attention among stakeholders – particularly in the context of resource dependence and supply chain resilience. The report addresses circularity within the section on resource efficiency (P30-35), presenting a range of initiatives that refer to the three resource-related strategies: reduce, reuse, and recycle. I appreciate the inclusion of related quantitative data, such as the amount of waste generated and the volume of Product-to-Product Recycling. While these indicators are informative, the company's overall resource use remains difficult to assess. In some cases, the data are presented as cumulative values or relative figures per basic unit, which limits the reader's ability to track absolute progress over time. Globally, we know that recycling rates for products such as Canon's remain very low, and this is therefore a matter of real urgency. Circular Economy is currently not treated as a separate material topic in the report, despite its growing relevance from both environmental and business perspectives. For future reports, I would welcome a Circular Economy topic and more systematic presentation of resource use targets, supported by time-based performance data – similar to the approach used in the section on Climate Change. I believe that a clearer link to Canon's strategic objectives, including the absolute reduction of virgin material use, would strengthen the overall transparency and strategic positioning in this field.

Reporting Format

Lastly, I would like to commend the report's A4 landscape format, which provides a user-friendly layout that facilitates easy digital navigation. Though a small detail, it significantly improves the readability and professionalism of the report, and likely supports stronger stakeholder engagement – both internally and externally.

Conclusion

Canon's 2025 report marks continued progress towards greater accountability. A clearer articulation of governance roles, the systemic inclusion of emerging topics such as Circular Economy, and a deeper focus on real-world outcomes could further enhance the impact and strategic value of Canon's sustainability reporting.



Sancroft International Ltd.
Chief Executive
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Judy Kuszewski

The 2025 Canon Sustainability Report is a welcome contribution for all stakeholders that want to understand Canon's sustainability approach and strategy, as well as how the business is addressing key environmental, social and governance issues. Canon's evolving approach to reporting demonstrates genuine expertise and maturity, as well as respect for global standards of transparency and good practice.

I have valued the collaborative dialogue with Canon's sustainability leadership, together with Dr. von Geibler, in the production and drafting of this report. Yet the wider context for sustainability and the global business world has become far more unpredictable and less consensual since the publication of Canon's 2024 report. It seems clear that this context must inform how Canon views and presents its sustainability strategy and may have consequences for the choices the company makes in relation to achieving a sustainable, successful business in a volatile world.

In reporting terms, the impact of regulation is today less clear than it seemed a year ago - key disclosure initiatives in the European Union and the United States have been thrown into doubt, and settled pieces of legislation face revision, the nature of which remains unknown. At the same time, other governments, including Japan's, are actively pursuing their own strategies in relation to sustainable business and financial markets, aligned to varying degrees with established global frameworks. Against this backdrop, Canon and other major multinational businesses cannot rely on regulators to set the reporting agenda. They should instead consider and respect the requirements as they emerge, and they should also forge their own proactive approach to transparency.

To this end, well-established global standards are crucial as they inform nearly all of the key jurisdictional requirements. Canon is proactive in this regard, by using the Global Reporting Initiative Sustainability Reporting Standards, the Taskforce on Climate-related Financial Disclosures recommendations, the IFRS Foundation's Sustainability Reporting Standards and numerous others. These standards help set out their commitment to transparency regardless of the shifting regulatory sands.

I would like to focus on how Canon could, in my view, further strengthen key areas of its reporting in recognition of the need for clarity in a world of volatility.

TCFD-aligned reporting

Canon's disclosures against the TCFD recommendations are more detailed, more quantitative and more specific than previously. A detailed reading of these raises several points.

First, the approach to climate scenarios to describe the risks and opportunities Canon faces (P18) is very welcome. However, the two specific scenarios used (the Current Scenario and the 1.5°C Scenario) are the most optimistic, and at present, I would argue, the least likely. Since Canon drafted these disclosures, the geopolitical situation, including the state of global response to climate change, has changed significantly, and it is now much clearer that the world is very far off limiting global warming to 1.5°C. It seems important for Canon to update future versions of these disclosures to account for this situation, including in the business environment assumptions (P18).

Secondly, Canon faces risks and opportunities that it does not control itself, and would be well advised to look more deeply into its value chain relationships. It is vital to consider likely consequences to Canon of the failure of other businesses, regulators or governments, to take appropriate action, even if Canon does so itself. For example, how could the impacts of climate change affect the availability of paper, its cost, and the preferences and habits of consumers using Canon's printers? These products account for more than half of Canon's revenues, so the potential for even small changes here could be very large.

Thirdly, I would also note that of the identified Transition Risks, all are described as 'minor', while the Opportunities are all 'minor' but for one exception. This TCFD reporting has clearly been done very seriously by Canon and with full regard to the need for transparency, but the risks of climate change are significant, increasing and ever-present, at least in the medium- and long-term perspective. TCFD reporting is intended to open up a discussion with investors and others about how to approach the necessary transition with speed and ambition, and in my view, it is important to ensure that the nature and scale of these risks are clear, especially when a business like Canon is so well equipped to help contribute to this transition.

Information security

The topic of Information Security is an important addition to Canon's report, and has linkages to several areas of concern for readers in a changing world. Canon's discussion of this topic (P95) is largely focused on its own internal procedures and risk management, which is clearly very important, but it touches on value chain impacts as well. It would be very welcome for Canon to expand on its existing reporting on how it works to help its business customers and consumers stay safe from cybercrime and from intrusive, unwarranted surveillance (P75). Many technologies in Canon's portfolio - imaging equipment, for example - will be ever more integrated into society, becoming ubiquitous in the coming years. This brings benefits to society, but also exposes people to unintended consequences, including risks to Canon of its products being used in ways it did not intend.

Additionally, there have been numerous cases recently of major, high-profile businesses falling prey to organized criminal hacking campaigns. In some cases, these attacks have had crippling effects on value chains, particularly among retailers. There may be important consequences for Canon if, for example, supply chain partners or retail distribution networks outside of Canon's own operations were to limit its production or its access to markets. These types of risks may be more likely than previously, given the increased geopolitical instability and weakening of international cooperation we are currently witnessing.

Social innovation awards

Canon describes its very exciting internal awards for environmental innovations and some of the excellent new developments these awards have highlighted. This is an example of how employees and colleagues all around the business can be encouraged to be 'part of the solution' and be supported to look for opportunities everywhere in their day-to-day jobs.

However, there is no corresponding awards program for social innovation - and Canon, and its products, have impacts on people just as much as on the planet. I recognize that there may be a different mindset at work in the social category compared with the more physical and concrete context in the environmental domain. However, this is perhaps exactly why a social innovation awards program could be so powerful, in challenging Canon's creative minds to think outside the box, to seek out those places where social contributions or risks may have gone unrecognized in the past, and to experiment with ways to do things differently. This would help support the ongoing strengthening of the social dimension in Canon's sustainability report in the future.

I congratulate Canon for its commitment to transparency, and for the very skilled and professional work of its dedicated sustainability teams that this report represents.

About the Third-party Review Process

Introduction

To support Canon in its ongoing efforts to improve its sustainability reporting for stakeholders, the advice of external experts is an important element of Canon's annual reporting cycle. Canon asks these experts to review and comment on its sustainability report, to:

- Provide a means both to advance Canon's commitment to sustainable development and to check expectations and perceptions of progress against the experts' own views
- Support the achievement of accountability through the sustainability report
- Help foster dialogue between Canon and its stakeholders while supporting good accountability practice.

Judy Kuszewski and Dr. Justus von Geibler have supported Canon's reporting every year for over a decade, through dialogue with Canon leadership and detailed, challenging review of concepts and draft contents as they are developed, as well as written commentary about the sustainability report.

Basis for the commentators' opinions

Using the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the UN Sustainable Development Goals (SDGs) as background, the commentators challenged Canon on:

- Materiality – The topics of greatest importance to Canon's business and to its stakeholders; where Canon's most significant impacts are produced, and where Canon can make the most difference to the issue.
- Relationship between sustainability impact and strategy – How to ensure readers do not lose valuable context related to Canon's core business strategy.
- Clarity and complexity – How to link together multiple reporting processes for various audiences, while maintaining a coherent overall sense of Canon's business and capability.
- Advancing sustainability strategy – Canon should take the ongoing opportunity to strengthen people's understanding of how its products deliver on wider sustainability demands of society.

Judy Kuszewski and Justus von Geibler are well-informed, independent sustainability professionals with a keen interest in engaging with Canon and supporting the transparency and accountability of its reporting. They are not auditors or assurance providers.