

# ESG

28 ENVIRONMENT

32 SOCIAL

35 GOVERNANCE

## ENVIRONMENT

Providing products and services that further enrich people's lives while also reducing environmental impact.



Remanufacturing of office MFDs

### Basic Approach

In 2008, Canon formulated an environmental vision called "Action for Green." In keeping with this vision, we aim to realize a society that achieves a beneficial balance between lifestyle enrichment and the environment. To that end, we will look to supply products and services that further enrich people's lives while also reducing environmental impact by employing measures across the entire product lifecycle. Our focus is on four key areas: (1) climate change; (2) resource efficiency; (3) chemical substances; and (4) biodiversity. In particular, we endeavor to take heed of, and reduce, CO<sub>2</sub> emissions and other environmental impacts not only in our own business activities such as development, production, and sales, but also at each stage of a product's lifecycle, including those of suppliers and customers. To further accelerate these activities, we are seeking to generate a heightened level of awareness among all employees by establishing a slogan for all employees.

### Climate Change

By working closely with society and implementing initiatives across the entire product lifecycle, Canon aims to achieve net-zero CO<sub>2</sub> emissions by 2050. We have set targets to reduce our Scope 1 and 2 emissions by 42% and Scope 3 emissions

(categories 1 and 11) by 25% compared to 2022 levels by the year 2030. These targets have been certified by the Science Based Targets initiative (SBTi).

Also, we have a longstanding goal of achieving an average annual improvement of 3% in the index of lifecycle CO<sub>2</sub> emissions per product unit as a yardstick for reducing our environmental footprint across the entire product lifecycle. As part of our efforts to achieve this goal, we switched the electricity used at seven factories across five overseas production sites to 100% renewable energy in 2024. In addition, we are endeavoring to reduce energy consumption by exhaustively analyzing the requirements of production equipment used for production processes at each site and optimizing factors such as equipment running time, compressed air, production cooling water, and air conditioning.

As a result of these initiatives, in 2024 we reduced our Scope 1 and 2 emissions by 12.8% and Scope 3 (categories 1 and 11) emissions by 17.7% compared to 2022 levels. We also achieved a 44.6% improvement (average annual improvement of 3.76%) in the index of lifecycle CO<sub>2</sub> emissions per product unit compared to 2008. Our CO<sub>2</sub> emissions data are disclosed every year and verified by an independent third party.

Moreover, in line with the framework recommended by the

Task Force on Climate-related Financial Disclosures (TCFD), we disclose the risks and opportunities of climate change in the value chain, scenario analyses and countermeasures, and

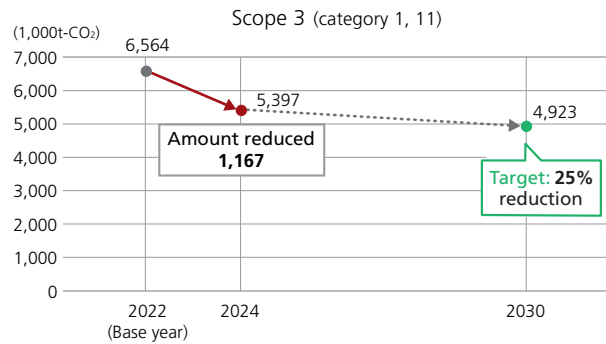
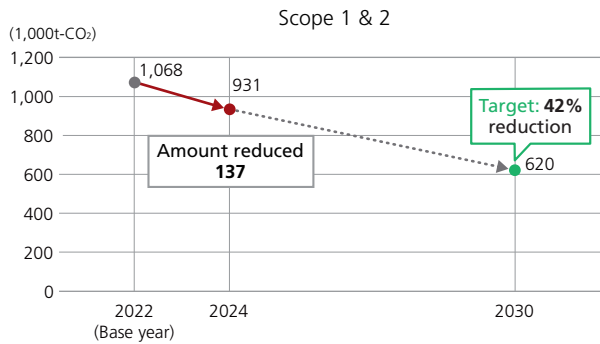
short-term and long-term financial impacts in our sustainability report, on our website, and via other channels.

**Targets and Achievements**

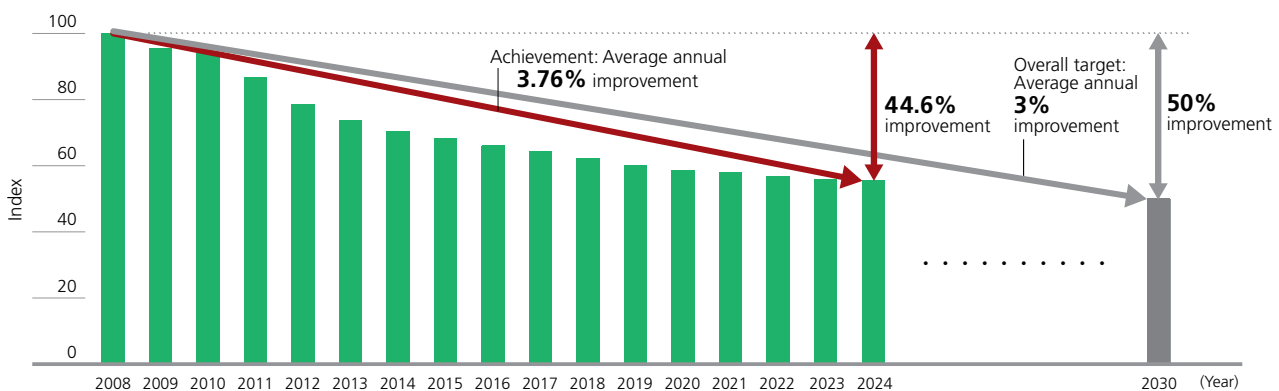
2030 Targets		2024 Achievements
Total CO <sub>2</sub> emissions (compared to 2022)	42% reduction for Scope 1 & 2, 25% reduction for Scope 3 (category 1 and 11)	Scope 1 & 2: 12.8% reduction; Scope 3: 17.7% reduction
Improvement in per-unit lifecycle CO <sub>2</sub> emissions index (compared to 2008)	50% improvement	44.6% improvement
2024-2026 Targets		2024 Achievements
Overall (Lifecycle)	3%-per-year average improvement in lifecycle CO <sub>2</sub> emissions improvement index per product	Average annual 3.76% improvement (2008–2024)
Products	3%-per-year average improvement in raw materials and use CO <sub>2</sub> emissions improvement index per product	Average annual 2.22% improvement (2008–2024)
2024 Targets <sup>1</sup>		2024 Achievements <sup>2</sup>
Operational Sites	Energy consumption per basic unit : 2.4% improvement	4.6% improvement
	Total waste generation per basic unit: 1% improvement	2.2% improvement
	Water usage per basic unit: 1% improvement	0.6% improvement
	Emissions of controlled chemical substances per basic unit: 1% improvement	0.9% deterioration

\*1 Calculation based on average annual improvement rate of the three most recent years. For energy consumption at Japanese operational sites, however, calculation as stipulated in Act on Rationalizing Energy Use. The basic unit denominator is decided according to the characteristics of each operational site (production volume, effective floor area, workforce, etc.)  
 \*2 For scope of data collection: <https://global.canon/en/sustainability/report/pdf/data-2024-e.pdf>

**Total CO<sub>2</sub> Emissions**



**Index of Lifecycle CO<sub>2</sub> Emissions Per Product Unit**



\* Assuming 2008 baseline of 100

## Contributing to a Circular Economy

Canon has five sites in Japan, Germany, France, the U.S., and China to conduct recycling operations. And having established systems under which we can recycle resources in the regions where they are consumed, we continue to promote more efficient use of limited resources and reduce waste. In particular, we are pursuing a form of recycling that reuses resources, including the remanufacturing of office MFDs and the closed-loop recycling of toner cartridges. Also, at the Canon Eco Technology Park in Japan that opened in 2018, we aim to realize state-of-the-art resource recycling. In the digital printing business, we are targeting a resource recycling rate of 20% by 2025 and 50% by 2030. This rate represents the weighting of recycled materials and products as a percentage of total sales volume.

We are also working to reduce, reuse, and recycle plastic waste at our business sites worldwide, for instance, by switching from polystyrene foam to molded pulp for use in product packaging materials in order to reduce single-use plastics.

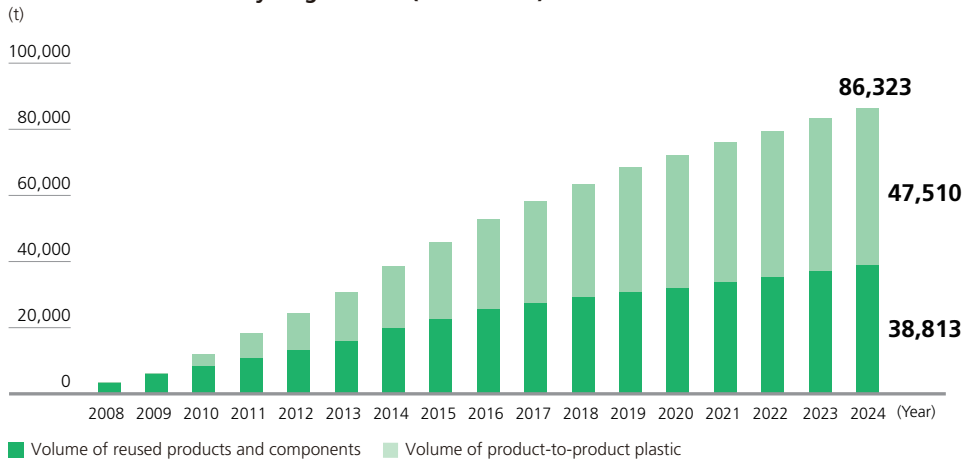
The recycling of plastic requires the precise sorting of many different types of plastic according to color, size, and other characteristics. Canon has developed a technology for the simultaneous sorting of plastics, including black-colored plastics, which was previously quite difficult. We have achieved this by combining our proprietary measurement and control technologies with a measurement technique called Raman



High-precision sorting equipment capable of measuring black plastic pieces, which are difficult to identify

spectroscopy that uses a laser beam. Furthermore, in June 2024 we started taking orders for the TR Series of plastic sorting equipment that utilizes this technology. This method is expected to further accelerate plastic recycling and encourage the establishment of a circular economy. In 2024, we launched the "Refreshed" series of environmentally specialized multifunction devices, which involve the remanufacturing (collection and refurbishment) of used multifunction devices. The imageRUNNER ADVANCE C3530F III-RG and the imageRUNNER ADVANCE C5550F III-RG models offer high performance and quality equivalent to any new multifunction device while also achieving the industry's highest reused parts ratio.

### Product-to-Product Recycling Volume (Cumulative)



\* Product recycling initiatives have been ongoing since before 2007. Data are based on 2008 as the baseline year.

## Eliminating Hazardous Substances and Preventing Pollution

Canon thoroughly manages chemical substances in products and those used in manufacturing processes to prevent pollution of the global environment and adverse effects on people's health. Our basic approach to management involves prevention measures to ensure that products do not contain regulated chemical substances that exceed the prescribed standards and that production sites do not discharge regulated chemical substances that exceed such standards. We also take steps to confirm that we are in compliance with these

standards. Particularly with regard to chemical substances in products, we have built a Group-wide environmental assurance system, and we develop products in conformity with the in-house standards that have been established in line with the most stringent regulations in the world. We are working to achieve the improvement target for reduction of the emissions of controlled chemical substances per basic unit, and in fiscal 2024 we reviewed the conditions for chemical substance use, among other measures.

## Contributing to a Society in Harmony with Nature

Canon is cognizant of the fact that biodiversity is critical to a sustainable society, which is why Canon is committed to undertaking various initiatives aimed at protecting biodiversity in keeping with its Group-wide Biodiversity Policy and "Nature Positive" slogan. In doing so, we aim to contribute to a society in harmony with nature.

As part of these activities, we globally run the Canon Bird Branch Project. The site of Canon's global headquarters in Tokyo is home to the thickly wooded Shimomaruko Forest of approximately 1,000 trees. An environment conducive to wild bird life is maintained thanks mainly to the installation and cleaning of nesting boxes for birds. Surveys on the migration of wild birds to the site are also carried out. In recognition of this initiative, the Shimomaruko Forest has been certified by the Ministry of the Environment of Japan as a site of natural symbiosis. As part of the project to certify such sites, the Japanese government recognizes areas where biodiversity is being protected with the aim of achieving the 30by30 target, a worldwide initiative to effectively conserve at least 30% of the earth's land and oceans as healthy ecosystems by 2030. These certified areas are then registered in a global database.

As Canon relies on water resources in the manufacturing of its products, we established a policy on water resources in 2024 to promote the efficient use of water and prevent pollution. Canon collects water data by intake source (public water supply/industrial water/groundwater) and manages its water resources carefully so as not to exceed intake limits in each region. We also set and manage targets for the volume of water

used in production, and constantly endeavor to further reduce water usage by improving production processes, increasing efficiency in water use, and raising the quality of our water management. We are also promoting the recycling of water resources. The Kitsuki Plant of Oita Canon, which faces out to Beppu Bay in an area blessed with precious natural resources, has installed a fully closed wastewater system that discharges only rainwater in consideration of the impact on the local ecosystem. At other production sites, we treat wastewater from infrastructure such as air conditioning and reuse it in the production process as recycled material for toner and ink cartridges. We also collect wastewater from cleaning equipment and reuse it in the polishing process.



Bird Branch Project activity in the Shimomaruko Forest on the grounds of Canon's global headquarters

## SOCIAL

Guided by our corporate philosophy of *kyosei*, we aim to achieve a society where all people harmoniously living and working together in happiness into the future.



Visitors admiring the works of the Tsuzuri Project, which provides many people the opportunity to get to know Japanese cultural assets

### Basic Approach

Canon adopted *kyosei* as its corporate philosophy in 1988 with the aim of achieving a society where all people, regardless of culture, customs, language, or race, harmoniously living and working together in happiness into the future. Under this corporate philosophy, we are implementing various initiatives for the benefit of people and society, such as respecting human rights, promoting diversity, upholding occupational health and safety standards, developing human resources, and lending our support to sociocultural activities. Through these efforts, Canon contributes to the attainment of the SDGs and the achievement of Canon's own sustainable growth and development.

### Respecting Human Rights

In accordance with the United Nations' Guiding Principles on Business and Human Rights, we have formulated the Canon Group Human Rights Policy. Guided by this policy, we set in motion a human rights due diligence process to identify significant human rights risks in the Canon Group. We also put in place a grievance mechanism, engage in dialogue with stakeholders, and promote awareness-raising activities for our employees. In 2024, we delivered a presentation about our human rights initiatives for a webinar hosted by the International Labour Organization (ILO), the Japan External Trade Organization (JETRO), and the Global Compact Network Japan (GCNJ).

### Promoting Diversity

Canon respects global diversity and actively encourages the fair hiring and promotion of employees, regardless of gender, age, or presence of disability. We have established VIVID (Vital workforce and Value Innovation through Diversity), a company-wide horizontally integrated organization spearheaded by an Executive Vice President, so that we can empower female employees, support the intentions of male employees to participate in childcare, help employees balance work and nursing care duties, and encourage the active participation of employees with disabilities. In particular, to promote the active participation of women and encourage men to participate in childcare, we have established the ratio of female managers and the ratio of male employees taking childcare leave as KPIs, and we implement various initiatives in these areas. We are working to build an environment where women can thrive by organizing a leadership training course for women that aims to nurture female candidates for managerial positions, holding return-to-work seminars for employees returning to work from childcare leave and their supervisors, and providing manager-led mentoring. The ratio of female managers reached 4.2% in 2024 compared to 1.4% in 2011, which includes the appointment of one female director and two female executive officers. We are also making steady progress in our efforts to encourage male employees to participate in childcare, as well as nursing care and other initiatives.



Leadership training course for women that aims to nurture female candidates for managerial positions

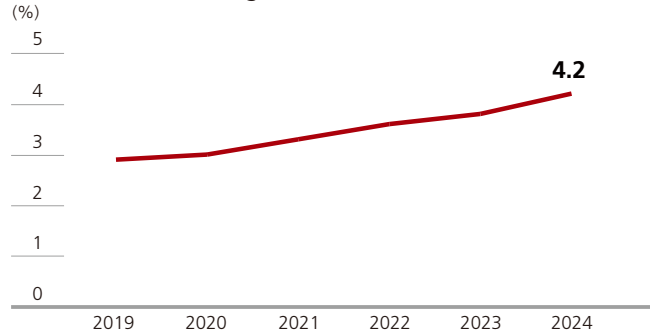
## Supplier Evaluation

Before starting business dealings with a new supplier, Canon conducts an assessment based on the Canon Sustainability Supplier Guidelines and other reference standards of whether the company fulfills all requisite standards in terms of corporate ethics, environmental conservation (chemical substance management, prevention of air pollution and water pollution, proper disposal of waste, initiatives aimed at conserving energy and resources, reduction of GHG, and biodiversity conservation), finance, and production structure. Only those suppliers who meet these criteria are accepted as suppliers. We aim to preferentially deal with suppliers evaluated highly in our comprehensive assessment that includes our annual supplier survey, as well as each supplier's trade performance. In addition, we conduct on-site audits of suppliers with low evaluations, providing guidance and instruction for improvement. In particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment.

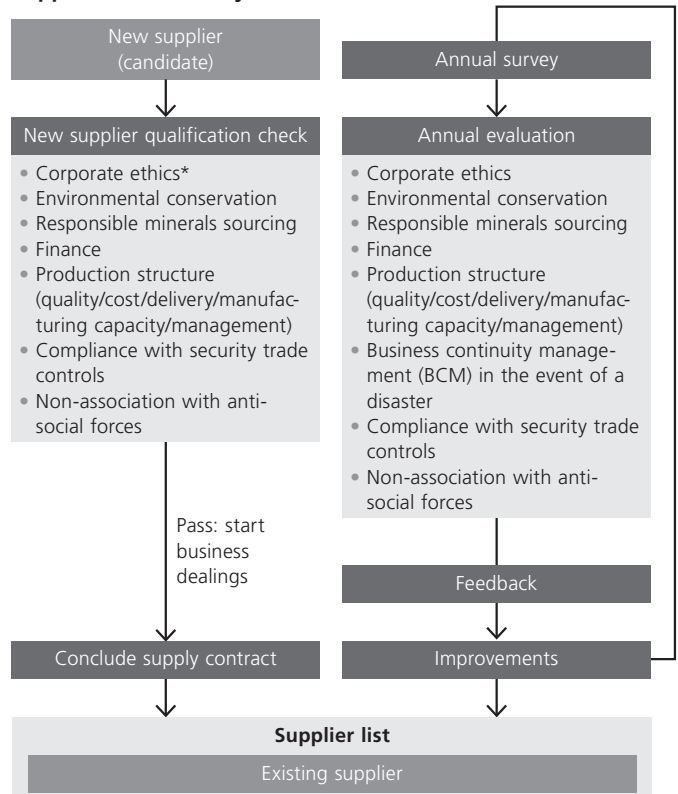
## Sociocultural Support Activities

To commemorate Canon's 70th anniversary, in 2008, we established the Canon Institute for Global Studies and the Canon Foundation. The Canon Institute for Global Studies is a think tank that researches and analyzes issues from a global perspective and makes policy proposals with an eye on the future of Japan and the world, mainly in the fields of macroeconomics, energy, environment, foreign policy, and national security. In addition, the Canon Foundation provides grants to assist a broad range of science and technological research

### Ratio of Female Managers (Canon Inc.)



### Supplier Evaluation System



\* Corporate ethics covers areas including legal compliance, product safety, management of confidential information, human rights, labor, health and safety, and intellectual property rights protection.

with the goal of contributing to the advancement of science and technology.

Furthermore, since 2007, Canon and Kyoto Culture Association (NPO) have operated the Tsuzuri Project (officially named the Cultural Heritage Inheritance Project). By combining Canon's advanced imaging technologies—from input to image processing and output—with traditional Kyoto

craftsmanship, we have produced high-resolution facsimiles of time-honored Japanese cultural assets for which viewing opportunities are rather limited, such as folding screens and

sliding doors known as *fusuma*. By widely exhibiting these high-resolution facsimiles, we can provide opportunities for people to become more familiar with cultural assets.

**Canon Young People Programme**

As one measure to help bring about a sustainable society, Canon Europe is running the Canon Young People Programme in 32 countries in Europe, the Middle East, and Africa. The workshops of the program aim to provide young people with opportunities to express themselves through photographs and videos with the incorporation of creative visual storytelling and critical thinking based on the concepts of the SDGs. The program was attended by 1,725 students in 2024.



Canon Young People Programme in a refugee camp in Jordan

**Miraisha Programme**

Also, Canon Central and North Africa is promoting its *Miraisha* Programme with the aim of improving the technical skills of young people in the region and expanding their opportunities for employment in the photography, video production, and printing industries. *Miraisha* is a portmanteau of the Japanese word for future, *mirai*, and the Swahili word for life, *maisha*. So far, workshops have been held in Kenya, Ghana, Nigeria, and other African countries in collaboration with local government agencies, professional photographers selected as Canon ambassadors, and Canon-certified *Miraisha* trainers.



A participant in the *Miraisha* Programme in Nigeria

**Initiatives Utilizing Elevated Printing Technology**

Using its unique elevated printing technology involving the layering of UV-curable ink, Canon Production Printing is supporting the creation of works that allow people both with and without visual impairments to appreciate photographs. As one example, using this technology, we reproduced Vermeer's masterpiece *Girl with a Pearl Earring*, including the uneven texture and gloss of the oil painting. The reproduction is now available as a tactile painting at the Mauritshuis museum in the Netherlands. In addition, in 2024, Canon Europe held a major photo exhibition titled *World Unseen* in the Europe, Middle East, and Africa (EMEA) region, utilizing elevated printing.



Touching and feeling a photograph using elevated printing technology at the photo exhibition *World Unseen*



## GOVERNANCE

Canon is working to enhance corporate governance, risk management, intellectual property management, and other governance areas, with the aim of continuously raising corporate value.



President & CEO Mitarai making a speech at an executive meeting

### Fundamental Approach

In order to establish a sound corporate governance structure and continuously raise corporate value, improving management transparency and strengthening management supervising functions is essential.

### Governance Structure

#### Basic Policy

Canon is globally expanding its business in various business fields, including printing, medical, imaging, and industrial, and aims to aggressively expand into new business fields in the future. In order to make prompt decisions in each business field, and make important decisions on matters that straddle the entire Canon Group or several business fields from a company-wide perspective and at the same time ensure appropriate decision making and the execution of operations, the corporate governance structure below is judged to be effective.

#### Board of Directors

While the focus of the organizational structure of the Board of Directors is on Representative Directors that oversee company-wide business strategies or execution such as the CEO, COO, CFO, CTO, and Representative Directors or Executive Directors that oversee multiple business fields or headquarters functions, at least two Independent Outside Directors are appoint-

ed while also assuring that they account for one third or more of the total number of Directors, in order to ensure sound management. The Board of Directors, in accordance with laws and regulations, makes important decisions and supervises the execution of duties.

Other decisions and execution are made by the CEO and other Representative Directors. And under the direction and supervision of the Representative Directors, Executive Officers that are elected through resolution of the Board of Directors, make decisions, and execute operations of each business field or function.

The Board of Directors consists of ten members, six Directors from inside Canon Inc., including three Representative Directors, and four Outside Directors that qualify as Independent Directors (including one female), and is chaired by the CEO. Additionally, there will be 39 Executive Officers, including two females and one non-Japanese, as of April 1, 2025.

#### Audit & Supervisory Board

As a body which is in charge of the audit of operations, under the principles of autonomy, which is independent from the Board of Directors, Canon has full-time Audit & Supervisory Board Members that are familiar with Canon's businesses or its management structure, and Independent Outside Audit & Supervisory Board Members that have extensive knowledge

in specialized areas such as law, finance and accounting, and internal control. The Audit & Supervisory Board, which is composed of these individuals, cooperates with the Canon Accounting Auditors and internal audit division, audits the status of duty execution and the status of corporate assets, etc. to ensure the soundness of management.

There are five Audit & Supervisory Board Members of which three are Independent Outside Audit & Supervisory Board Members.

In accordance with auditing policies and plans decided at Audit & Supervisory Board meetings, the Audit & Supervisory Board Members attend Board of Directors' meetings and other important gatherings such as Corporate Strategy Committee meetings. They are also able to listen to reports from Directors and employees, review documents related to important decisions, and conduct audits by investigating, etc. the status of operations and assets of Canon Inc. and its subsidiaries. Additionally, the Office of Audit & Supervisory Board Members is independent from the control of the Directors, etc., and it has a dedicated staff. The Audit & Supervisory Board Members can order headquarter management and other operations to conduct investigations in cases of necessity. In this way, the Audit & Supervisory Board plays a role in monitoring management, conducting strict audits of Directors' execution of duty, including the status of development of the internal control system. Furthermore, the Audit & Supervisory Board Members cooperate closely with the accounting auditors and Canon Inc.'s internal auditing arm, and such cooperation services to improve each monitoring function.

### Procedures in the Nomination of Directors

Canon Inc. established the "Nomination and Remuneration Advisory Committee," a non-statutory committee, which consists of the CFO, four Independent Outside Directors and one Independent Outside Audit & Supervisory Board Member. At the time, Director and Audit & Supervisory Board Member candidates are nominated and Executive Officers are appointed, including the selection of a successor for the chief executive officer position, the CEO recommends candidates thereof from among individuals that have been recognized as

having met the prescribed requirements, and the Committee checks the fairness and validity of such recommendation prior to submission to and deliberation by the Board of Directors. Additionally, as for Audit & Supervisory Board Member candidates, prior to deliberation of the Board of Directors, consent of the Audit & Supervisory Board shall be acquired.

### Requirements of Director and Audit & Supervisory Board Member Candidates and Executive Officers

Director and Audit & Supervisory Board Member candidates and Executive Officers are people that have the ability to fairly and effectively execute duties and, in principle, are selected from

<b>Representative Directors and Executive Directors</b>	Have a true understanding of the corporate philosophy and code of conduct of Canon Inc. At the same time, have broad familiarity with Canon Inc.'s businesses and operations, gained through, for example, Executive Officer experience, and have the ability to make effective decisions from a high-level perspective of multiple businesses and functions. In addition to this, the CEO shall be a person with the ability to lead the Canon Group, having, in particular, a wealth of knowledge and skill related to management and a clear vision and a strong sense of responsibility.
<b>Independent Outside Directors</b>	In addition to meeting the independence standard that is separately determined by the Board of Directors, have an abundance of experience and superior insight in areas that cannot be adequately covered by internally promoted directors into fields such as, risk management, law, and economics.
<b>Audit &amp; Supervisory Board Members</b>	Be familiar with Canon Inc.'s businesses or its management structure, or have an abundance of experience and superior insight into professional fields such as law, finance & accounting, and internal control. Outside Audit & Supervisory Board Members shall also meet the independence standards that are separately determined by the Board of Directors.
<b>Executive Officers</b>	Have been highly evaluated in terms of character and ability in managerial assessment and managerial talent training programs, and also have sufficient knowledge, experience and judgment ability, to shoulder the responsibility of execution in specific fields, and truly understand the corporate philosophy and code of conduct of Canon Inc.

among people that have met the following requirements, regardless of personal attributes such as gender, nationality, age.

### Skills of Board of Directors

Canon Inc. operates businesses globally with very different market environments. As a whole, the Board of Directors, which oversees important decision-making and execution, needs to possess skills in the following seven areas.

\* The table below indicates up to five areas in which we expect each person to particularly demonstrate their skills. It does not represent the entirety of each person's experience, knowledge, or skills.

### Corporate Strategy Committee, Sustainability Committee, Risk Management Committee, and Disclosure Committee

Canon Inc. established the Corporate Strategy Committee, consisting of Directors, including Independent Outside Directors, Audit & Supervisory Board Members, and some Executive Officers. Among items to be decided by the CEO,

the Committee undertakes prior deliberations on important matters pertaining to Canon Group strategies.

On April 1, 2024, Canon established the 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 the Canon Group should respond to or address.

Based on a resolution passed by the Board of Directors, Canon Inc. set up the Risk Management Committee, which formulates policy and action proposals regarding improvement of the Canon Group risk management system. The Risk Management Committee consists of three entities: the Financial Risk Management Subcommittee, which is tasked with improving systems to ensure reliability of financial reporting; the Compliance Subcommittee, which is tasked with promoting corporate ethics and improving legal compliance systems; and the Business Risk Management Subcommittee, which is charged with improving systems to manage overall

Candidates for Directors	Skills to be Possessed by the Board of Directors Overall						
	Corporate Management	Global Understanding	Business Experience	Technology and Development	Finance and Accounting	Risk Management	ESG
Asterisks indicate candidates for Outside Directors	Skills as a senior level executive of a listed company that does business globally, and the like	Global awareness /experience obtained through working overseas, global marketing, etc	Business management skills in the Company's business domain	Knowledge and R&D experience in the Company's core competence technologies	Skills as a financial accounting expert, derived from being a financial accounting officer of a listed company, a certified public accountant, etc.	Skills as an expert in risk management, including compliance, and internal control systems	Knowledge and experience in ESG
Fujio Mitarai	●	●			●	●	●
Toshizo Tanaka		●			●	●	●
Toshio Homma	●	●	●	●			
Kazuto Ogawa	●	●	●			●	
Hiroaki Takeishi	●	●	●	●			
Minoru Asada	●	●			●	●	
Yusuke Kawamura *					●	●	●
Masayuki Ikegami *						●	●
Masaki Suzuki *					●	●	●
Akiko Ito *						●	●

business risks. The Risk Management Committee verifies the risk management system’s improvement and implementation and reports the status to the CEO and the Board of Directors.

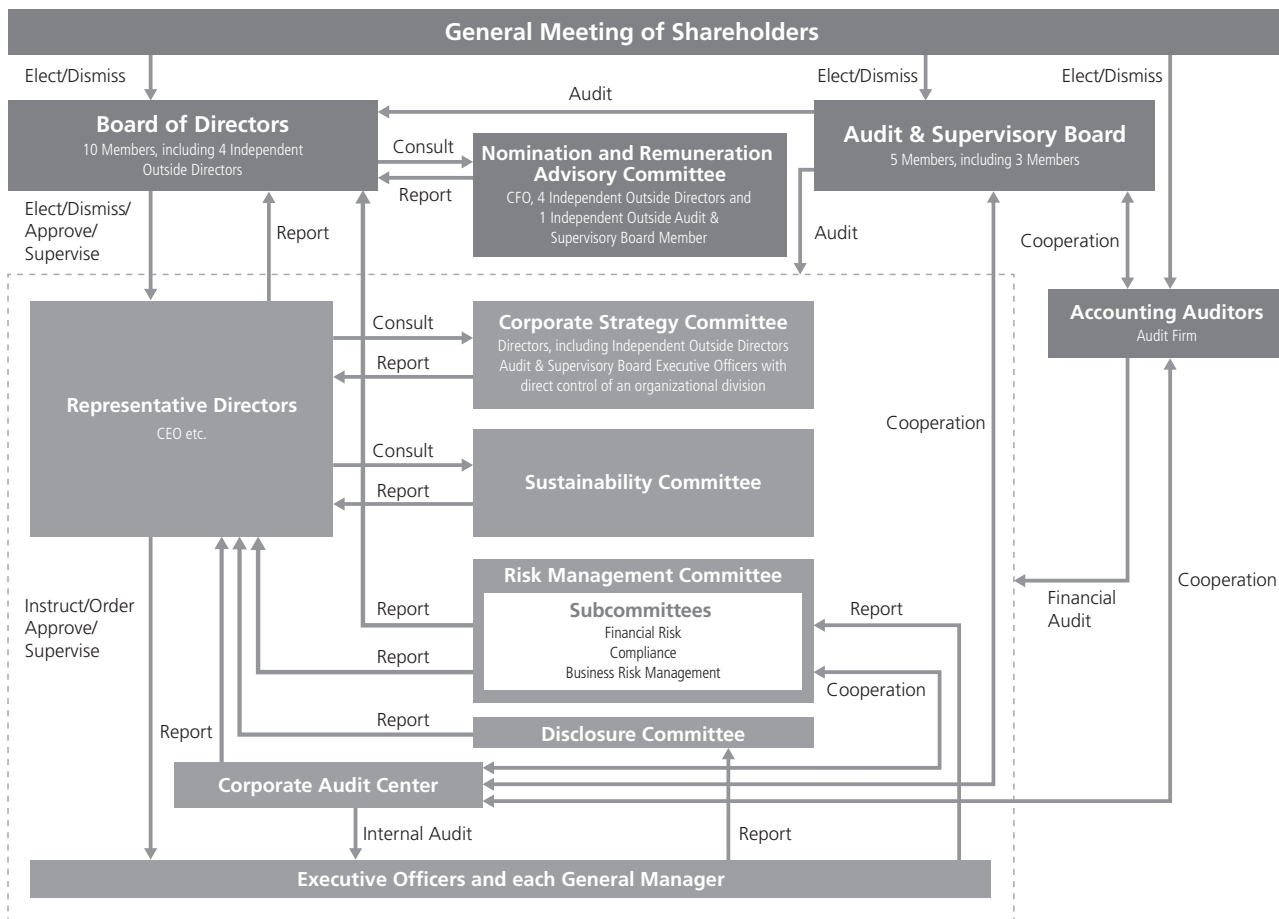
In addition, the Disclosure Committee was established to undertake deliberations pertaining to information disclosure, including content and timing, to ensure important corporate information will be disclosed in a timely and accurate manner.

**Corporate Audit Center**

Canon Inc. has established the Corporate Audit Center as its internal auditing division, which conducts audits on various

topics such as finance, procurement, asset management, contracts, health and safety, quality, etc. for each division and subsidiary of the Company, in addition to audits on general operations and management, and makes recommendations for improvements as necessary. The Corporate Audit Center also conducts audits on topics such as quality, and health and safety. Audit results are reported not only to the CEO and CFO, but also to the Audit & Supervisory Board and its members. In addition, Canon Inc. has established a system in which reports are also regularly given to outside directors and those outside directors can request submission of proposals to the Board of Directors, as necessary.

**Corporate Governance Structure**



Details of Canon Inc.’s corporate governance structure are available on Canon Inc.’s website under “an overview of Corporate Governance at Canon Inc.” <https://global.canon/en/ir/strategies/governance.html>