CSR Management

The Canon Group Promotes its CSR activities with the Aim of Realizing a Better Society.

Canon Group CSR Basic Statement

The expectations and responsibilities placed on companies by society span a broad spectrum. These have been expanded with the times to cover a wide range, from product quality and safety, and measures to address environmental issues to compliance, information security, employees' human rights and labor management, and even further to supply chain management.

In the field of business as well, with the advancement of globalization the demand from customers and business partners to deal with companies that meet certain criteria in terms of consideration paid to the global environment and society is increasing.

Under its corporate philosophy of *kyosei*, Canon has for many years taken proactive measures to fulfill its diverse social responsibilities in its corporate activities. These initiatives are disclosed in this report, which is published every year. In May 2017, Canon published the Canon Group CSR Basic Statement with the aim of explaining to stakeholders in an easy-to-understand manner the Group's attitude toward fundamental and universal elements of corporate social responsibility.

Enacted on May 8, 2017

Canon Group CSR Basic Statement

In accordance with our corporate philosophy of *kyosei*—living and working together for the common good—Canon makes sincere efforts to engage with the social responsibilities that come with operating a business and to disclose any relevant information.

This basic statement reiterates our stance regarding the fundamental and universal corporate social responsibilities that the Company must fulfill in order to ensure Canon products and services can be used with peace of mind and maintain the reliability of the Canon Group.

1. Provide safe and secure products and services
2. Comply with the laws and regulations of each country and region, and conduct fair and honest business activities
3. Practice fair and free competition, and ensure transparency in business transactions
4. Contribute to realizing a society that promotes both enriched lifestyles and the global environment
5. Minimize environmental burden through initiatives aimed at conserving energy, conserving resources, eliminating hazardous substances, and preserving biodiversity
6. Ensure thoroughness in managing information, prevent information leaks, and protect personal information
7. Prevent infringements of the intellectual property rights of others
8. Ensure thoroughness in security trade control
9. Prevent corruption in all its forms including bribery
10. Avoid complicity in armed insurgencies and anti-social forces
11. Disclose relevant and accurate corporate information
12. Respect fundamental human rights and prohibit discrimination based on such factors as race, nationality, gender, religion and creed
13. Promote diversity
14. Prohibit child labor and forced labor (including human trafficking)
15. Promote sincere dialogue between employees and management in accordance with the laws and regulations of each region
16. Pay employees wages equal to or greater than legally mandated wages
17. Prevent excessive overtime work and grant appropriate holidays
18. Ensure occupational health and safety, and prevent occupational injuries
19. Request that business partners take steps to address basic social responsibility for such issues as the environment, human rights, labor and compliance within the supply chain, and confirm the implementation of said steps

Canon respects the following international initiatives and complies with them in line with the above basic statement:
• Universal Declaration of Human Rights
• UN Guiding Principles on Business and Human Rights
• International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work
• Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

End of document

Canon Group CSR Activity Policy

Since its founding, Canon has adopted a corporate culture that focuses on contributing to society. In 2012, Canon formulated the Canon Group CSR Activity Policy in order for the entire Canon Group to fulfill its role as a member of society and to clarify its approach to do so. Based on this policy, as well as on Canon's corporate philosophy of *kyosei* (living and working together for the common good), Canon carries out its CSR activities in accordance with the needs of each country and region where it operates.

Canon Group CSR Activity Policy
—Contributing to the Realization of a Better Society as a Good Corporate Citizen—

The Canon Group,
recognizing that its corporate activities are
supported by the development of society as a whole,
aims to achieve growth through sound and fair business activities
while contributing to the realization of a better society as
a good corporate citizen.

Therefore, Canon will promote its CSR activities within
the international and local communities,
effectively leveraging the company's
advanced technological strengths,
global business deployment,
and diverse, specialized human resources.

Key Activities

- Contribute to cultural improvement; support the arts, science, sports, etc.
- Provide humanitarian support to people and regions facing harsh conditions due to disasters, etc.
- Contribute to the promotion of both enriched lifestyles and the global environment
- Contribute to society through business activities
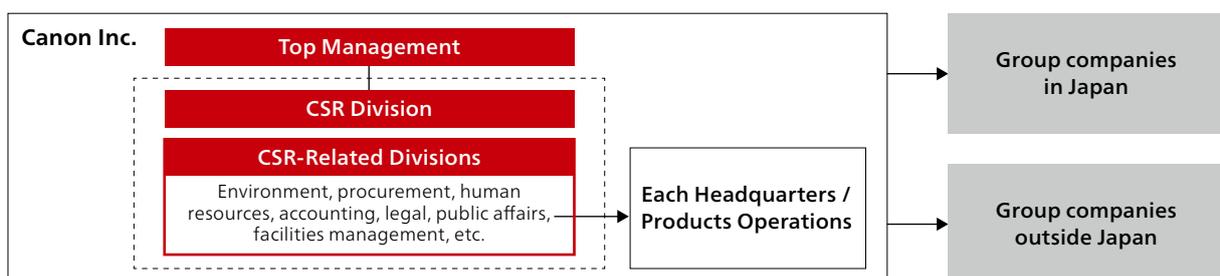- Contribute to the realization of a sound and fair society

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CSR Promotion System

Canon promotes CSR activities on a Group-wide basis. While the Company's headquarters promotes initiatives related to the environment, quality, human resources and legal affairs, and other matters from a professional standpoint, the CSR Division takes the lead in tackling issues across divisions. Through collaboration with other CSR-related divisions, such as environment, procurement, human resources, accounting, legal, public affairs, and facilities management, the CSR Division plans and designs specific activities to address such issues. Furthermore, by cooperating with the CSR-related departments of each Group company, Canon is promoting CSR activities globally at Group companies around the world.

Educational and Awareness-Raising Activities

Canon promotes a variety of educational and awareness-raising activities for its employees. Each division provides specialized training required by employees of that division, covering topics such as compliance and quality assurance. By incorporating training for newly appointed managers that provides an overview of CSR trends and Canon's CSR initiatives, we are working to develop managers with a wide perspective regardless of whether they work in technical or administrative fields. We are also working to share information between CSR managers at Group companies.

CSR Promotion System

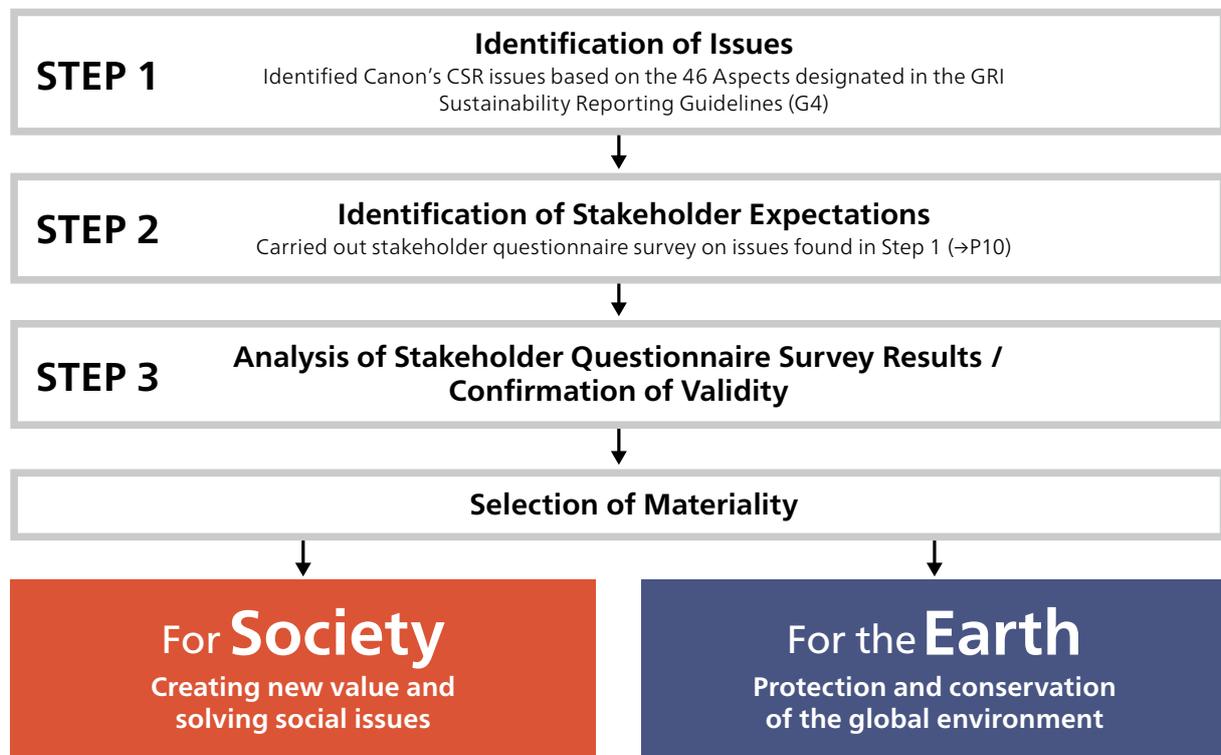| Canon Inc.		
Top Management		**Group companies in Japan**
CSR Division		
CSR-Related Divisions Environment, procurement, human resources, accounting, legal, public affairs, facilities management, etc.	**Each Headquarters / Products Operations**	**Group companies outside Japan**

Identifying and Reviewing Materiality

To reliably meet the expectations of its stakeholders, Canon makes efforts to confirm the validity of its CSR-related materiality.

Identifying Materiality

In 2015, Canon conducted a questionnaire survey to ascertain stakeholder expectations. Through analysis of the survey results alongside our past initiatives and medium- to long-term management plans, we have identified two holistic themes of materiality for Canon Inc. In the environmental field, Canon also identifies materiality at the Aspect level as stipulated in the GRI Sustainability Reporting Guidelines (G4) (→P36).

Materiality Identification Process

STEP 1 — **Identification of Issues**
Identified Canon's CSR issues based on the 46 Aspects designated in the GRI Sustainability Reporting Guidelines (G4)

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STEP 2 — **Identification of Stakeholder Expectations**
Carried out stakeholder questionnaire survey on issues found in Step 1 (→P10)

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STEP 3 — **Analysis of Stakeholder Questionnaire Survey Results / Confirmation of Validity**

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Selection of Materiality

For **Society**
Creating new value and solving social issues

For the **Earth**
Protection and conservation of the global environment

Review of Materiality

In 2016, Canon again carried out a stakeholder questionnaire survey with the aim of garnering the opinions of stakeholders about their expectations of the Company and its activities. As a result, Canon was able to confirm the validity of the two holistic themes of materiality identified in 2015.

| Message from Management | Canon Group Business Operations | CSR Management | Growth Strategy and Sustainability | Activity Highlights |

| Relationship with SDGs | CSR Reporting | Management Structure | GRI Guideline Implementation | Third-Party Opinion / Assurance |

Stakeholder Questionnaire Survey

Canon carries out stakeholder questionnaire surveys once a year in order to ascertain the social issues stakeholders are interested in as well as the expectations they have of the Company. Based on the results of these surveys, Canon confirms the validity of its materiality and makes an appropriate review. In addition, these surveys help Canon analyze its impact on society and further improve its CSR activities. Furthermore, starting from the previous fiscal year, Canon solicits the opinions of stakeholders regarding the Sustainable Development Goals (SDGs), which were adopted by the United Nations in 2015.

Interest toward CSR-Related Issues

Canon surveyed stakeholders on their expectations of the Company with regard to ten CSR themes of importance to Canon within a wide range of social issues, including items outlined in the GRI Sustainability Reporting Guidelines (G4). We

Going forward, Canon plans to utilize these opinions in enhancing its CSR activities.

Stakeholder Questionnaire Survey Outline

Method: Questionnaire survey
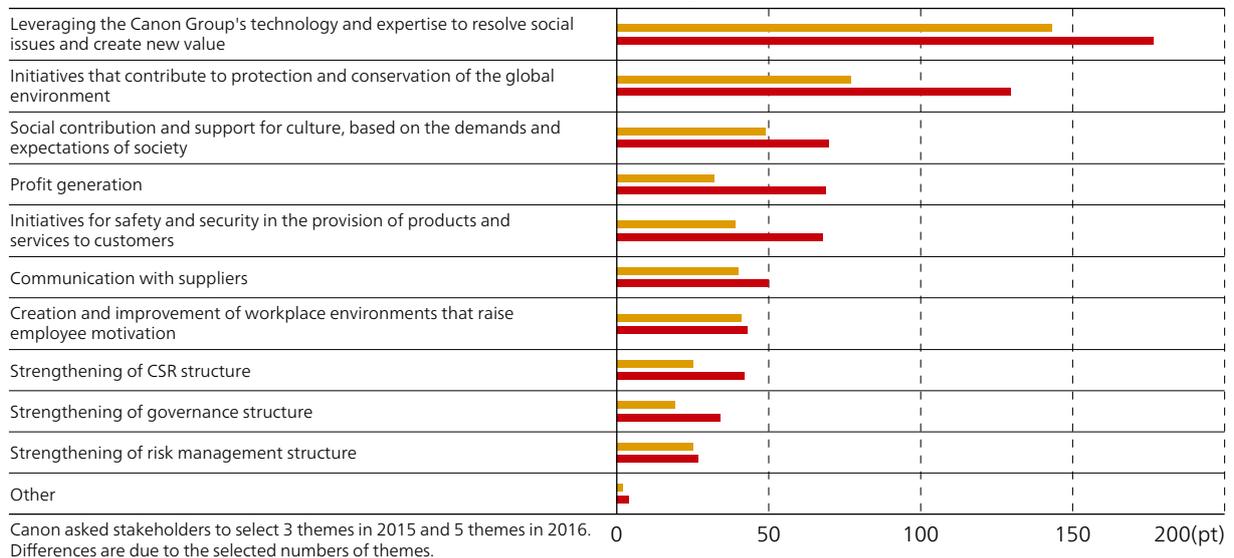Survey period: March to April 2015, February to March 2016
Target: Consumers, suppliers, investors and analysts, NGOs and NPOs, persons affiliated with universities and research organizations, national and local governments in Japan, the Americas, Europe and Asia

ascertained that stakeholder interest in "Leveraging technology and expertise to solve social issues and create new value," and "Initiatives that contribute to protection and conservation of the global environment" remains high, as in the previous year.

Level of Stakeholder Interest (2015, 2016 Questionnaire Survey Results)

2015   2016

- Leveraging the Canon Group's technology and expertise to resolve social issues and create new value
- Initiatives that contribute to protection and conservation of the global environment
- Social contribution and support for culture, based on the demands and expectations of society
- Profit generation
- Initiatives for safety and security in the provision of products and services to customers
- Communication with suppliers
- Creation and improvement of workplace environments that raise employee motivation
- Strengthening of CSR structure
- Strengthening of governance structure
- Strengthening of risk management structure
- Other

0   50   100   150   200(pt)

Canon asked stakeholders to select 3 themes in 2015 and 5 themes in 2016. Differences are due to the selected numbers of themes.

Interest toward SDGs

Canon asked stakeholders about which targets they expect Canon to contribute to among the 17 Goals adopted in the SDGs. Stakeholders' expectations of Canon were particularly high for the following three targets.

1) 5 GENDER EQUALITY — Achieve gender equality and empower all women and girls

2) 8 DECENT WORK AND ECONOMIC GROWTH — Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

3) 4 QUALITY EDUCATION — Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all