

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

Third-Party Opinion



Project Co-ordinator,
Sustainable Production and
Consumption Department,
Wuppertal Institute for Climate,
Environment, Energy
www.wupperinst.org

Dr. Justus von Geibler

Sustainability is business' responsibility today

Recent geopolitical disruptions, including Donald Trump's election in the United States and the Brexit vote in the United Kingdom, signal changes in the structure of globalisation. Nationalism and isolationism have been encouraged by reduced economic growth and people's increased mistrust in the promises of the global economy. In these conditions public policy makers have difficulties in setting strong incentives for global sustainability. Much more than ever before, it's business' responsibility to actively shape the environmental and social landscape and clearly demonstrate the private sector's contribution. Responsiveness to societal demands and cooperation with key stakeholders are crucial for the success of innovative companies, especially for global technology providers such as Canon.

How does Canon respond to people and society?

Considering this specific perspective when reviewing the draft of the Canon 2017 Sustainability report, my overall judgement of the report's quality is very positive. Canon demonstrates that its reporting process goes beyond "pure performance presentation" and encompasses the task of "listening" to people and society to gain a better understanding of environmental and social trends. Consequently, Canon's 2017 report is focused on relevant issues and the performance can be presented against the wider context of sustainability issues and impacts. Even if some challenges remain, I would like to highlight two particularly important achievements in Canon's sustainability report compared to the previous report.

Consideration of Canon's linkages to SDGs

I greatly appreciate that this year's report addresses in more depth the relationship of Canon's activities to the UN Sustainable Development Goals (SDGs). For example, Canon has surveyed stakeholders to understand their expectations regarding Canon's contribution

to the achievement of the SDGs (CSR Management →P10). In light of the current major changes within Canon, including some larger acquisitions (→P3), the expectations of stakeholders is understandable: "staff member empowerment", "productive employment and decent work", as well as "inclusive and equitable quality education" appear as priority themes. Additionally, P25 and P26 highlight the connections between Canon's activities and the SDGs. Furthermore, in the CSR Reporting section "Environment" (→P35), the Canon report specifies the linkages to the environmentally related SDGs. In future reports, I would like to see the SDG linkages better supported by metrics and performance data, especially with regard to the social impacts. Additionally, I believe that a consideration of both risks and opportunities associated with the SDGs is helpful to better understand future market conditions. Canon might consider results of ongoing discussions on corporate action on the SDGs, for example at the SDG Business Hub of the World Business Council for Sustainable Development.

Putting the business strategy into perspective for employees

Value creation – including profit making, business activities and the company's existence itself – is a very important aspect of Canon's impact on society. This year's Canon report properly presents the new growth strategy in a sustainability context. Throughout the report – most prominently in sections "Message from Management", "CSR Management" and "Canon's Growth Strategy and Sustainability" – contextual information is presented for the new phase of the Excellent Global Corporation Plan and the establishment of the four new core businesses. This is important not only for Canon's employees in order to better understand the relevance of the current transformation processes. In this light, I hope that the new CSR training and education activities highlighted in the CSR Management Section will be expanded in the future.

Remarkable increase in reporting quality

For more than a decade, I've observed a continuous and impressive increase in the quality of Canon's sustainability reports. I congratulate Canon and the reporting team for this great success. Canon is ready to further advance its reporting practice and to push performance continuously forward.

Third-Party Opinion

Third-Party Review Process

Over the many years that Canon has been providing sustainability reports to its stakeholders, the company has worked to develop its approach to reporting and its relationship with stakeholders. Since 2003, Canon has invited various external experts to review and comment on its sustainability report. This process aims to provide meaningful, credible external feedback, and aspires to meet international good practice standards.

Dr. Justus von Geibler has provided comment to Canon's reporting every year since 2008. Via a series of video conferences and written comments, Dr. von Geibler provided input at several points during Canon's report preparation process. The dialogues provide the basis for a degree of stakeholder engagement with Canon – on reporting, on the company's performance, and on Canon's relationships with stakeholders.

Basis for the Commentator's Opinions

For the ninth year running, Canon has welcomed external comment based on a portion of the Global Reporting Initiative Sustainability Reporting Guidelines, namely four Reporting Principles relating to Defining Report Content:

- **Materiality.** Does the Canon report reflect the company's significant economic, environmental and social issues?
- **Stakeholder Inclusiveness.** Does the report explain how Canon has responded to the reasonable expectations and interests of their stakeholders?
- **Sustainability Context.** Does the report present Canon's performance in the wider context of sustainability issues and impacts?
- **Completeness.** Is the report's coverage sufficient to reflect the company's sustainability impacts and enable readers to assess Canon's performance?

Using these principles as a guideline, Dr. von Geibler assessed the extent to which the Canon report meets his expectations in terms of:

- The appropriateness of the content selected for the Canon Sustainability Report 2017
- The quality of the treatment of individual topics in the report
- The overall quality, balance and relevance of the report as a whole

Sancroft International and its chief executive, Judy Kuszewski, provided advice and support to Canon by defining terms of reference for the third-party opinions, facilitating relationships with Dr. von Geibler and assisting Canon in presenting the results in its sustainability report. Readers should be advised that neither Sancroft nor Dr. von Geibler functions as an assurance provider, but as well-informed, independent sustainability professionals with a keen interest in engaging with Canon and supporting the transparency and accountability of its reporting.

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

What Canon and the commentator discussed

Through the video conference process, Dr. von Geibler and Canon staff discussed reporting expectations, key areas of interest and impressions of the draft Canon report.

The main topics of discussion included the following, with Canon participants' responses and views shown alongside:

In addition, there was extensive discussion of how best to present and illustrate complex ideas, including Canon's contribution to the SDGs, through the use of language, pictures and graphical elements.

Dr. von Geibler's full statement can be seen at "Third-Party Opinions" (→P142).

Topics	Third-party comment	Canon views
Validity of the materiality themes for Canon	Two materiality themes of Canon overall are rather rough and generic. Canon can highlight additional sub-themes under the two materiality themes at some point more clearly.	The result of the most recent two questionnaires to stakeholders conducted by Canon show that many people feel that these two materiality themes are well-suited for Canon. With respect to the environment, Canon supplied a more detailed materiality approach last year. Further, as Dr. von Geibler suggested in last year's dialogue, Canon determined to refer to the "Response to People and Society" in the chart of the Canon Sustainability Strategy.
Canon's strategy for sustainability and the Sustainable Development Goals (SDGs)	It is very good to make clear the connection to the <i>kyosei</i> philosophy in the chart of the sustainability strategy on P11 and 12. Further, I suggest that Canon should indicate a link to the SDGs in the same chart. Canon's contribution to the SDGs is very apparent and Canon's activities should be seen comprehensively.	We are keen to avoid presenting too much information on one page, which would make it difficult to digest. We have separated the page for Canon's activities description and the linkage to the SDGs. Since the SDGs were announced around 2 years ago, Canon is just describing the relationship to the SDGs this year. Canon researched stakeholders' interest in the SDGs in the latest questionnaire to stakeholders.
Circular economy	An important element of the company's commitment to helping customers reduce their environmental footprint is to provide high-quality, repairable products with long life.	We are promoting our "remanufacturing" program in which we recycle and reuse previously used products, and produce refreshed products with the same quality as brand new products. We think this program contributes to the extension of the product lifecycle.
Biodiversity	I believe Canon has a unique ability to aid protection of biodiversity through reaching out to people and showing them the value of nature, through its very beauty. Canon's role as an image company can connect people with nature and conservation in an emotionally immediate way.	Canon's biodiversity policy contains three main activities. The first is the utilization of Canon technologies and products for biodiversity conservation. The second is our consideration of biodiversity at our operational sites. The third element is our contribution to the realization of a community rich in biodiversity through partnerships with local communities and NGOs on biodiversity. The first activity contributes to people's awareness of the importance and beauty of nature through imaging technologies.

About Sancroft

Sancroft is a sustainability consultancy that works with the world's biggest brands to improve their environmental and social performance. Sancroft advises on sustainability strategy, ethical trade, human rights, sustainability reporting and stakeholder engagement. Judy Kuszewski

is Sancroft's chief executive. She is also chair of the Global Sustainability Standards Board, the independent governance committee of the Global Reporting Initiative responsible for GRI's Sustainability Reporting Standards.