

Sustainability Management

We will promote sustainability management initiatives throughout the Canon MJ Group.

Hatsumi Hirukawa

Director, Vice President
In charge of Group Corporate Planning, Group Communication and Group Service & Support
Director of Marketing Headquarters
Vice-Chair of Sustainability Promotion Committee



Reviewing Fiscal 2021

To date, the Canon MJ Group has been promoting CSR activities based on the Canon Group's *Kyosei* corporate philosophy. However, as a result of having evaluated those activities in light of the changes to the external environment, we reached the conclusion that it was necessary to rethink the Canon MJ Group's activities.

Therefore, the Sustainability Promotion Committee was established in February 2021 to examine sustainable growth for society and for Canon MJ. The Committee met a total of four times* last fiscal year, and held active discussions on putting into practice sustainability management, focused mainly on reexamining the Group's reason for existence. The Committee discussed various social issues surrounding society and the Company, announced the materiality disclosed in this year's Integrated Report. As part of this, the Committee

prioritized efforts to address environmental problems which are globally pressing issues.

* Major themes for consideration by the Sustainability Promotion Committee are listed on page 46.

Environmental Initiatives

In recent years, the global movement toward decarbonization has accelerated with regard to measures to address climate change. In Japan also, efforts toward carbon neutrality are underway, including the government's Declaration on Carbon Neutrality for 2050 and the revised CO₂ emission reduction targets. In the area of resource recycling, the issue of plastics has become a global environmental issue, and with growing interest in biodiversity, companies are required to manage their businesses in consideration of the global environment, including "tackling climate change," "resource recycling,"

and "biodiversity conservation."

Against this backdrop, the Sustainability Promotion Committee has held a series of discussions on the environment and formulated the Canon MJ Group Environmental Vision 2050 and the 2030 Medium-Term Environmental Targets, which are the interim targets of the vision. In addition, in order to enhance the effectiveness of the vision and interim targets, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in October 2021.

Future Initiatives

Based on the materiality, which we have announced in this report, we would also like to deepen our discussion of specific KPI. With regard to the environment, in particular, we have concentrated on providing concrete examples, indicators and targets regarding the risks and opportunities concerning effects of the Canon MJ Group's businesses in this Integrated Report. From 2022 onward, we will concentrate on conducting analysis that will identify the risks and opportunities concerning effects on

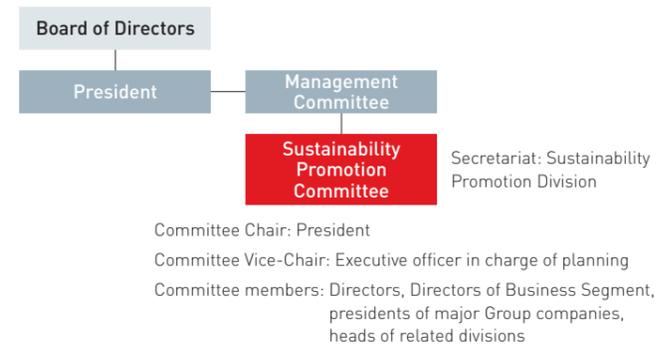
business, and report our outcomes.

While proceeding with our initiatives to respond to the demands from society, we will deepen cooperation with internal and external stakeholders to address the expectations from society and develop frameworks through which we can provide solutions that advance people's daily lives, work, and society.

Sustainability Promotion Structure

The Sustainability Promotion Committee is linked to each of the committees under the Management Committee, and takes up important themes for promoting sustainability management as appropriate and discusses them within the Committee.

Structure Chart



2021 Main Topics for Discussion

February	<ul style="list-style-type: none"> Kick-off SDGs Study Group
May	<ul style="list-style-type: none"> Discussion on the ideal form of the Group
August	<ul style="list-style-type: none"> Discussion on the Group's focus areas Determination of the Canon MJ Group Environmental Vision 2050 and 2030 Medium-Term Environmental Targets Announcement of endorsement of TCFD
December	<ul style="list-style-type: none"> Discussion on materiality

Materiality

Based on the Canon Group' corporate philosophy of *Kyosei*, we have positioned the realization of a society in which all people can live together and work together in happiness, as a response to the expectations and demands of our stakeholders, and have identified materiality of the Canon MJ Group through discussions on these matters held by the Sustainability Promotion Committee. In identifying materiality, through dialogue with various stakeholders, we held discussions from the perspectives of demands placed on, and growth strategies for the Canon MJ Group. We will continue to set KPI and action plans for materiality, which lead to steady action.

By continuing to refine our unique capabilities in our business, and broaden the areas of social issues in which we can apply such strengths, we will steadily deepen our contributions to the various issues.



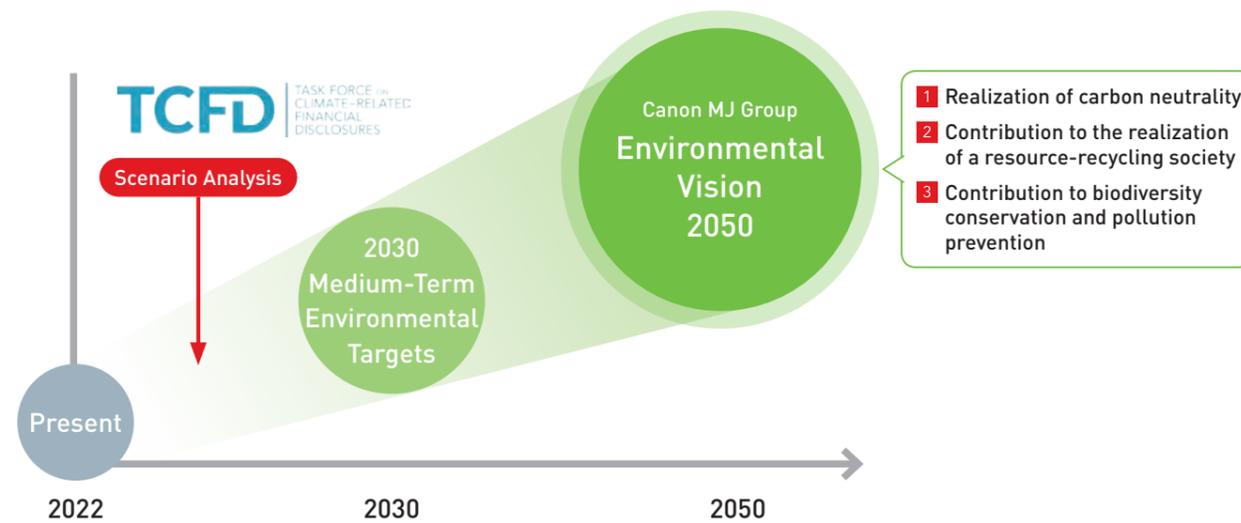
Canon MJ Group's Sustainability

Environment (Natural Capital)

Harmonious Coexistence with the Global Environment

Formulation of the Canon MJ Group Environmental Vision 2050

The Canon MJ Group is promoting sustainability management based on the Canon Group's corporate philosophy of *Kyosei*, and has formulated the Canon MJ Group Environmental Vision 2050 and the Canon MJ Group 2030 Medium-Term Environmental Targets, which are interim targets, toward the realization of a sustainable society. The Canon MJ Group Environmental Policy was also revised accordingly.



Canon MJ Group 2030 Medium-Term Environmental Targets

1 Realization of Carbon Neutrality	<ul style="list-style-type: none"> Reduce in-house CO₂ emissions by 38% (compared to 2021)*1, *2 Contribute to customers' CO₂ reduction through our business
2 Contribution to the Realization of a Resource-Recycling Society	<ul style="list-style-type: none"> Zero emissions of product waste (recycling rate of 99.9% or more)*3 Reduce waste by ascertaining the amount of waste in the Group and promoting plastic reduction activities Reduce water consumption by ascertaining the Group's water consumption volume and strengthening the efficient use of water Conduct Group water risk analysis and information disclosure
3 Contribution to Biodiversity Conservation and Pollution Prevention	<ul style="list-style-type: none"> Renewal of social contribution activities toward biodiversity conservation Elimination of hazardous materials in the supply chain through green procurement

*1 Calculated using the "SBT Reduction Target Calculation Tool" provided by the "Green Value Chain Platform" of the Ministry of the Environment.
 *2 In-house CO₂ refers to the total GHG emissions of Scope 1 and Scope 2
 *3 Recycling rate = Amounts recycled (total weight after excluding simple incineration and landfill disposal from total volume of products recovered and processed from marketplace) / total volume of products recovered and processed from marketplace

Please refer to the website for details.

- Environmental Vision 2050 and 2030 Medium-Term Environmental Targets <https://canon.jp/corporate/csr/environment/vision>
- Environmental Policy <https://canon.jp/corporate/csr/environment/policy>

1 Realization of Carbon Neutrality

Reduction of In-house CO₂ Emissions

We upgrade multifunction printers (MFPs) and lighting equipment used in offices to energy-efficient models and implement initiatives for office equipment to reduce lighting and air conditioning power consumption, etc. We also shrink our environmental footprint by improving work processes and work practices. Examples include car-sharing sales and service vehicles and no-overtime work days. We effectively slashed to zero our CO₂ emissions from electricity consumption in the showroom and customer service areas of Canon S Tower and branches. This achievement was made possible through purchases under the J-Credit Scheme*4, under which credits for power derived from renewable energy sources offsets electricity consumed from other sources.

*4 The Japanese government certifies J-Credits under the J-Credit Scheme of the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Ministry of Agriculture, Forestry and Fisheries. The scheme encourages entities to adopt and expand the use of renewable energy by converting intangible CO₂ emissions reductions and absorptions into credits that they can trade in markets.

Contributing to Customers' CO₂ Reduction through Our Business

Through providing environmentally friendly products, such as energy-saving products, to customers, the Canon MJ Group is contributing to customer's efforts to reduce their power consumption.

In addition, through the provision of various IT solutions, such as the consolidation of IT infrastructure through the use of data centers and the streamlining of document storage and retrieval through document solutions, we aim to contribute to the reduction of energy consumption by improving customers' operational efficiency, reducing space, and conserving resources, and thereby contributing to the reduction of CO₂ emissions in society as a whole.

2 Contribution to the Realization of a Resource-Recycling Society

Collecting Used Products and Recycling Activities

The Canon MJ Group collects used Canon products from offices and other locations at nine collection centers nationwide and recycles them within the Group in cooperation with Canon Eco Technology Park*5 and Top Business Machines Co., Ltd., which are Canon Group recycling sites.

Canon MJ also provides the "Canon Green Recycling Service" based on the Ministry of the Environment's wide-area certification system to promote collection and recycling activities of used products. This service eliminates the need for customers to issue, manage, and report manifest slips when discharging used Canon products*6 as industrial waste in offices and other locations, thereby improving customer convenience and contributing to the promotion of recycling.

Water Risk Initiatives

As part of our water risk initiatives, we conducted a water risk assessment of the Canon MJ Group's business locations in Japan using Aqeduct*7 of the World Resources Institute (WRI), and confirmed that the overall water risk level falls into the "low" or "low-medium" risk level. Monthly water consumption is ascertained and third-party verification is obtained for the Canon Group. In addition, due to the increased risk of flooding from torrential rains and other factors caused by the recent increase in extreme weather events, we have examined tsunami submersion hazard maps and relocated our domestic business locations at high risk of flooding.

*5 Operated by Canon Ecology Industry Inc.
 *6 Used Canon products at home are considered general waste and should be disposed of in accordance with the rules of your local government.
 *7 Global tool for water risk assessment developed by the World Resources Institute (WRI)

Canon MJ Group's Sustainability

Environment (Natural Capital)

3 Contribution to Biodiversity Conservation and Pollution Prevention

Under the Canon Group's common Biodiversity Policy, the Canon MJ Group is working on the Furusato (hometown) Project with the aim of passing on a beautiful and verdant hometown for future generations. We endeavor through the project to encourage participation in the activities of groups with which we are collaborating and to raise awareness of biodiversity and its conservation based on My Action Declaration*8, a set of five actions to protect biodiversity.

As our initiatives to prevent pollution, we are working to eliminate hazardous chemical substances by complying with the Global Canon Green Procurement Standards*9, and to properly manage chemical substances used in our business activities.



Activities in Shizuoka Prefecture

Activities in Nara Prefecture

*8 To preserve biodiversity, we conduct initiatives that allow us as individuals to take action from something familiar in our daily lives in order to feel more connected to biodiversity.

*9 Please refer to Engaging in Green Procurement on page 53.

Environmental Management

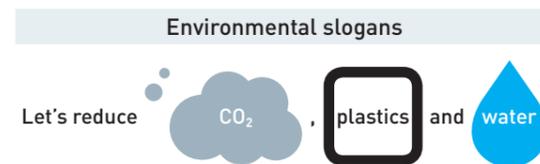
Environmental Management System

The Canon MJ Group is constructing an environmental management system that is common to the Canon Group based on ISO14001 as scheme to realize continual improvement of environmental protection activities.

Under the environmental management system, the Canon MJ Group determines environmental targets each year and formulates an action plan to realize those targets as part of business activities. Moreover, in order to ascertain the status of such activities and the issues that are faced, we implement environmental internal audits and are working to continuously improve and strengthen environmental protection activities.

Awareness Raising Activities Inside the Canon MJ Group

As part of initiatives aimed at providing solutions to environmental issues in the Canon MJ Group, we are promoting greater awareness by creating environmental slogans, publishing information on the intranet, and publishing internal bulletins that are sent to all employees of the Group.



TOPIC

Nishi-Tokyo Data Center No. 1 Certified as an Outstanding Specified Anti-Global Warming Facility

~Contributing to the Realization of a Sustainable Society as a Business Site with Particular Excellence in Global Warming Countermeasures~

The Nishi-Tokyo Data Center No. 1, owned and operated by Canon IT Solutions Inc., was recognized by the Tokyo Metropolitan Government's Bureau of Environment as an Outstanding Specified Anti-Global Warming Facility (near-top-level business facility) for its efforts to reduce CO₂ emissions and environmental impact by "optimizing the operating frequency of air conditioners" and introducing "free cooling" heat source facilities that efficiently exchange heat while utilizing outside air during winter.

Outstanding Specified Anti-Global Warming Facilities are locations certified by the Tokyo Metropolitan Government as having met the "criteria specified by the Governor" for "business sites with a particularly outstanding level of promotion of global warming countermeasures."



Nishi-Tokyo Data Center No. 1

Initiatives for TCFD Recommendations

Governance

Policies related to climate change are discussed at the Sustainability Promotion Committee*10, which is chaired by the President, and determined at the Management Committee, and those policies are reflected in business strategies. The 2030 Medium-Term Environmental Targets, including climate change response, are managed by the Sustainability Promotion Committee and at its meetings held four times annually, the committee monitors the status of progress of the initiatives and provides directions.

*10 Please refer to Sustainability Promotion Structure on page 46.

Strategy

The specific risks and opportunities regarding the impact of climate change on the Canon MJ Group's business for the 1.5°C scenario and the 4°C scenario based on information provided by IPCC and IEA, etc.

Classifications	Scenario*11	Impact on business	
		Specific examples	
Transition risks	1.5°C	Government policies / legal frameworks	• Increased costs due to obligations regarding carbon tax and emissions trading
		Market	• Impact on trading by not meeting business partner demands for climate change response
		Reputation	• Lowering of reputation from holding back on climate change response
Physical risks	4°C	Chronic state	• Increase in air conditioning maintenance and cooling costs due to frequent abnormally hot temperatures
		Acute state	• Inability to continue business activities due to large typhoons and isolated heavy rain • Inability to provide products and services due to supply chain disruptions
Opportunities	1.5°C	Resource efficiency	• Increased demand for solutions to improve efficiency of distribution and transportation
		Products and services	• Increased demand for energy-saving solutions (technological upgrades, optimization, surveillance, management) • Increased demand for carbon neutral data centers
	Resilience	4°C	• Increased demand for network cameras, sensors, etc. as part of measures against large-scale disasters • Increased demand for highly disaster resilient data centers

*11 IPCC SSP1-1.9 (RCP1.9) and IEA SDS is used for the 1.5°C scenario, and IPCC SSP5-8.5 (RCP8.5) is used for the 4°C scenario.

Risk Management

With regard to the physical risks such as large-scale wind and water damage, flood damage, etc. brought about by climate change, the Risk and Crisis Management Committee*12 performs crisis management activities such as examining and constructing crisis management systems.

*12 Please refer to Promoting Risk and Crisis Management on page 54.

Metrics and Targets

Canon MJ Group has formulated the "Canon MJ Group Environmental Vision 2050*13" and the "2030 Medium-Term Environmental Targets*14." Under these, we have formulated the target of 38% reduction in in-house CO₂ emissions (compared to 2021) toward "1. Realization of Carbon Neutrality" as a climate change target. In addition, the Canon MJ Group is aggregating and disclosing its GHG emissions*15.

*13 Please refer to Formulation of the Canon MJ Group Environmental Vision 2050 on page 47.

*14 Please refer to Canon MJ Group 2030 Medium-Term Environmental Targets on page 47

*15 Please refer to ESG Data on page 103.

Improving Organizational Capabilities to Enable Diverse Human Resources to Thrive

Diversity

The Canon MJ Group aims to be a corporation in which diverse people with different personalities and values can play an active role and grow with one another.

Supporting Women's Advancement

In support of the Women's Action Plan of Keidanren (Japan Business Federation), Canon MJ and Canon IT Solutions Inc. submitted voluntary plans to appoint female officers and managers.

Also, Canon System & Support Inc., Canon Production Printing Systems Inc., Canon BizAttenda Inc., and Canon Customer Support Inc. formulated action plans based on their specific challenges to foster the participation of women in workplaces and appoint and recruit female managers. By 2025, Canon MJ looks to have women

accounting for 6.0% of managerial positions and 20.0% of deputy manager roles.

Moreover, both Canon MJ and Canon IT Solutions have acquired "Eruboshi (two stars)" certification from the Minister of Health, Labour and Welfare as companies with excellent promotion of active roles for women.



Balancing Professional and Private Commitments

Canon MJ has rolled out a range of programs to foster career plans and create more attractive employment environments by empowering its people to balance work with childcare and nursing care commitments.

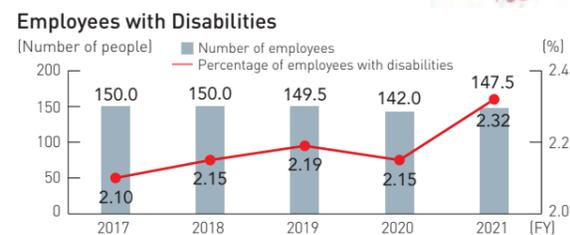
Canon MJ and Canon IT Solutions have acquired Platinum Kurumin Certification for excellence in offering childcare support.



Employing People with Disabilities

The Canon MJ Group is committed to employing people with disabilities, and accordingly endeavors to create a barrier-free work environment. As of June 2021, 2.32% of Canon MJ's employees were people with disabilities.

The Group will continue pushing ahead with new graduate and midcareer hiring of individuals with disabilities.



* Calculated according to prescribed working hours, disability degrees, and other factors in keeping with the Ministry of Health, Labour and Welfare standards.

Career Development Support

The Canon MJ Group has defined its "ideal human resources" for realizing the development of skilled human resources provided in its Long-Term Management Objectives (2021-2025), and is working proactively on human resource development. (Please see page 31 for details.)

We empower all employees to learn and grow by providing the support they need while encouraging voluntary learning. Our Human Resources Department oversees overall training. It joins hands with departments handling specialist training and workplace supervisors overseeing day-to-day operations to design ideal experiences for each employee and foster their growth.

Asia Trainee System

The Canon Group maintains the Asia Trainee System, through which it sends young employees to undertake language and practical training at overseas subsidiaries in Asia. The goal is to foster professionals who are familiar with local languages, cultures, and business practices. This is one of the training programs of Canon Inc. We want those participating in the program to become strong candidates for future overseas assignments.

In-house Recruiting Program

We support career development through the Job Opening Bulletin System. This program encourages employees to take on new positions and more fully tap our human resources.

Health and Productivity Management

Based on a "Health First" principle set forth in the Canon Code of Conduct, the Canon MJ Group promotes initiatives to support the health of employees and realize health and productivity management. The health of each and every employee is linked to increasing performance and engagement and contributes to sustainable improvements in our corporate value by maximizing the value of human capital.

We formulated the Health Management Three-Year Plan, and under the Canon MJ Group Safety and Health Activity Policy formulated each year, we are engaged in health and productivity management with an additional focus on infectious diseases as well as the three challenges of cancer, lifestyle disease and

mental health that the Group has been working on thus far. In addition, Canon MJ has appointed a director in charge, works to standardize the health support policies throughout the entire Group and supports the health of employees.

As a result of these efforts, 11 Canon MJ Group companies, including Canon MJ, were recognized under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program for corporations that excel particularly in health and productivity management.



Work Practice Reforms (Workplace, Work Process and Workstyle Reforms)

We launched the Work Practice Reform Promotion Project to enhance productivity Groupwide so employees can complete their tasks during regular working hours.

We staggered work hours and broadened the scope of teleworking to help safeguard employees from COVID-19.

- Raise awareness by implementing no-overtime work days and sharing results on our information site
- Diversify work practices by using satellite offices and telework and staggering work hours
- Enhance work efficiency by encouraging the use of IT tools and robotic process automation (RPA)*

* RPA is an abbreviation of Robotic Process Automation, which is a process in which software robots complete tasks using applications on PCs

Overall image of work practice reforms



TOPIC

Work Practice Reforms (Workplace Reforms)

The Work Place Task Force within the Work Practice Reform Promotion Project is working on "Create a mechanism for bringing about a shift in the internal culture" and "Build a diverse workplace" aimed at creating highly productive offices adapted to the new normal era.

As part of transforming the internal culture, the Task Force is renovating the offices in Canon MJ's headquarters building to create new layouts that match the work situations and job characteristics. These new layouts are arranged to provide solo work seating optimized for work that requires concentration and co-creation seating that allows creative concepts to be born and stimulates communication.

Moreover, as part of building a diverse workplace, we provide places conducive to ideal work scenes through establishing our own satellite offices and are taking measures to achieve improved productivity by allowing our employees to choose their place of work.

We are encouraging each employee to individually revolutionize their consciousness through the catchphrase "challenge orthodoxy" to improve productivity.



A refurbished office



Satellite office seating

Promoting Responsible Supply Chains

Human Rights Initiatives

The Canon MJ Group has clearly stated in the Canon Group Code of Conduct that individual officers and employees are to respect each other's character and individuality, and ensure that they do not discriminate unjustly for reasons of race, religion, nationality, gender, or age, and so forth. This code has been made known throughout the Group.

Furthermore, in 2021 we formulated the Canon Group Human Rights Policy, which clearly sets out our position on human rights under the corporate philosophy of *Kyosei*, including

respect for international norms such as the UN Guiding Principles on Business and Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and on carrying out human rights due diligence.

Looking ahead, the Canon MJ Group will identify business risks related to human rights, labor standards, and safety and health, and take measures to address these risks in accordance with their importance.

Procurement Activities

The Canon MJ Group, while complying with laws and regulations regarding procurement and giving consideration to protecting the environment, strives to build amicable trading relationships and ensure that our basic stance on our procurement activities is understood by our suppliers by disclosing on our website the "Procurement Basic Policy" for stable purchasing at reasonable prices.

As part of our measures to ensure rigorous procurement

compliance, we conduct training regarding our code of conduct and procurement laws and regulations for employees assigned to the Procurement Department. When conducting trade with a new supplier, we evaluate the risks beforehand and at the time of commencing trade, we conclude master agreements, committing to complying strictly with laws and ordinances and to engaging in fair and honest transactions that do not violate corporate ethics or erode social trust.

Engaging in Green Procurement

We endeavor to eliminate hazardous chemical substances by complying with the Global Canon Green Procurement Standards. We make sure that the product chemical management systems established for the supplier are continually being implemented and that the supplier is complying with the Global Canon Green Procurement Standards.

Measures to Ensure Responsible Minerals Procurement

The Canon MJ Group tackles the challenge of sourcing minerals responsibly in conflict-affected areas in accordance with the Canon Group Basic Policy on Responsible Minerals Sourcing. We ensure peace of mind for Canon product customers by requesting suppliers to confirm the provenances of minerals in their products and help us eliminate the use of conflict minerals.

Quality Management

For the value (products, services and support) that the Canon MJ Group provides to customers, we have established our own unique quality management system that augments the requirements of ISO9001, the international quality control standards, and are working to improve customer satisfaction.

For the quality management system, we are working to optimize the processes from the commercialization concept to the end of after-sales service and improve the results achieved in each process in compliance with the Company regulations

and detailed rules regarding quality assurance and with each quality management guideline according to the characteristics of each product, service and support.

Furthermore, we manage quality of products and other items in the marketplace by cooperating through IT systems with Canon Inc., which oversees manufacturing, and with other manufacturers, and strive to respond swiftly to customer issues.

Corporate Governance

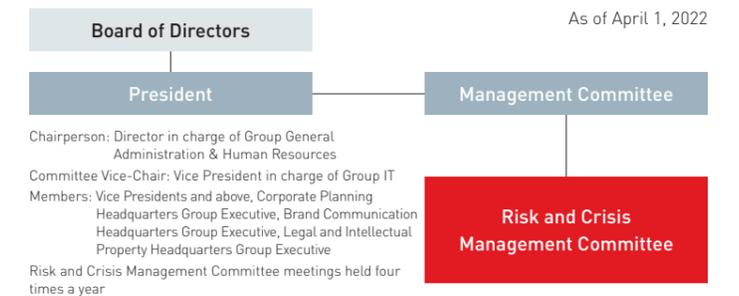
Promoting Risk and Crisis Management

Risk and Crisis Management

We have established a Risk and Crisis Management Committee for the purpose of building and implementing risk management systems and crisis management systems in order to improve corporate value of the Canon MJ Group and minimize loss for our stakeholders.

Areas of activity of the Risk and Crisis Management Committee

- (1) Preparation and set up of risk management systems
- (2) Preparation and set up of crisis management systems (including BCP)
- (3) Raising and promoting awareness of corporate ethics and compliance
- (4) Information security
- (5) Internal reporting response



Promoting Corporate Ethics and Compliance

For the Canon MJ Group, compliance is not simply a matter of obeying laws and regulations. We also commit to complying with laws and social rules, maintaining social justice, and continuing to meet the expectations of society. We engage in compliance from the perspectives of initiatives to raise awareness, educating, and undertaking organizational activities to ensure that all of our people act ethically and obey the law.

To all officers and employees of the Canon MJ Group, we distribute copies of the Canon Group Code of Conduct, which presents standards that they should uphold in performing their duties, and Compliance Cards, to ensure employees are fully

aware of the "Three Selves" spirit (covering self-motivation, self-management and self-awareness), while providing them with education and training to enhance awareness and instill knowledge. Moreover, we distribute compliance-related email newsletters to help our people better understand and adhere to laws and regulations, and rules relating to our business. In addition, we normally convene the compliance meeting to discuss and confirm compliance risks and countermeasures at each work site, important matters related to compliance and other matters. We also maintain an ongoing internal reporting system.

Promoting Information Security

Policy

The Canon MJ Group helps realize a secure society by working to strengthen the foundations of information security as part of CSR. The Group takes measures against cyberattacks and other information security risks, and considers appropriate handling of information assets used in business activities to be an important management priority. We strive for continuous improvement through using third-party certification such as the "ISMS

conformity assessment scheme" and the "PrivacyMark System." While promoting information security management based on information security governance according to management tier, we conduct activities to raise awareness and training to build knowledge for all employees.

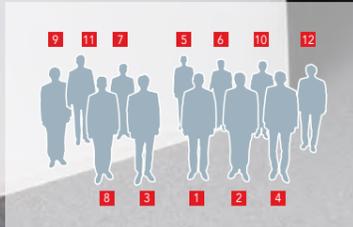
Cybersecurity Countermeasures

In light of the recent increases in diversity, sophistication, and cleverness of cyberattacks, the Canon MJ Group established the Canon Marketing Japan Group Computer Security Incident Response Team (Canon MJ-CSIRT) in January 2016, and has been promoting activities with the aim of minimizing cybersecurity risks and damage to the Group's internal infrastructure and to products and services supplied to customers.

and the product and service quality division. Canon MJ-CSIRT operates at the center of the Group, preventing and monitoring for cyberattacks, and mounting a response when attacks occur. Moreover, since it is difficult for one company alone to gather information and research the latest attack and defense methods around cyberattacks, the team collaborates with the Canon Group's CSIRT and other external institutions and organizations, such as the Nippon CSIRT Association.

Canon MJ-CSIRT is organized with members from three divisions within Canon MJ: the IT division, the information security division,

Canon MJ Group's Sustainability
Corporate Governance



Directors and Audit & Supervisory Board Members

11 Standing Audit & Supervisory Board Member [Outside]
Nobutoshi Matsumoto

As of
Apr. 1985: Entered Canon Inc.
Aug. 2013: General Manager in charge of Finance Division of Finance & Accounting Center of Finance & Accounting Headquarters
Apr. 2014: General Manager of Finance Division of Finance & Accounting Center of Finance & Accounting Headquarters
Mar. 2020: Standing Audit & Supervisory Board Member of the Company (present)

7 Director [Outside]
Toshiharu Hasebe [Independent]

As of
Apr. 1979: Entered Nippon Telegraph and Telephone Public Corporation
Jun. 2009: Member of the Board of NTT Communications Corporation
Jun. 2012: Executive Vice President
Jun. 2014: President and Chief Executive Officer and Member of the Board of NTT Advertising, Inc. President and Chief Executive Officer and Member of the Board of NTT Publishing Co., Ltd.
Jun. 2015: President and Chief Executive Officer and Member of the Board of Nippon Computer Arts, Inc.
Apr. 2020: President and Chief Executive Officer and Member of the Board of DX Catalyst Inc.
Mar. 2022: Outside Director of the Company (present)

5 Director [Outside]
Akio Dobashi [Independent]

As of
Apr. 1972: Entered Nichimen Company, Limited (presently Sojitz Corporation)
Apr. 2004: Representative Director, President & CEO of Sojitz Corporation
Jun. 2005: Representative Director, President & CEO of Sojitz Holdings Corporation
Oct. 2005: The corporate name was changed to Sojitz Corporation due to the merger of Sojitz Holdings Corporation and Sojitz Corporation
Representative Director, President & CEO of Sojitz Corporation
Apr. 2007: Representative Director and Chairman
Apr. 2012: Director
Jun. 2012: Special Advisor
Jun. 2014: Advisor
Jun. 2015: Outside Director of OSJB Holdings Corporation
Mar. 2016: Outside Director of the Company (present)
Jun. 2017: Outside Director of Maeda Corporation (present)

6 Director [Outside]
Yoshio Osawa [Independent]

As of
Apr. 1979: Entered Sumitomo Corporation
Jun. 2003: Concurrent post as director of Sumitomo Computer Service Corporation (presently SCSK Corporation)
Apr. 2005: Executive Officer of Sumitomo Corporation
Apr. 2008: Managing Executive Officer
Jun. 2008: Representative Director and Managing Executive Officer
Apr. 2011: Representative Director and Senior Managing Executive Officer
Apr. 2013: Representative Director, Assistant to President and CEO of Sumitomo Corporation
Adviser of SCSK Corporation
Jun. 2013: Representative Director, President & COO of SCSK Corporation
Apr. 2015: Representative Director and President
Apr. 2016: Chairman of the Board of the Directors
Apr. 2017: Director
Mar. 2018: Outside Director of the Company (present)
Jun. 2019: Outside Director of Citizen Watch Co., Ltd. (present)

10 Standing Audit & Supervisory Board Member [Outside]
Iwao Hashimoto [Independent]

As of
Apr. 1986: Entered The Yasuda Fire and Marine Insurance Co., Ltd.
Apr. 2010: General Manager of Eastern Hokkaido Branch of Sampo Japan Insurance Inc.
Jun. 2012: General Manager of Osaka Corporate Sales Department No. 2 and General Manager in charge of Sales Promotion Office
Apr. 2014: General Manager of Osaka Corporate Sales Department No. 1
Sep. 2014: General Manager of Osaka Corporate Sales Department No. 1 of Sampo Japan Nipponkoa Insurance Inc.
Apr. 2016: Executive Officer and General Manager of Hokkaido Headquarters
Apr. 2018: Executive Officer and General Manager of Kanto Headquarters
Apr. 2019: Managing Executive Officer and General Manager of Kanto Headquarters
Mar. 2020: Standing Audit & Supervisory Board Member of the Company (present)

12 Audit & Supervisory Board Member [Outside]
Shigeo Hasegawa [Independent]

As of
Jul. 1980: Registered as a Certified Public Accountant
Jan. 2006: Head of Global Service Group of Tohatsu & Co. (presently Deloitte Touche Tohmatsu LLC)
Jun. 2010: Leader of IFRS Center of Excellence of Deloitte Touche Tohmatsu LLC
Apr. 2012: Specially-appointed Professor of Chuo Graduate School of Accounting of Professional Graduate School of Chuo University
Mar. 2014: Standing Audit & Supervisory Board Member of the Company
Mar. 2018: Audit & Supervisory Board Member (present)

9 Standing Audit & Supervisory Board Member
Masatoshi Tanise

As of
Apr. 1984: Entered the Company
Jul. 2012: Senior General Manager of Consumer Business Promotion Group of Consumer Sales Business Headquarters of Imaging System Company
Jan. 2020: Principal Staff Manager of Consumer East Japan Sales Group of Consumer Business Unit
Mar. 2020: Standing Audit & Supervisory Board Member (present)

8 Standing Audit & Supervisory Board Member
Shiro Hamada

As of
Apr. 1984: Entered the Company
Apr. 2011: Deputy Chief Executive of Administrative Headquarters of Canon IT Solutions Inc.
Jul. 2013: Group Executive of Finance & Accounting Headquarters of the Company
Mar. 2016: Director
Mar. 2016: Vice President
Jan. 2018: Director in charge of Group Finance & Accounting and Group Auditing
Mar. 2021: Executive Vice President & Director of Canon System & Support Inc.
Apr. 2021: Director in charge of Audit Office, Planning Headquarters and Administrative Headquarters
Mar. 2022: Standing Audit & Supervisory Board Member of the Company (present)

3 Director & Vice President
Hatsumi Hirukawa

As of
Apr. 1987: Entered the Company
Jan. 2015: Senior General Manager of Area Business Promotion Group of Area Sales Headquarters of Business Solution Company
Jul. 2016: Group Executive of Corporate Planning Headquarters
Apr. 2017: Executive Officer
Apr. 2019: Vice President (present)
Jan. 2020: Director in charge of Group Planning and Group Service & Support (present) and Director of Service & Support Headquarters
Mar. 2020: Director (present)
Apr. 2020: Director in charge of Group Communication (present)
Mar. 2021: Director of Business Products Marketing Section of Marketing Headquarters (present)
Jan. 2022: Director of Marketing Headquarters (present)

1 President & Representative Director
Masachika Adachi

As of
Apr. 1982: Entered the Company
Jul. 2009: Group Executive of MA Sales Headquarters of Business Solution Company
Mar. 2013: Vice President
Mar. 2015: Director
Mar. 2015: Senior Vice President
Apr. 2015: Company President of Business Solutions Company
Jan. 2018: Director in charge of BPO Function Unit and Director of Enterprise Business Unit
Mar. 2018: Director in charge of Group ITS and IT Platform Function Unit
Mar. 2018: Representative Director, President and Chief Executive Officer of Canon IT Solutions Inc.
Apr. 2018: President
Apr. 2019: Senior Managing Vice President of the Company
Mar. 2021: President & Representative Director (present)
Executive President (present)

2 Director & Senior Vice President
Minoru Mizoguchi

As of
Apr. 1984: Entered the Company
Apr. 2015: Group Executive of General Administration & Human Resources Management Headquarters (present)
Apr. 2016: Executive Officer
Mar. 2018: Vice President
Apr. 2019: Director in charge of Group General Administration & Human Resources Management (present)
Jan. 2020: Director in charge of Group Procurement and Group Logistics (present)
Mar. 2021: Director (present)
Mar. 2022: Senior Vice President (present) and Director in charge of Group Legal and Intellectual Property (present)

4 Director & Vice President
Tsuyoshi Osato

As of
Apr. 1988: Entered the Company
Apr. 2014: Group Executive of Administrative Headquarters of Canon IT Solutions Inc.
Mar. 2018: Director & Vice President
Jul. 2018: Group Executive of Procurement Headquarters of the Company
Mar. 2021: Vice President (present), Group Executive of Finance & Accounting Headquarters (present), and Director in charge of Group Finance & Accounting and Group Auditing (present)
Mar. 2022: Director (present) and Director in charge of Group Procurement (present)

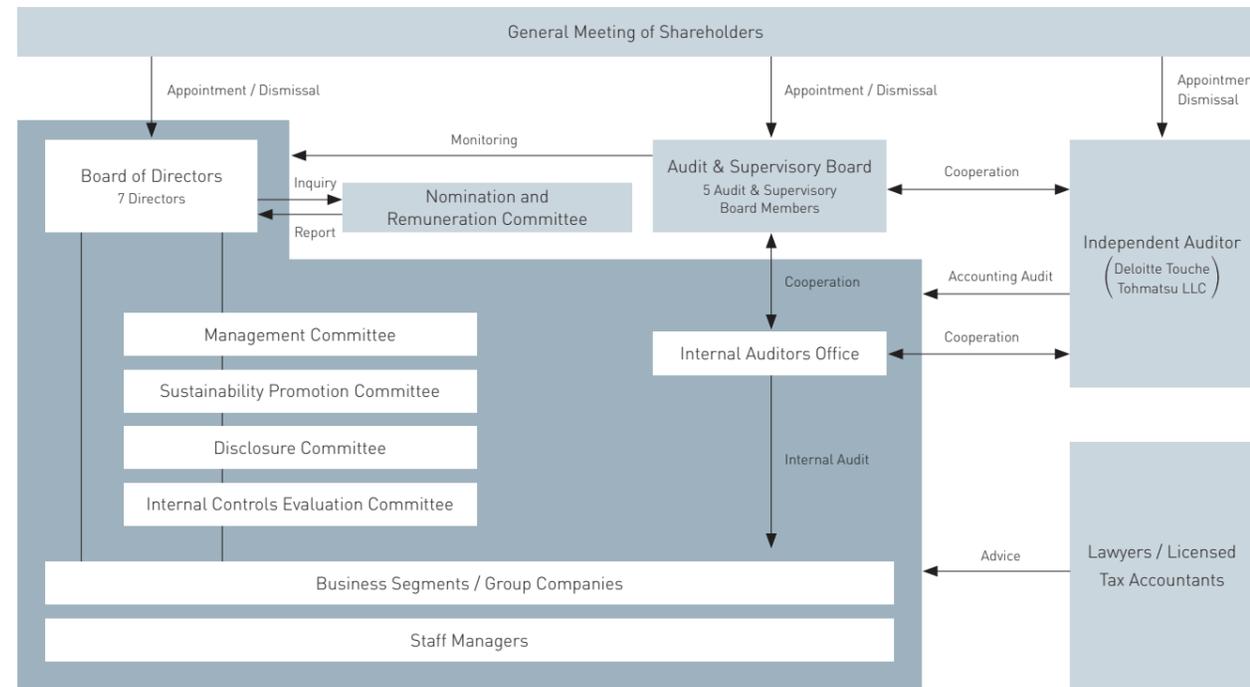
Basic Stance on Corporate Governance

We recognize that sustainable growth in corporate value requires ongoing improvement in such areas as management transparency and the monitoring of progress toward management targets. This is reflected in our wide-ranging initiatives to strengthen corporate governance.

Overview of Corporate Governance

Organizational Format	Company with Audit & Supervisory Board members
Use of Executive Officer System	Yes
Number of Executive Officers	26

Corporate Governance Organization (As of March 29, 2022)



Principal Meeting Bodies

Board of Directors
7 in total
Term of office: 1 year



16 times
held in fiscal 2021

Audit & Supervisory Board
5 in total
Term of office: 4 years



17 times
held in fiscal 2021

Nomination and Remuneration Committee
4 in total



We maintain a structure in which the representative director oversees Companywide business strategies and execution, while supervision of business domains and headquarters functions is primarily through executive directors, and add at least two independent outside directors to ensure sound management. In accordance with laws and ordinances, the Board of Directors monitors important decisions and implementation.

Other decisions are handled by the representative director or under the representative director's direction and supervision through executive officers whom the Board of Directors appoints through its resolutions to assume responsibility for making and implementing decisions for business domains and headquarters functions.

As well as engaging in regular deliberations about results, executive appointments, and other matters, the Board of Directors extensively discusses and decides about important matters relating to legal affairs and Board regulations at gatherings that are normally held once monthly, or as needed, and at Management Committee meetings attended by the directors of Canon MJ and the presidents of major subsidiaries.

The Audit & Supervisory Board functions independently of the Board of Directors, and comprises individuals who are familiar with the Company's business or corporate management and who have accounting or other expertise. At least one outside Audit & Supervisory Board member is an outside person who fulfills the independence criteria of Standard that the Board of Directors separately determines. The Audit & Supervisory Board cooperates with the independent auditor and the Internal Auditors Office to assess performance and corporate assets and ensure sound management.

There are five Audit & Supervisory Board members, of whom three are outside auditors. Their duties include attending Board of Directors' meetings, communicating with directors and other parties, and perusing important documents in line with the auditing policies and work allocations that the Audit & Supervisory Board stipulates, and conducting rigorous audits by examining operations and property.

The Company maintains a voluntary four-person Nomination and Remuneration Committee comprising the president, one director, and two independent outside directors. This Committee conducts deliberations on the nomination of candidates for director and vice president, as well as considering the appropriateness of remuneration system for directors and executive officers who are vice presidents or above, and reports to the Board of Directors.

Holding of an Executive Officer Meeting attended by all directors, Audit & Supervisory Board members, and executive officers

This is held twice a year as a venue for focused discussions on issues related to the transformation of the Canon MJ Group over the medium to long term, or on urgent management topics, and is attended by all directors, Audit & Supervisory Board members and executive officers. The meetings are held in an off-site residential format over 1.5 days (*) to provide an opportunity to foster communication between officers. Sometimes study meetings are held for which lecturers, with expertise matching the meeting theme, are invited from outside the Company. In 2021, the meetings resulted in lively discussion of growth in the IT solutions business, our human resources and investment strategies, and other areas of operations.

*In 2021, due to the impact of the COVID-19 pandemic, the meeting was held online.

Status and Skills Matrix of Directors

		Period in Office	Attendance at Board of Directors' Meetings in Fiscal 2021	Skills Matrix						
				Corporate Management	Sales & Marketing	Finance & Accounting	Human Resources	Legal Affairs & Risk Management	IT Solutions & DX	
Outside / Independent	Masachika Adachi	President & Representative Director	7 years	100% (16/16)★	●	●			●	●
	Minoru Mizoguchi	Director & Senior Vice President	1 year	92% (11/12)*	●			●	●	
	Hatsumi Hirukawa	Director & Vice President	2 years	100% (16/16)	●	●			●	
	Tsuyoshi Osato	Director & Vice President	-	-	●		●		●	
	Akio Dobashi	Director	6 years	94% (15/16)	●	●				
	Yoshio Osawa	Director	4 years	100% (16/16)	●	●				●
	Toshiharu Hasebe	Director	-	-	●	●				●

★: Chairperson *Attendance at Board of Directors' meetings for Minoru Mizoguchi is for meetings held after he was elected as a Director at the 53rd Ordinary General Meeting of Shareholders convened on March 26, 2021.

Internal Audit

The Internal Auditors Office produces internal audit policies for Canon MJ and its subsidiaries as an independent specialist that reports directly to the president. It also conducts audits, assesses, and advises on all business activities from the perspectives of credibility of financial reports, the validity and

efficiency of operations, legal compliance, and the conservation of assets.

The auditors of Canon IT Solutions Inc. and Canon System & Support Inc. conduct assessments based on the same policies. The Canon MJ Group has 50 audit staff members.

Outside Directors and Outside Audit & Supervisory Board Members

Canon MJ has three outside directors and three outside Audit & Supervisory Board members. Pursuant to the consent of all Audit & Supervisory Board members and the Board of Directors, we implemented our Standard for outside directors and outside Audit & Supervisory Board members to clarify for the independence of outside directors and outside Audit & Supervisory Board members in keeping with the Japanese Corporate Governance Code and standard.

Our outside directors and outside Audit & Supervisory Board members satisfy the independence criteria and help maintain and improve the transparency and accountability of the Board of Directors.

The Company does not maintain a specialist organization or provide full-time staff to assist outside directors or outside Audit & Supervisory Board members. Directors in charge of operations and other officials provide outside directors with prior explanations of Board of Directors' meeting agendas as needed. Internal auditors, directors in charge of operations, and other officials provide outside Audit & Supervisory Board members with prior explanations of Board of Directors' meeting agendas as needed. Outside Audit & Supervisory Board members attend Audit & Supervisory Board meetings, as well as liaison meetings conducted as needed, to exchange information on important audit details among Audit & Supervisory Board members.

Analysis and Evaluation of Effectiveness of the Board of Directors

We conducted a questionnaire for directors and Audit & Supervisory Board members about the effectiveness of the Board of Directors, and analyzed and evaluated the effectiveness of the Board of Directors. These talks confirmed the overall effectiveness of the Board of Directors. Going forward, we will work to ensure and improve the effectiveness

even more by further enhancing discussions related to the composition of the Board of Directors, monitoring of important projects, training for management, etc., based on the opinions of directors and Audit & Supervisory Board members that were obtained from the questionnaire.

Initiatives to Enhance Corporate Governance

2011	Adopts executive officer system	2016	Compliance with Japanese Corporate Governance Code
2014	Appoints one outside director	2018	Sets up Nomination and Remuneration Committee
2016	Increases number of outside directors to two	2021	Compliance with Japanese Corporate Governance Code revisions
2016	Establishes standards for independent outside directors	2022	Increases number of outside directors to three

Appointment and Nomination Procedures

To nominate director or Audit & Supervisory Board member candidates and appoint vice presidents (including successors and candidates for president and representative director), the president and representative director first nominates candidates from among those fulfilling requirements. The

nomination is submitted at a meeting of the Board of Directors after the Nomination and Remuneration Committee confirms that it is fair and appropriate.

The Audit & Supervisory Board discusses and consents to nominees before deliberations by the Board of Directors.

Dismissal Procedures for Management Team Executives

Directors and Audit & Supervisory Board members can ask the Nomination and Remuneration Committee for deliberations at any time to decide whether the dismissal of a representative director, executive director, or executive officer who is a vice president or above (collectively, "management team executives") is necessary in the event of illegal, unfair, or treasonous behavior among such individuals, if they have failed to fulfill their roles, or for other reasons that make such people

unsuited to retain their posts as management team executives.

All results of Nomination and Remuneration Committee deliberations shall be submitted to the Board of Directors, regardless of the outcome of Board of Directors' deliberations on the necessity of dismissal. The management team executives subject to deliberations cannot join in discussions.

Remuneration for Senior Executives and Directors

Policies and Procedures for Determining Remuneration

Nomination and Remuneration Committee verifies the appropriateness of the remuneration system for directors and executive officers who are vice presidents or above, including ideas on calculating basic remunerations and bonuses and the criteria for granting stock compensation-type stock options. Remunerations are all in line with the remuneration structure, whose basic calculation approaches were resolved at meetings of the Board of Directors and are verified by the Nomination and Remuneration Committee.

The total of basic remuneration and stock compensation-type stock options for directors must be less than the maximum total remuneration approved at general meetings

of shareholders. Bonuses, however, are determined when proposals for them are approved at ordinary general meetings of shareholders.

< Members of Nomination and Remuneration Committee >

Masachika Adachi	(Chairperson, President & Representative Director)
Minoru Mizoguchi	(Director & Senior Vice President)
Akio Dobashi	(Outside Director)
Yoshio Osawa	(Outside Director)

Composition of Remuneration

Remuneration for the representative director and directors consists of basic remuneration, which is a fixed basic monthly fee for executing their roles and duties, a bonus linked to performance during the fiscal year, and stock compensation-type stock options as incentives to promote improvements in medium- to long-term business performances and corporate value. The same applies to remuneration for executive officers, who are vice presidents or above.

Outside directors only receive basic remuneration.

With regard to the proportion of basic remuneration, bonuses, and stock compensation-type stock options, because we believe that it is important to engage with management from the medium- to long-term perspective, our basic approach is to emphasize the level and stability of basic remuneration. At the same time, with the aim of enhancing performance over the course of a single fiscal year, bonuses and stock compensation-type stock options for directors can account for up to 30% and 20% of basic remuneration, respectively.

Protection of Minority Shareholders in Transactions with the Controlling Shareholder

The Company's controlling shareholder is Canon Inc. Important transactions with Canon Inc., are deliberated, considered and executed by the Board of Directors to ensure that the interests of minority shareholders of the Company are not damaged, after appropriately obtaining from independent outside directors an opinion provided from an objective viewpoint and

rooted in extensive experience and superior knowledge of corporate management and other matters. The Company acts appropriately and fairly in all transactions, not just those with its controlling shareholder, to avoid compromising its independence and interests and to safeguard the interests of all shareholders.

Canon MJ Group's Sustainability

Corporate Governance

Relationship with the Parent Company

Our parent company is Canon Inc., whose policy is to list its subsidiaries on stock exchanges to optimize its consolidated results, ensuring earnings stability by maintaining the independence and dynamic management structures of those companies. This approach enhances Group value in keeping with the interests of all shareholders, including minority ones.

Canon MJ sells and services Canon products. It also sells and services the products and IT solutions of other entities in response to customer needs. To develop our own businesses, we have to make swift decisions, procure funds flexibly, and attract talented people. We are able to do this because we are listed and operate independently. We thus believe that

expanding earnings through our businesses help increase the Canon Group's corporate value while benefiting shareholders overall.

The parent company's involvement in running our organization is limited to exercising voting rights as a shareholder. No parent directors hold concurrent positions with us. Half of the members of our voluntary Nomination and Remuneration Committee are independent outside directors, ensuring transparency and fairness. We confirm that transactions with Canon Inc., such as to determine purchase prices and interest rates on loans, do not disadvantage either party. We only implement these transactions after signing contracts.

Basic Approach to and Preparations for the Exclusion of Antisocial Forces

Basic Policy

The Company and Group companies maintain a resolute approach to antisocial forces that threaten the order and safety of civic society, and the basic policy is to block all relationships with antisocial forces.

Status of Preparations

- In addition to setting out action guidelines for the blocking of relationships with antisocial forces, the workplace regulations of the Company contain provisions to the same effect, and we work to ensure that employees fully comply with these guidelines and provisions.
- The headquarters general administration department has been designated the Group's control division in charge of responding to antisocial forces. It shares information on antisocial forces with the general administration departments of the respective branches and works to prevent transactions, etc. with antisocial forces before they occur.
- A collaborative structure has been built with the police and external organizations such as lawyers.
- Payments of contributions, etc. are examined in advance in order to confirm that there are no problems of legality or corporate ethics.

Internal Controls

Based on the Companies Act, the Board of Directors resolved the basic policy for an internal controls system to ensure appropriate business practices, and is deploying that system in line with the policy.

The Internal Controls Evaluation Committee consists of officials representing corporate departments and subsidiaries. Its task is to develop internal controls systems

for the entire Canon MJ Group.

Canon Inc., which is listed on the New York Stock Exchange, has adopted systems that comply with the Sarbanes-Oxley Act, a U.S. law designed to improve corporate governance. As a member of the global Canon Group, Canon MJ has also applied global perspectives by establishing systems based on the same standards.

Policy on Constructive Dialogue with Shareholders

The Company helps to drive sustainable growth and improve corporate value over the medium and long terms by engaging in constructive dialogue with shareholders, including through general meetings of shareholders, briefings on management plans for the medium and long terms, results briefings, and meetings with major institutional investors.

Tackling the COVID-19 Pandemic

We make the health and safety of customers and Canon MJ Group employees our first priority, and have taken the following preventive steps to maintain business continuity even as infections spread across Japan.

1. Work Practices

- Promote teleworking (to limit attendance rate)
- Stagger work hours and have people work from satellite offices

2. Employee Behavior

- Ensure that employees practice social distancing, wear masks and wash hands thoroughly, and avoid closed, crowded, and close-contact settings
- Ensure that employees step up health management and swiftly report suspected infections
- Promote online meetings with customers, business partners, and employees, and observe the meeting time and ensure thorough ventilation when holding in-person meetings
- Consider caution in holding in-person face events, etc.

3. Measures at Business Sites

- Regularly disinfect office floors and common areas

TOPIC

Measures Against COVID-19 in the Employee Cafeteria

At the employee cafeteria in Canon MJ's main office building, in addition to measures such as spacing out seats and prohibiting mask-less conversations while eating, the Company's network cameras are utilized and the status of crowding is streamed via the intranet in order to avoid crowding.

Examining the internal effects of introduction and accumulating solutions and know-how will lead to the development of future solutions.

Status of crowding at cafeteria tables



Level 1 crowding

Level 1 crowding

Three Way Discussion Among Outside Directors



Toshiharu Hasebe
Outside Director

Akio Dobashi
Outside Director

Yoshio Osawa
Outside Director

The Canon MJ Group is an organization from which you can expect even greater growth, and we will support that growth going forward.

Outside Directors Akio Dobashi and Yoshio Osawa, together with newly appointed director Toshiharu Hasebe, met to discuss the strengths of the Canon MJ Group, its potential for growth, its approach to governance, and the effectiveness of its Board of Directors.

Our Corporate Culture and Strengths

- What is your perception of the Canon MJ Group's corporate culture and strengths?

Dobashi: It has been six years since I was first appointed Outside Director of Canon MJ, and the impression I have formed is that of a company of great seriousness and integrity. When I first came on board, the Group was in the middle of a major project, which was the construction of a data center. This was discussed frequently by the Board of Directors, and I remember being struck by the seriousness and the integrity of the person in charge of negotiations with the general construction company that was the leading candidate to receive this order.

There are also many opportunities for discussion, such as on the Management Committee, the Directors Agenda Meeting, and the Business Report Meeting, and I feel that Canon MJ has a culture of respecting and listening to diverse opinions. I had previously thought that the internal culture was open and encouraged a liberal approach to the exchange of opinions,

but recently I feel that this has been taken a step further.

Osawa: I agree with this. Four years have passed since I was appointed to this role, and my impression is that of a company that treats its employees like family, and with kindness. Even during discussions on the Board of Directors, I invariably feel that the Company takes considerate attitude to its employees.

I think the Canon MJ Group has four major strengths. The first is the power of its brand. Based on the global Canon brand, it has been able to build extraordinarily positive relationships of trust with customers and business partners. The second is technological capability. Not only are there approximately 4,000 system engineers in the Canon MJ Group, but also, when problems occur, its nationwide network of service engineers enables personnel to be quickly dispatched to the customer site and resolve the issue. By utilizing the sales network it has established, Canon MJ has a track record of

sales to a variety of customers, from large corporations to small and medium-sized enterprises. The fourth is its financial strength. With its robust financial structure, it is in the position of being able to tackle a variety of challenges at any time. The advantage conveyed by the combination of these four strengths is very significant, and I think that this advantage enabled Canon MJ to post record profits by capturing the changing needs of customers even during the difficult business environment of the COVID-19 pandemic.

Hasebe: I have just been appointed to this role, in March 2022, but of the strengths highlighted by Mr. Osawa, I am in particular agreement with him on the sales capabilities of

the Canon MJ Group. With a network that extends nationwide, I feel that in particular this is a company that has the ability to make inroads into the workplaces of small and medium-sized enterprises, to build relationships of trust with customers, and to support customers when problems occur. I would also focus on technological capability. I sense the appeal of its strategy of concentrating on the promotion of security and other IT solutions in recent years. Even when customers find themselves in difficult situations during the COVID-19 crisis, I believe that it is the Company's inherent sales capabilities that enable it to resolve their issues using new technology in IT solutions, including security.

Future Growth and Issues

- Please share with us your thoughts on the future growth of the Canon MJ Group, and the associated issues that it faces.

Dobashi: I have no objection to pursuing new growth by focusing the expansion of operations on the ITS business, and in fact I have high hopes for this course of action. As Mr. Osawa says, the financial base of the Canon MJ Group is sufficiently robust to allow it to be bold in its risk-taking, so in preparation for future expansion, the Group should take an even more active approach to investments for growth than it has in the past. I come from a trading company background, and it is partly because I am informed by that perspective that I have consistently argued for this since I was first appointed Director. I am seeing the Company move in this direction, albeit little by little. I will continue to make this argument going forward.

The issue going forward will be speed. Now in particular, social conditions are changing dramatically and this requires prompt decision-making. I would like to see an emphatic response from the Company on this issue.

Osawa: There are certainly plenty of opportunities for discussion, and I am very satisfied with the feedback we have received on business activities and with the proper explanations we have been given ahead of meetings. Nevertheless, when moving forward with efficiency improvements and process modifications, it is also necessary to arrange matters so that resolutions are taken via as simple a procedure as possible. I agree with Mr. Dobashi that speed is of paramount importance.

In addition, the Canon MJ Group is currently promoting a growth strategy that is centered on the shift to a service-based

business model. At this point priority is being given to large corporations, quasi-major and upper medium-sized enterprises, but I am hopeful that the Group will develop its business among small and medium-sized enterprises going forward. I believe it is perfectly feasible for an organization like Canon MJ Group to leverage its natural strengths to change its existing business, which is centered on hardware sales, and I expect that this will open the way to rapid growth in the future.

Hasebe: Speaking from my own experience as somebody who has worked in the telecommunications industry for many years, IT solution services is an extraordinary important area, and one to which I feel Japanese companies should devote more resources.

The Canon MJ Group has not only sales capabilities at the national level but also the ability to resolve issues at the customer level, so if it can combine existing fields with the promotion of new security and DX offerings, it should be able to provide packaged services. As Mr. Osawa points out, it is likely that such services will help resolve issues such as the new normal and work practice reforms for small and medium-sized enterprises that emerged during the COVID-19 pandemic.

From the perspective of investments for growth, which Mr. Dobashi mentioned, it is essential that the Group invests in and collaborates with startups and upper medium-sized enterprises. On that point, I hope to leverage my own prior experience to engage actively in discussions aimed at moving forward with a sense of urgency.

Three Way Discussion Among Outside Directors

Governance and the Effectiveness of the Board of Directors

- What is your assessment of the governance of the Canon MJ Group, and the effectiveness of the Board of Directors?



Dobashi: What I feel as a result of six years of experience in the role of Outside Director is that this is a company group without governance problems. Since being appointed, no serious compliance problems that would be condemned by society have arisen. Even when looking at the results of the questionnaire into the effectiveness of the Board of Directors, I see that this area scores high marks. As for diversity on the Board of Directors, this is an issue that will require continuous consideration going forward, but my perception is that it has ensured effectiveness. Basically, many of the proposals that come before the Board of Directors have already been thoroughly discussed at the Management Committee or other meetings, and so the Board of Directors does not drift into situations where it is unable to come to an opinion. I myself think that is the way the Board of Directors should operate.

Osawa: From the perspective of governance, the Company must above all fulfill its responsibility to properly explain the appropriateness of the so-called "listed parent and

subsidiaries" situation. You have Canon MJ, which is a listed subsidiary of Canon Inc., and below that you have various other subsidiaries. The Company must be able to provide proper explanations of why this structure is appropriate to institutional investors and minority shareholders.

I am in agreement with Mr. Dobashi on the effectiveness of the Board of Directors, but more than anything else, by clearly expressing our opinion on proposals that touch upon the appropriateness of having both parent and subsidiary listed, we are working to demonstrate the restraining function of governance.

With regard to agenda items for the Board of Directors, as mentioned by Mr. Dobashi in his comments, discussions are often worked out in advance at the Management Committee, and investment projects are tabled after discussion at the IT investment committee, and so on. However, I believe we must look again at these from the standpoint of Outside Directors and ask ourselves whether an investment is appropriate from the viewpoint of society and the economy, and moreover from



the perspective of ESG and the SDGs. I would like to look more carefully not only at the profit of the Canon MJ Group but also at whether an investment benefits society, share the outcomes, and deepen discussions in the Board of Directors. The opinions of the three Outside Directors sitting here are always respected by the Board of Directors, and I believe that Board of Directors governance is functioning effectively.

Hasebe: When I was appointed Outside Director, I received a number of explanations from the person in charge. Even outside the Board of Directors, I was shown the schedules for the holding of gatherings for important discussion and sharing of information, such as the Management Committee and the Business Report Meeting. On the Company's side, the intention is for us Outside Directors to participate as frequently as time allows and to thus deepen our understanding, and this gives me a strong sense of the Company's commitment to sound and transparent management. I myself would like to use the opportunity presented by such gatherings to engage in a variety of discussions.

The Canon MJ Group has devised a course of action for growing in new areas of business such as IT solutions, but there will probably be issues that it will be unable to judge based solely on the experience and knowledge the Group has accumulated so far. In response to any such issues, I myself

intend to actively participate in discussions as an Outside Director, taking past experience into account, and contribute to the forming of a consensus for course of actions over the medium to long term.



Expectations and Ideas for the Future of the Canon MJ Group

- Finally, please share with us your expectations and ideas for future of the Canon MJ Group.

Osawa: I have already mentioned this, but the Canon MJ Group is currently forging ahead with the transformation of its business model with the aim of shifting to the provision of total solution services by making use of IT. I have high hopes that if the Canon MJ Group fully exerts its capabilities, it should be able to achieve further growth. The Board of Directors has discussed various aspects of the issues it will face going forward and how to address them. I would like to continue offering a range of advice as Outside Director with regard to measures to resolve these issues with a greater sense of urgency, including the securing of additional human resources.

Hasebe: We are in an era of social upheaval, and customers' businesses are also undergoing tremendous change. The Group has a business model of interacting closely with

customers to provide them with support, and I feel that this approach plays an extremely important role in resolving the issues faced by society and the economy as a whole. This also links to the achieving of Canon MJ Group's 2025 Vision, and furthermore to the Canon Group's corporate philosophy of *Kyosei*, and the Group shows a renewed commitment to future growth.

Dobashi: I believe that the sustainability of a company is achieved through continuously doing "good work" and through having that acknowledged by customers. It is important to always take care of the customer, and build up work that benefits the customer, one piece after another. To enable it to continue to be such a company, I intend to diligently fulfill my duties as Outside Director.