

# Progress of Medium-Term Management Plan

Long-Term Management Objectives (2021–2025) (as of January 29, 2024)

## 2025 Vision

### Professional corporate group that solves social and customer issues using **ICT** and the power of **humans**

## 2025 Financial Targets

<b>Operating income</b>	<b>Sales</b>	<b>Of which, IT solutions sales</b>	<b>ROE</b>
<b>¥58.0 billion</b>	<b>¥650.0 billion</b>	<b>¥300.0 billion</b>	<b>9.0%</b>
<small>*Upward revision in January 2023</small>			<small>*Upward revision in January 2023</small>

## Medium-Term Management Plan (2022-2025) Basic Policies

<ol style="list-style-type: none"> <li>1. Expand IT Solutions Business with Profit</li> <li>2. Increase the Earnings Capacity of Existing Businesses</li> </ol>	<ol style="list-style-type: none"> <li>3. Strengthen Specialized Areas and Create New Businesses</li> <li>4. Group Management Aimed at Continuous Growth</li> </ol>
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## Results for the Current Fiscal Year and Progress of Plans

	2021 (Result)	2022 (Result)	2023 (Result)	2024 (Forecast)	2025 (Forecast)
<b>Sales</b>	<b>552.1</b>	<b>588.1</b>	<b>609.5</b>	<b>630.0</b>	<b>650.0</b>
of which, IT solutions sales	221.1	241.4	268.9	290.0	300.0
<b>Operating income</b>	<b>39.7</b>	<b>49.9</b>	<b>52.5</b>	<b>54.0</b>	<b>58.0</b>
Operating margin	7.2%	8.5%	8.6%	8.6%	8.9%
<b>ROE</b>	<b>8.2%</b>	<b>9.2%</b>	<b>8.7%</b>	<b>8.4%</b>	<b>9.0%</b>

- Sales in fiscal 2023 increased by 3.6% year on year due to the expansion of sales of SI services and IT infrastructure services, the recovery of office MFP supply, and the brisk sales of new digital interchangeable lens cameras. The IT solutions business, which is positioned as a growth business, continued to perform well, increasing by 11.4% year on year.
- Operating income in fiscal 2023 increased by 5.1% year on year despite an increase in selling, general and administrative expenses as a result of aggressive and effective promotional activities following the transition of COVID-19 to a Class 5 infectious disease, as the increase in gross profit exceeded these factors. A record high was achieved for the third consecutive year.
- In fiscal 2024, we expect to increase sales by 3.4% year on year and operating income by 2.9% year on year by further strengthening the earnings capacity of the Canon product business and expanding sales in the IT solutions business in a manner that also increases earnings capacity. We expect sales in the IT solutions business to increase by 7.8% due to the strong performance of SI projects for the manufacturing and financial industries, despite the lack of large IT infrastructure projects which were in the previous year.
- In terms of ROE, we will accelerate business investment for growth and reinforce the cycle of reinvesting generated profits into growth businesses, to improve capital efficiency and earnings capacity. We aim to establish a structure that can reliably achieve ROE of 9% or higher, and aim to achieve 10% in the near future.
- **We revised upward the net sales forecast to ¥645.0 billion in the "Q1 2024 Results Presentation" announced on April 23, 2024. We aim to achieve the 2025 sales target one year ahead of schedule by accelerating the expansion of the strong IT solutions business.**

### Basic Policy 1

#### Expand IT Solutions Business with Profit

**Measures**

- Implement the service-type business model to expand the stock business
- Carry out and accelerate strategies for different customer groups

**Achievements**

- Achieved steady growth in the IT solutions business towards the expansion of a service-type business model.
- By business area, we focused on expanding the maintenance and operation service/outsourcing area. We made Tokyo Nissan Computer System (currently TCS) a wholly owned subsidiary in November 2023.
- ITS business by customer segment grew steadily in each area toward the 2025 plan figures.

### Basic Policy 2

Increase the Earnings Capacity of Existing Businesses

### Basic Policy 3

Strengthen Specialized Areas and Create New Businesses

### Basic Policy 4

Group Management Aimed at Continuous Growth

## Sales results and targets by business area

Business Area	2020	2021	2022	2023	2024 Forecast	2025 Forecast
Systems integration services	70.9	73.0	82.0	98.6	108.0	75.0 (25%)
Maintenance and operations services/outsourcing	37.2	47.6	50.5	55.0	64.0	
IT products and system sales	101.3	100.5	108.8	115.3	118.0	
<b>Total</b>	<b>209.4</b>	<b>221.1</b>	<b>241.4</b>	<b>268.9</b>	<b>290.0</b>	<b>300.0</b>

The IT solutions business's sales target of ¥300.0 billion for fiscal 2025 is expected to be achieved one year ahead of schedule in fiscal 2024 thanks to the inclusion of Primagest into the Group.

<sup>1</sup> Fiscal 2020 results have been reclassified because the network camera business has been counted as an IT solutions business since fiscal 2021.  
<sup>2</sup> A certain product business was reclassified in fiscal 2022, but fiscal 2021 results were not changed.  
<sup>3</sup> Fiscal 2024 forecast figures were announced on January 29, 2024.

## Progress on ITS business KPIs by customer segment

<div style="border: 1px solid #ccc; padding: 2px; font-size: 0.8em;">Co-creation with customers</div>	<div style="background-color: #003366; color: white; padding: 5px; font-weight: bold;">Enterprise</div>	<p><b>Edge solutions<sup>1</sup></b></p> <table style="width: 100%; text-align: center;"> <tr> <td>2021</td> <td>2023</td> <td>2025</td> </tr> <tr> <td>¥23.0 billion</td> <td>¥27.0 billion</td> <td>¥45.0 billion (Net sales)</td> </tr> </table>	2021	2023	2025	¥23.0 billion	¥27.0 billion	¥45.0 billion (Net sales)	<p><b>Security</b></p> <table style="width: 100%; text-align: center;"> <tr> <td>2021</td> <td>2023</td> <td>2025</td> </tr> <tr> <td>¥32.5 billion</td> <td>¥37.1 billion</td> <td>¥48.5 billion (Net sales)</td> </tr> </table>	2021	2023	2025	¥32.5 billion	¥37.1 billion	¥48.5 billion (Net sales)	<p><b>ITO<sup>3</sup> and BPO</b></p> <table style="width: 100%; text-align: center;"> <tr> <td>2021</td> <td>2023</td> <td>2025</td> </tr> <tr> <td>¥21.5 billion</td> <td>¥26.0 billion</td> <td>¥32.0 billion (Net sales)</td> </tr> </table>	2021	2023	2025	¥21.5 billion	¥26.0 billion	¥32.0 billion (Net sales)	<div style="background-color: #c00; color: white; padding: 5px; font-weight: bold; writing-mode: vertical-rl; transform: rotate(180deg);">Create value through a service-type business model</div>
2021	2023	2025																					
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<div style="border: 1px solid #ccc; padding: 2px; font-size: 0.8em;">Full support for customers</div>	<div style="background-color: #c00; color: white; padding: 5px; font-weight: bold;">Area</div>	<p><b>HOME<sup>2</sup> and IT maintenance and operations</b></p> <table style="width: 100%; text-align: center;"> <tr> <td>2021</td> <td>2023</td> <td>2025</td> </tr> <tr> <td>135,000</td> <td>190,000</td> <td>220,000 (Number of contracts)</td> </tr> </table>	2021	2023	2025	135,000	190,000	220,000 (Number of contracts)															
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<sup>1</sup> Edge solutions: Imaging solutions, digital document services, mathematical and demand forecasting, low-code development  
<sup>2</sup> HOME: IT support cloud service  
<sup>3</sup> ITO: IT outsourcing service

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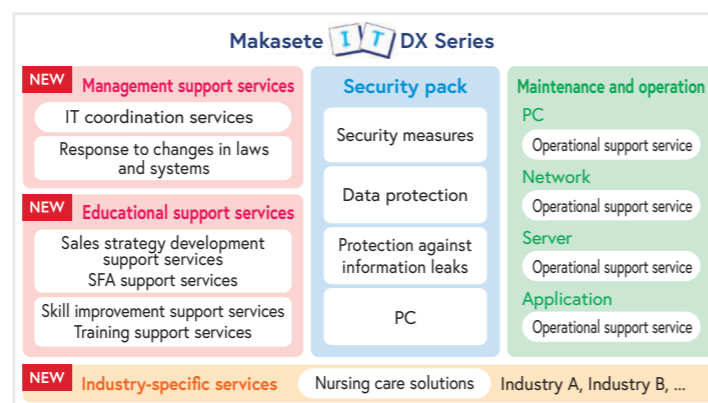
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Progress of Medium-Term Management Plan

Category	Edge solutions	HOME and IT maintenance and operation (Makasete IT DX Series service)	Security	ITO and BPO
Activity policy	For imaging solutions, we will actively form capital and business alliances to expand the areas where we offer value. For digital document services, we will enhance the Digital Work Accelerator services to solve customer issues.	We will expand the one-stop support service for planning, selection, introduction, operation, maintenance, and education on optimal IT solutions to provide comprehensive DX support for SMEs.	We will help customers resolve security issues by offering comprehensive security solutions for protecting the three management assets of information, personnel and property, in two aspects of security, namely cyber security and physical security.	ITO will expand high value-added services in and actively invest in the data center business. BPO will take advantage of the strengths of QB5 Inc. to develop business for a wide range of customers.
Main activities in fiscal 2023 (progress of the plan)	In imaging solutions, we formed a capital and business alliance with AWL, Inc., and in digital document services, we launched an invoice receipt service.	We expanded the lineup of the Makasete IT DX Series and released nursing care solutions as an industry-specific service.	We launched Cato SASE Cloud, which centrally provides network and security functions such as VPN on the cloud.	We integrated various IT infrastructure services under the SOLTAGE brand and strengthened it as the core of IT infrastructure services.

Focus

- ▶ In April 2023, we started offering management support services and education support services as new services that are part of the Makasete IT DX Series. We support everything from IT investment planning to human resource development, in addition to IT selection, introduction, operation, and maintenance.
- ▶ In June 2023, we formed a capital and business alliance with CARE CONNECT JAPAN, Inc., and released nursing care solutions as the first industry-specific service. We will continue to promote the expansion of new industry-specific services.



**Basic Policy 1** Expand IT Solutions Business with Profit

**Basic Policy 2** Increase the Earnings Capacity of Existing Businesses

**Basic Policy 3** Strengthen Specialized Areas and Create New Businesses

**Basic Policy 4** Group Management Aimed at Continuous Growth

**Measures**

- Develop strategies tailored to each customer segment
- Further enhance the profitability of main product businesses

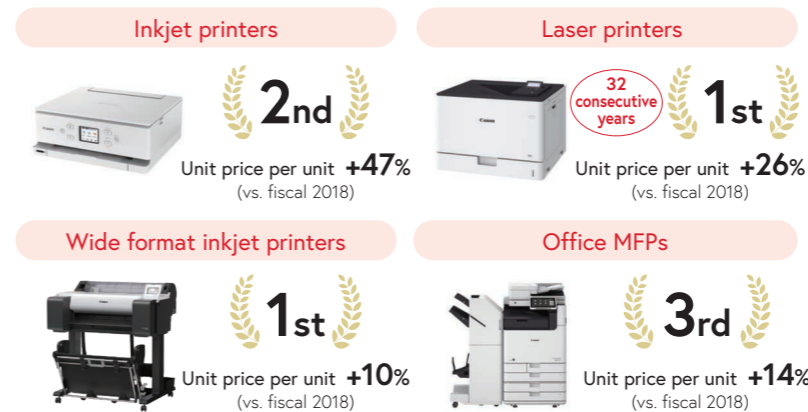
**Achievements**

- Carried out strategies for specific targets to increase earnings capacity by intensively carrying out strategies for different customer segments for the printing business, and stepping up our approaches to the intermediate customer group which has strong interests in photography for the camera business.

Focus

- ▶ In both the printing and camera businesses, we maintain a high market share and improve the unit price per unit under strategies for specific targets, thereby increasing earnings capacity.

Printing Business



Camera Business



**Basic Policy 1** Expand IT Solutions Business with Profit

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**Basic Policy 4** Group Management Aimed at Continuous Growth

**Measures**

- Ensure continuous growth of the industrial equipment business
- Create new businesses

**Achievements**

- For further growth in the industrial equipment business, we steadily shifted towards becoming a platform holder with multi-vendor maintenance capabilities, and focused particularly on expanding semiconductor services in which profitability and continuity can be expected.

**Basic Policy 1** Expand IT Solutions Business with Profit

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**Basic Policy 4** Group Management Aimed at Continuous Growth

**Measures**

- Maximize the value of human capital
- Establish an engagement improvement cycle
- Accelerate business investments toward growth

**Achievements**

- Had the employees take Conducted DX certification and DX business certification exams as part of efforts to strengthen DX education.
- The engagement score for fiscal 2023 increased compared to the previous year.
- Proactively carried out M&As and capital investments, and investments in systems and human resources.

[Related page]

- ▶ Financial Strategy on pages 25-28
- ▶ Human Resources Strategy on pages 29-38

# Overview of Businesses by Segment

Our business mainly consists of the Canon product business and the IT solutions business. As for customer segments, Canon MJ operates in the four specific categories, the Consumers, Enterprise, Area, and Professional segments, and helps many customers create value.

## Consumers

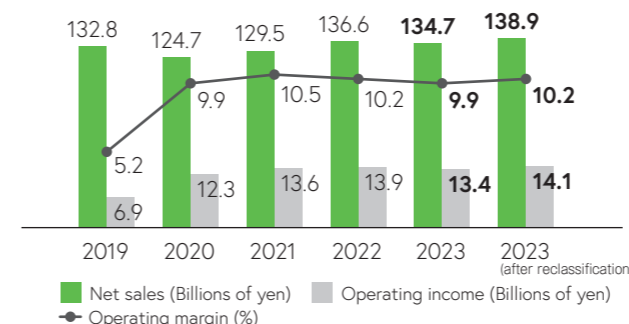
Customer segment: Individuals

Fiscal 2023 net sales  
**¥138.9 billion**

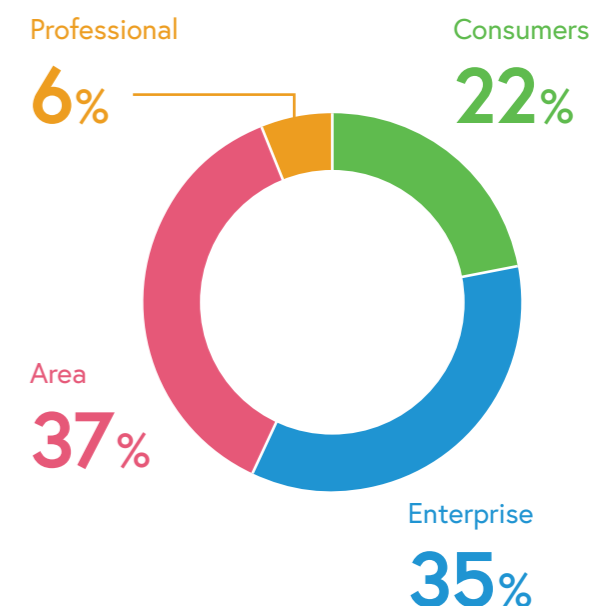
We sell Canon products such as cameras, which have been manufactured since our founding; imaging products; and inkjet printers, as well as non-Canon consumer products, to individual customers through retailers, online stores, and other business formats.



Net Sales, Operating Income, and Operating Margin\*



## Fiscal 2023 Breakdown of Net Sales by Customer Segment



## Enterprise

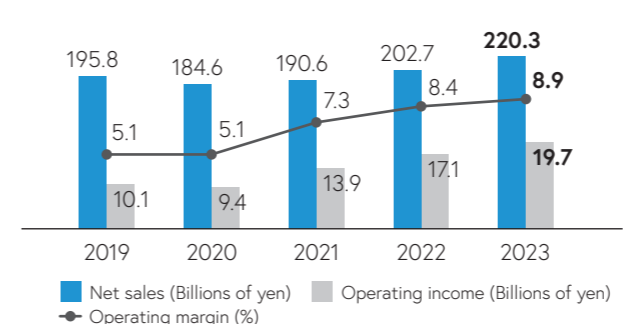
Customer segment: Large corporations and quasi-major and upper medium-sized enterprises

Fiscal 2023 net sales  
**¥220.3 billion**

We sell Canon products and IT solutions directly to large corporations and quasi-major and upper medium-sized enterprises to resolve management issues that vary by industry and business category. Our Major Account Headquarters is in charge of large corporations while our General Business Solution Headquarters is in charge of quasi-major and upper medium-sized enterprises. Meanwhile, Canon IT Solutions Inc. is in charge of both customer groups.



Net Sales, Operating Income, and Operating Margin



## Fiscal 2023 Breakdown of Net Sales by Business Segment



## Area

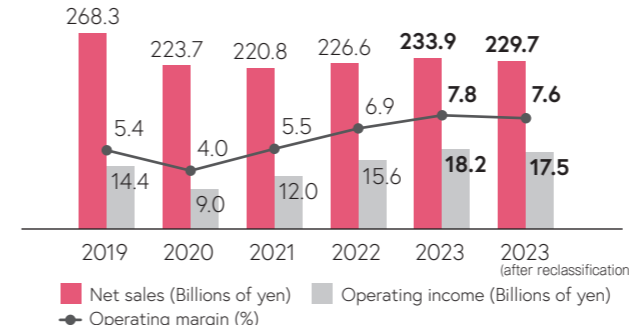
Customer segment: Small and medium-sized enterprises

Fiscal 2023 net sales  
**¥229.7 billion**

We provide Canon products and IT solutions to small and medium-sized enterprises in Japan by fully leveraging our diverse channels for indirect sales through business partners and system partners and direct sales through Canon System & Support Inc.



Net Sales, Operating Income, and Operating Margin\*



## Professional

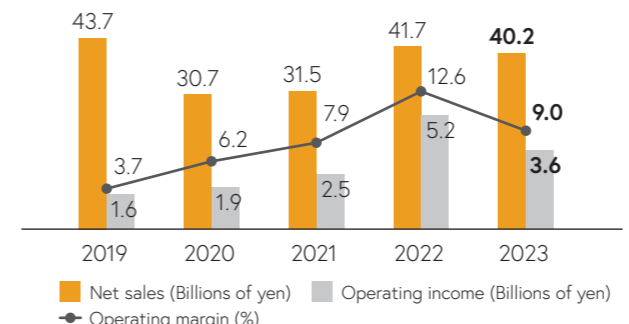
Customer segment: Specialist fields

Fiscal 2023 net sales  
**¥40.2 billion**

We provide products and solutions for customers in specialist fields, such as production printing, industrial equipment, and healthcare.



Net Sales, Operating Income, and Operating Margin



\*In fiscal 2024, we transferred the organization of some sales channels in the Area segment to the Consumer segment. Accordingly, the results for fiscal 2023 have been reclassified between these segments.

# Consumers Segment

As we value our connection with customers, we will promote one-to-one marketing and create customer value that exceeds expectations to further strengthen profitability

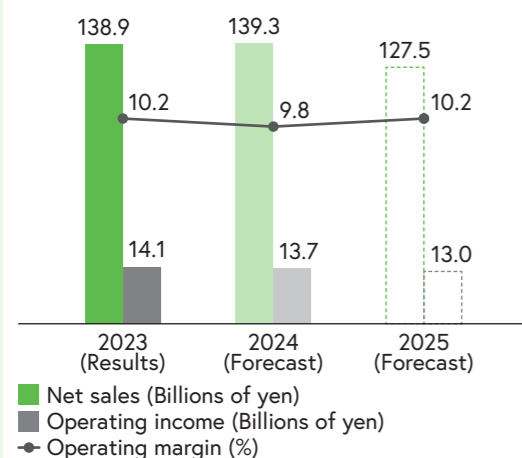
Senior Vice President, Director of Consumers Business Unit **Koichi Mikami**



We sell Canon products such as cameras, which have been manufactured since the time of our founding; imaging products; and inkjet printers, as well as non-Canon consumer products, to individual customers through retailers, online stores, and other business formats.

## Segment Targets/Our Strengths

Net Sales, Operating Income, and Operating Margin



## 2023 Performance Highlights

- Sales of digital interchangeable lens cameras remained strong thanks to increases in opportunities to take pictures and increases in sales of the EOS R series.
- Sales of inkjet printers decreased due to a shrinking market.
- Sales of IT products rose slightly because sales of high-performance PCs and PC peripherals remained strong.

### Our Strengths

- Leading share of the digital interchangeable lens camera market
- A membership organization and a diverse menu of services for customers with a strong interest in photography
- Detailed services and support systems for photographers
- Marketing capabilities from the customer's perspective, including product exploration and channel development

## Awareness of the Market Environment

### Opportunities

- Increasing number of photo opportunities due to the recovery of demand for events and travel
- Growing needs for video creation centered around social media
- Growing needs for broadcast camera systems to communicate natural disasters in real time

### Risks

- Shrinking digital interchangeable lens camera market due to further functional improvements in digital devices
- Reductions in print volume due to changes in printing environment

## Toward Achieving the Goals of Our Medium-Term Management Plan

In the consumer market, where trends and technological innovation are rapidly changing and emerging, we strive to deliver value that exceeds customer expectations. In the camera business, we will promote one-to-one marketing to strengthen our connection with the intermediate customer group by focusing on expanding sales of full-frame models, and enhancing service menus. In the printing business, we will expand sales channels in the SOHO market and e-commerce market, focusing on the sales of high-unit-price products. Furthermore, we will accelerate the creation of new businesses that will become pillars of earnings, and aim to maintain sales and improve earnings capacity.

## Case Study

### Fostering of Photographic Culture / Creating Customer Experience Value Tailored to Each Individual Customer

We promote a variety of activities for customers with a strong interest in photography, including professionals and avid photography enthusiasts. The Canon Photo Circle has been enriching the photographic lifestyles of its many members since 1954 by providing a wide range of information, such as introductions to the works of professional photographers, details on new products, and shooting and printing techniques. Meanwhile, the Canon Photo Contest, which was established in 1953, is said to be the largest of its kind in Japan and has received numerous entries from professionals and amateurs alike. Furthermore, we have been a special sponsor of the Photo Koshien (National High School Photography Championships) since its first event, and supported the development

of creativity and sensitivity in high school students (584 schools participated in 2023). In 2024, we consolidated user accounts (IDs) into Canon ID for the purpose of providing optimal information and support for photo and video activities tailored to each customer's needs. This makes it possible to conveniently use the applications and services provided by Canon with a single account. We will continue to contribute to fostering photo culture, and help our customers enjoy photography more.



Club photo session—a subject-specific event under the guidance of a professional photographer

### Incorporating Canon's Imaging Technology into Our Broadcasting Activities

Broadcast lenses handled by our broadcasting business enable high-definition video production at broadcasting stations and in the video production industry. In addition, broadcasting camera systems, known as weather-cams, which are installed at broadcasting stations and key points such as airports and coastal areas, contribute to society by conveying real-time images of heavy rain, storms, earthquakes, and other natural disasters.

In recent years, the demand for video content has rapidly grown in the video production market, and a great deal of content is being produced and distributed. In fiscal 2021, Canon Inc. brought together its

long-cultivated imaging and network technologies to develop a remote camera system for video production that offers high image quality and streamlines photographic workflow. We will continue to deliver such products and solutions that address the growing needs of customers for remote methods of video production that offer greater efficiency and labor-saving merits.



BU-43U outdoor remote camera installed on a building rooftop

### Initiatives for Creation of New Value

We are actively taking on the challenge to explore new businesses that fit the times from a market-in perspective, as we sense changes in the environment.

One example is the PowerShot V10, a new concept camera developed and launched to expand the base of the video market.

Based on the catchphrase "Let's Vlog 365 days a year," it is equipped with a 1.0-type CMOS sensor and a large-diameter microphone for serious functions while enjoying easy video shooting with a smartphone-like design.

We are working to provide new imaging value to our core customers of video creators and vloggers, as well as to smartphone users who have never purchased a camera before.

Furthermore, it is not limited to consumer use, but is also envisioned for use in the B2B market as video shooting equipment.

In addition, the Privacy Talk wearable noise reduction device supports comfortable online communication in various places and environments by reducing one's own voice and minimizing surrounding noise.

Ichikara Lab, Canon MJ's first in-house start-up, handled everything from concept planning to product commercialization and marketing.

We will continue to listen to the voices of our customers, and explore and create new products and services with an eye to the future.



PowerShot V10 vlog camera



Privacy Talk wearable noise reduction device

# Enterprise Segment

**Aiming to increase sales and profits for five consecutive fiscal years Through in-depth analysis of customers and industries and the use of proprietary technologies, we will enhance the quality of our proposals and deepen co-creation with our customers, thereby transforming our service-type business into a new pillar of earnings**

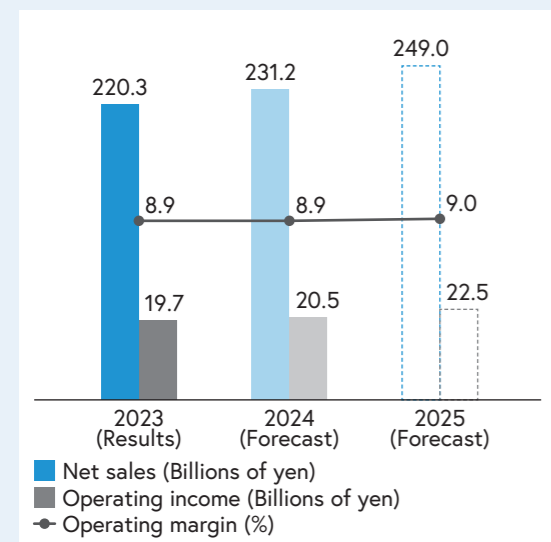
Senior Vice President, Director of Enterprise Business Unit **Hiroyuki Matsumoto**

We provide Canon products, IT solutions and BPO services that help resolve the various industry- and business-specific issues of our vast range of customers, from large corporations to quasi-major and upper medium-sized enterprises, public agencies, and educational institutions.



## Segment Targets/Our Strengths

Net Sales, Operating Income, and Operating Margin



### 2023 Performance Highlights

- Sales of IT solutions increased significantly due to an increase in the number of large-scale SI projects and the solid performance of the second data center
- Sales of office MFPs increased due to recovery of product supply. Sales of laser printers increased thanks to multiple large deals in the fourth quarter.

#### Our Strengths

- Deep and extensive customer base developed through long-standing solid relationships with our customers
- System construction and development capabilities by approximately 3,500 system engineers mainly from Canon IT Solutions
- Highly sophisticated technological capabilities such as proprietary software technology, mathematical technology, language processing technology, and image analysis technology
- Collective strength that allows us to provide a range of IT infrastructure services centered on data centers as well as proposals, development, maintenance and operations of Canon products and systems

## Awareness of the Market Environment

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| <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Expansion of IT investment accompanying business model transformation</li> <li>• Greater demand for IT solutions and BPO due to diversified business processes in response to the need to improve operational efficiency, enable employees to concentrate on core duties, and offset the declining workforce</li> <li>• Growing demand for security measures in response to rising cyberattacks and information leaks</li> </ul> | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Lack of talent and intensifying competition for securing highly skilled professionals in the IT market</li> <li>• Rapidly increasing number of paperless offices due to widening adoption of telework and digital workflow</li> </ul> |
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## Toward Achieving the Goals of Our Medium-Term Management Plan

The MA Headquarters and GB Solution Headquarters will steadily expand existing businesses, such as Canon products, document solutions, and imaging solutions, while Canon IT Solutions will expand systems integration services as well as solutions such as mathematical and demand forecasting and low-code development. Moreover, each organization within the business unit will work together to create and expand a new service-type business model through co-creation with customers and turn it into a pillar of earnings. To these ends, we will expand business by investing in human capital and leveraging synergies with Group companies both inside and outside of the Enterprise Business Unit.

### Canon IT Solutions Inc.

**We are co-creating the future with our customers by leveraging our unique technologies and developing highly skilled professionals, thereby achieving ITS3000 ahead of schedule.**

President, Canon IT Solutions Inc. **Akira Kanazawa**

Canon IT Solutions is a systems integrator that engages in the development, operation, and maintenance of systems for a wide range of sectors, primarily manufacturing and finance, and provides services to businesses centered on data centers. On the strength of our high levels of quality control, we offer a vast array of solutions that make use of our very own software and mathematical technologies that have been cultivated over many years.



Aiming to realize VISION 2025, Canon IT Solutions Inc.'s vision for fiscal 2025, we will strengthen management based on our medium-term management plan, which places emphasis on processes and key performance indicators, and forge even further ahead with the development of our three VISION 2025 business models: the service-type business model, the systems integration model, and the business co-creation model.

With the service-type business model, we will address the issues shared by many of our customers by drawing on our technology and knowledge of various industries and businesses accumulated to date. The systems integration model will facilitate our development of systems that capture the essence of our customers' issues and underpin their businesses at every stage of the IT life cycle, including maintenance and operations. With the business co-creation model, we will look into business-related issues that our customers are unaware of and co-create solutions from a DX point of view. We also remain committed to developing highly skilled professionals so that we can provide even greater value to customers through these three business models. As the centerpiece of the Canon MJ Group's ITS3000 strategy, Canon IT Solutions will orchestrate the achievement of this strategy.

## Joint Proposal by Canon MJ and Canon IT Solutions (Edge Solutions)

### "Large-Scale Disaster Rapid Response Solution" for Property and Casualty Insurance Companies

With the occurrence of large-scale disasters such as earthquakes and extreme rainfall events on the rise in recent years, expediting procedures from on-site investigation (damage assessment) to payment has become an urgent issue for property and casualty insurance companies in order to support the reconstruction of the lives of disaster victims.

Our Large-Scale Disaster Rapid Response Solution for property and casualty insurance companies aims to support efficient damage assessment and prompt insurance claim payment through various IT services.

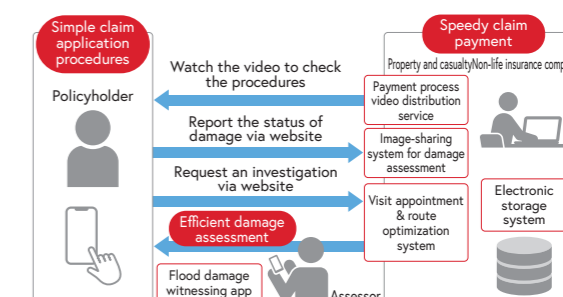
Its main services include: a payment process video distribution service that outlines the series of procedures from application to receipt of insurance claims and can be viewed even at the time of a disaster when it is difficult to make a phone call; an image-sharing system for damage assessment that allows policyholders to complete the assessment process by simply taking and sending their own pictures of the damage; a visit appointment & route optimization system where the policyholders are able to schedule a visit by an assessor if necessary and the optimal route of dispatch for the assessor is automatically assigned; a flood damage witnessing app that allows assessors to complete insurance claim payment procedures simply by entering information

on the flood damage at the site into a tablet device in the event of a storm or flood disaster; and an electronic storage service that digitizes procedures related to insurance claim application in disaster-stricken areas, making it possible for information to be shared and retrieved quickly.

Among these services, the visit appointment & route optimization system utilizes the same mathematical technology from Canon IT Solutions applied in logistics optimization solutions.

Our solutions were put to use during the Noto Peninsula earthquake that occurred in January 2024.

We will continue to provide solutions that leverage our IT and extensive business knowledge to help speed up support for victims of large-scale natural disasters.



# Area Segment

**Aiming to increase sales and profits for four consecutive fiscal years**

**We will expand the scope of DX support from IT investment planning to education to provide total support for business innovation for SMEs with room for development**

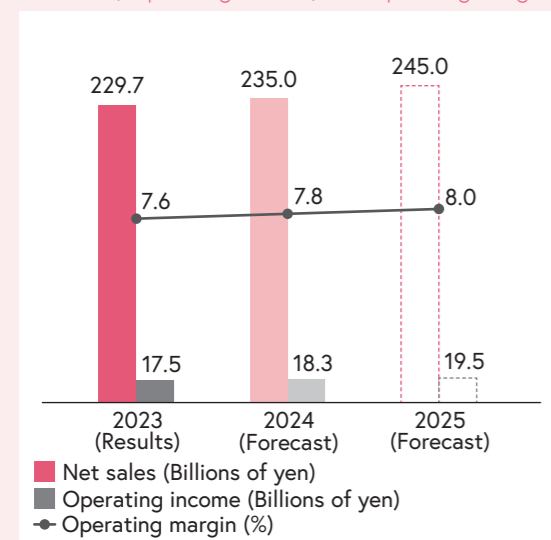
Vice President, Director of Area Business Unit **Yasuyuki Uotani**



We provide Canon products and IT solutions to small and medium-sized enterprises in Japan by fully leveraging our diverse channels for indirect sales through business partners and system partners and direct sales through Canon System & Support Inc.

## Segment Targets/Our Strengths

Net Sales, Operating Income, and Operating Margin



**2023 Performance Highlights**

- Sales of IT solutions increased thanks to recovery of the supply of business PCs, winning multiple projects for building IT infrastructure, and an increase in the number of orders for the *Makasete IT DX Series*.
- Sales of office MFPs increased due to recovery of product supply. Sales of laser printers decreased due to a rebound from the shipment increases resulting from the recovery of supply in the previous year.

### Our Strengths

- Diverse sales channels that span across the country, such as our business partners that serve prominent local firms, system partners that are mainly involved in the systems integration business, and Canon S&S, which engages in direct sales
- Ability to propose optimal solutions by combining Canon products, ERP packages, security products, maintenance and operations services, and a variety of other products and services

## Awareness of the Market Environment

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| <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Rising demand for IT investments as SMEs look to digitalize their business</li> <li>• Rising demand for security risk measures</li> <li>• Responding to amendments to laws pertaining to SMEs</li> <li>• Growing demand for business PCs and related products following the end of Windows 10 support</li> <li>• Expanding AI and cloud services markets</li> </ul> | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Lack of talent and intensifying competition for securing highly skilled professionals due to declining labor population</li> <li>• Reductions in print volume at offices due to changes in working styles</li> <li>• Business succession risks due to aging and declining labor population</li> </ul> |
|--|--|

## Toward Achieving the Goals of Our Medium-Term Management Plan

IT investment is drawing greater interest among customers of SMEs as a solution to issues such as the need to streamline operations due to labor shortages and strengthen security.

Together with our diverse sales channels throughout the country, we will work to (1) expand sales of document solutions that capture digitalization trends, (2) expand security solutions sales partners, and (3) accelerate the incorporation of Canon products and solutions into partners' sales strategies and expand integrated IT solutions services that cover the selection, introduction, maintenance, and operation of IT equipment. In this way, we will accelerate supporting SME customers in solving their issues and in their business innovation.

Canon System & Support Inc.

**At Canon System & Support, we strive to continue expanding our profitable service-type business by addressing the concerns of SME customers across Japan through our comprehensive line of support services.**

President, Canon System & Support Inc. **Takeshi Hiraga**



Canon System & Support is in charge of the direct sales of Canon products and IT solutions and consulting services for SMEs in Japan. Leveraging our nationwide business network and group synergies, we provide support services on a one-stop basis for planning IT investments, selecting and implementing the most optimal solutions to customers' issues, day-to-day operations after implementation, maintenance when problems arise, and education.

Over the years, we have been providing customers with the tools and infrastructure for communicating information to as many people as possible and to people as far away as possible, which are essential to the continuity of our customers' businesses, and helping ensure stable operations in the process. Since the 1990s, we have been addressing the changing needs associated with the proliferation of PCs and the internet by providing a range of solutions, including corrective maintenance for PCs and security devices, in a timely manner. Nowadays, SME customers are faced with issues such as uncertainty with regard to the implementation of DX and a lack of personnel with IT knowledge. In response to these needs, we provide a comprehensive line of support services to assist our customers in conducting business, such as by helping them plan IT investments and select and implement appropriate IT system, ensuring stable operations through support for day-to-day maintenance and operations when problems occur, and offering IT literacy training support. We will continue to help customers evolve their business through the use of IT by acquiring and developing highly knowledgeable and skilled personnel.

## Development of the *Makasete IT DX Series* to Fully Support the IT Environment of SMEs

### Providing new value in line with changing markets and society

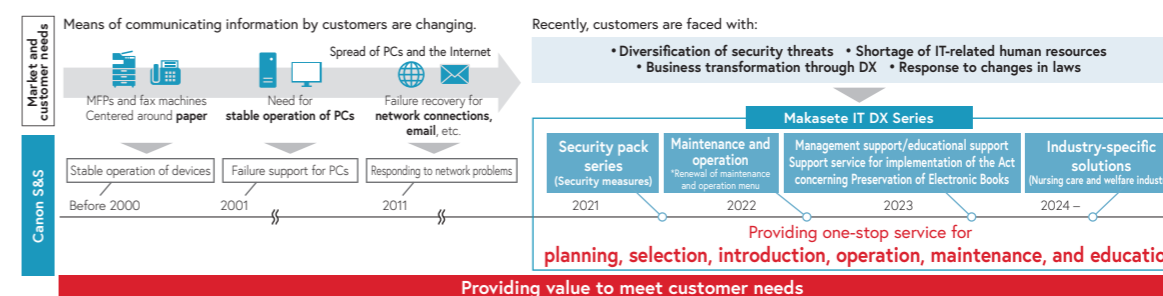
For SME customers in Japan, the Group has provided, and supported the stable operation of, tools and infrastructure that respond to the changing times to help customers communicate information to as many people as possible and to people as far away as possible, through collaboration between local business partners and Canon System & Support. In line with this, we are also developing internal business systems and training human resources for these systems.

In the past, we established a maintenance and repair structure to minimize customer downtime as copiers and MFPs became more popular. As the Internet became widespread in the 2000s, Canon System & Support has established a support structure and provided IT maintenance services by training engineers to assist the stable operation of PCs and

networks. In recent years, we have been pursuing initiatives to resolve issues when they are first received at our customer support center that handles calls for PC and network problems, without dispatching engineers to the customer's site.

While pursuing such initiatives, Canon System & Support focused on the fact that customers' IT infrastructure issues are related to day-to-day operations, reviewed its IT maintenance system, and added maintenance and operation services to the *Makasete IT DX Series* to strengthen operational support services. We have now started an initiative to receive calls from the customers of our business partners at the customer support center, and we will continue to work with our business partners to help customers in more regions to facilitate their business.

### Expanded IT maintenance service menu to meet customer needs



# Professional Segment

We provide products and solutions for customers in specialist fields, such as production printing, industrial equipment, and healthcare.

## Production Printing

**Working to expand sales and further improve profitability**  
**We will enhance our solution business for workflow innovation to promote the digitalization of the printing industry**

President, Canon Production Printing Systems Inc. **Katsumi Ueda**



We propose a range of solutions that combine hardware and software in the data printing services, publication and commercial printing, industrial printing, point-of-purchase systems, large format printing, document services, and other business fields.

### 2023 Performance Highlights

- Although we were able to receive multiple orders for the *ProStream* high-speed continuous feed printer and the *Colorado* industrial printing printer, which led to the development of the publication and commercial printing market, data printing service market, and industrial printing market, sales in this business area decreased due to the loss of multiple projects for high-speed continuous feed printers in the previous fiscal year.

#### Our Strengths

- Long-cultivated software development capabilities for workflow innovation
- High level of technical capabilities that have supported the stable operation of products and software
- Solution proposal capabilities for solving potential customer issues
- Strong organizational capabilities with integrated sales, planning, development, and services

### Toward Achieving the Goals of Our Medium-Term Management Plan

In the printing market, which is transitioning from analog to digital, we aim to transform our business portfolio so that we become a solutions company that can resolve diverse and complex customer issues through total solution proposals combining hardware, such as high-speed continuous feed printers, and software, including pre- and post-printing processes, and contribute to the expansion of the Canon MJ Group's profits.

## Industrial Equipment

**Aiming for dramatic growth to realize net sales of ¥50.0 billion in the future**  
**As a robust and resilient platform holder that is indispensable to our customers, we address domestic needs with superior overseas technologies**

Executive Officer, Group Executive of Industrial Equipment **Shunichi Minezaki**



We procure semiconductor-related equipment, testing and measuring equipment, and optical measuring equipment from Japanese and overseas manufacturers and sell them primarily to semiconductor manufacturers, and also provide installation and maintenance support.

### 2023 Performance Highlights

- Although sales of power semiconductors for automobiles, related services, laser interferometers, and the component business grew steadily, sales in this business area decreased due to the absence of multiple projects for semiconductor manufacturing systems, etc. in the previous fiscal year.

#### Our Strengths

- Ability to research and discover outstanding products from overseas based on the latest technological trends
- Highly specialized personnel who import a variety of unique products and provide sales, installation, and maintenance support for these products

### Toward Achieving the Goals of Our Medium-Term Management Plan

The semiconductor market is expected to continue to see strong investments, boosted by government subsidy policies. By expanding sales of the semiconductor service business, in which profitability and continuity can be expected, we will strengthen our revenue base to one that is resilient to market changes. We will also steadily pursue partnerships with overseas business partners and launch new businesses, and expand the scale of our non-semiconductor businesses to achieve the enhancement of the scale of our businesses with the aim of improving profits.

## Healthcare

**Aiming to achieve net sales of ¥20.0 billion as soon as possible and improve the profit margin**  
**As one of Japan's leading independent systems integration vendors in healthcare, we provide comprehensive support for our customers' digitization needs and contribute to improving the quality of healthcare**

President, Canon ITS Medical Inc. **Yoshinobu Kuroi**



As a systems integrator that offers a wide range of IT solutions and services to the medical and healthcare sectors, centered on electronic medical records, we provide a one-stop service that covers everything from system proposals and development to installation, operations, and maintenance.

### 2023 Performance Highlights

- Sales in this business area increased significantly thanks to the acquisition of a new customer base of medium and large-sized hospitals as a result of the transfer of the medical information systems integration business from Canon Medical Systems. Additionally, there was an increase in the number of projects due to the mandatory introduction of online insurance eligibility verification systems as a national policy in Japan, and expansion of sales of electronic prescriptions

#### Our Strengths

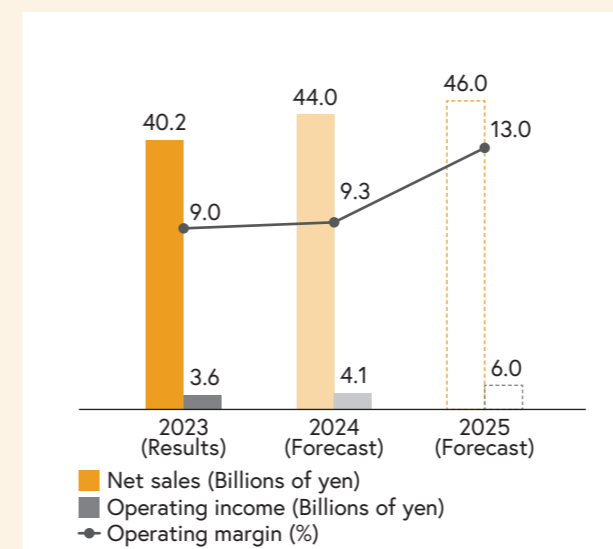
- Possession of a specialized and advanced structure specific to medical information systems integration, covering development, assembly, installation, operations, and maintenance
- Efficient provision of solutions that meet customer needs through the development and offering of cloud services that comply with medical guidelines

### Toward Achieving the Goals of Our Medium-Term Management Plan

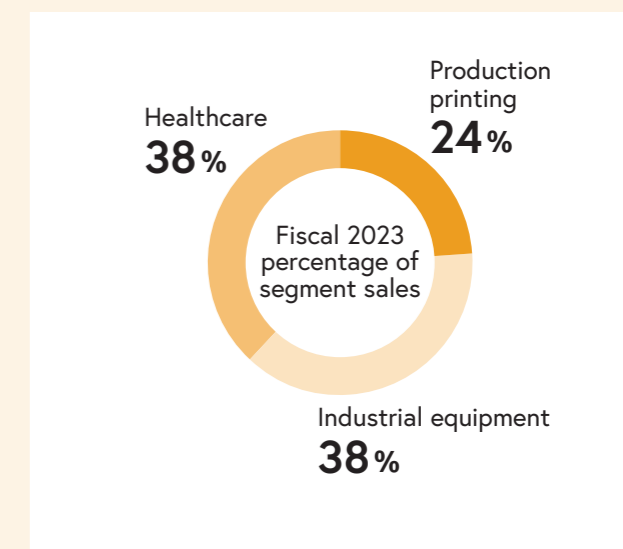
The spread of electronic medical records in medical settings is expected to progress under the government-led Medical DX Vision 2030. We promote essential DX in the field by combining hardware and software from a broad range of products to solve issues that vary from customer to customer, ranging from hospitals to clinics and dispensing pharmacies. In addition, by demonstrating the effects of the business integration with Canon Medical Systems, we will solidify our customer base, expand our stock business, and aim to achieve ¥20.0 billion in net sales and improve earnings capacity.

## Segment Targets

Net Sales, Operating Income, and Operating Margin



Percentage of segment sales



## Business Process Outsourcing (BPO)

### Achieving Drastic Business Growth through Our Unrivaled Business-Specific BPO Services in the Promising BPO Market

Senior General Manager, BPO Management Center **Junji Asano**



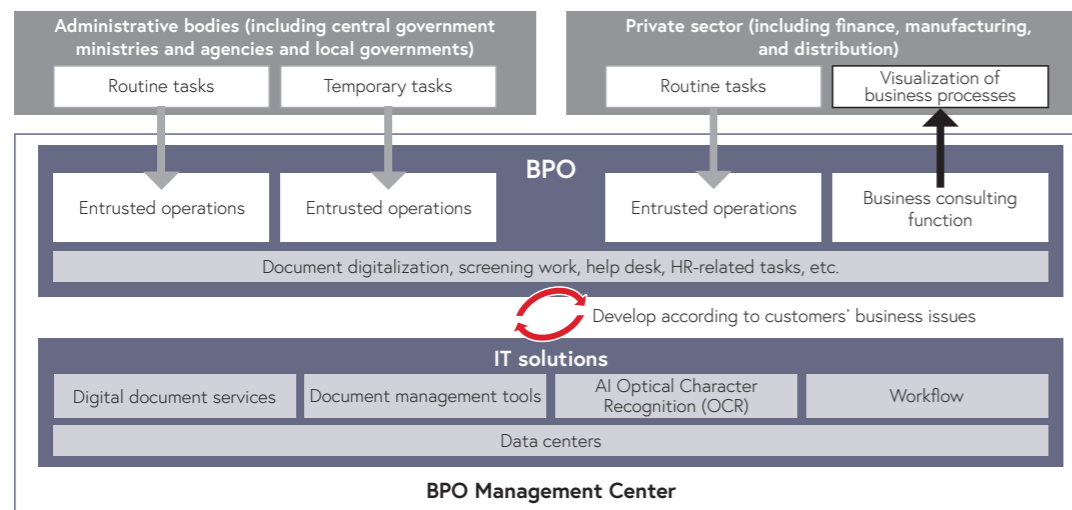
Canon MJ Group's BPO provides business process outsourcing services to a broad range of customers, including large corporations, quasi-major and upper medium-sized enterprises, as well as administrative bodies such as central government ministries and agencies and local governments, based on the trust that we have cultivated through our printing and IT solutions businesses. We aim to execute high-quality operations on the behalf of our customers by introducing the latest technology and improving operations.

#### Structure

The BPO Management Center consists of more than 1,400 members from Canon MJ and four BPO-related Group companies: At Canon MJ, we are developing a business platform that enables us to provide even better services, such as service planning, operational infrastructure development, and audits. Meanwhile, Canon BizAttenda is in charge of performing the business planning process of each project, managing their operations, and making improvements while Canon Business Support works to streamline internal business processes and enhance operational quality.

We have also teamed up with Canon Production Printing Systems Inc., a provider of on-demand color printing and data printing services, as well as highly specialized external partners to develop a structure that is even more conducive to addressing the increasingly sophisticated needs of our customers.

We have also been focusing on developing services specialized in specific operations and industries in recent years. In August 2022, we welcomed QB5 Inc. to the Group, which provides BPO specialized in human resources and labor operations, and in March 2024, we welcomed Primagest to the Group, whose strength lies in BPO specialized in financial industry.



#### Toward Achieving the Goals of Our Medium-Term Management Plan

The demand for BPO services is expected to increase as employment status and workstyles are being reviewed amid worsening labor shortages. Canon MJ helps customers overcome such social hurdles as the labor shortage and workstyle reform through the BPO services it provides. We are establishing and rolling out industry-specific services based on the knowledge gained from large-scale projects involving screening work for financial institutions and administrative agencies.

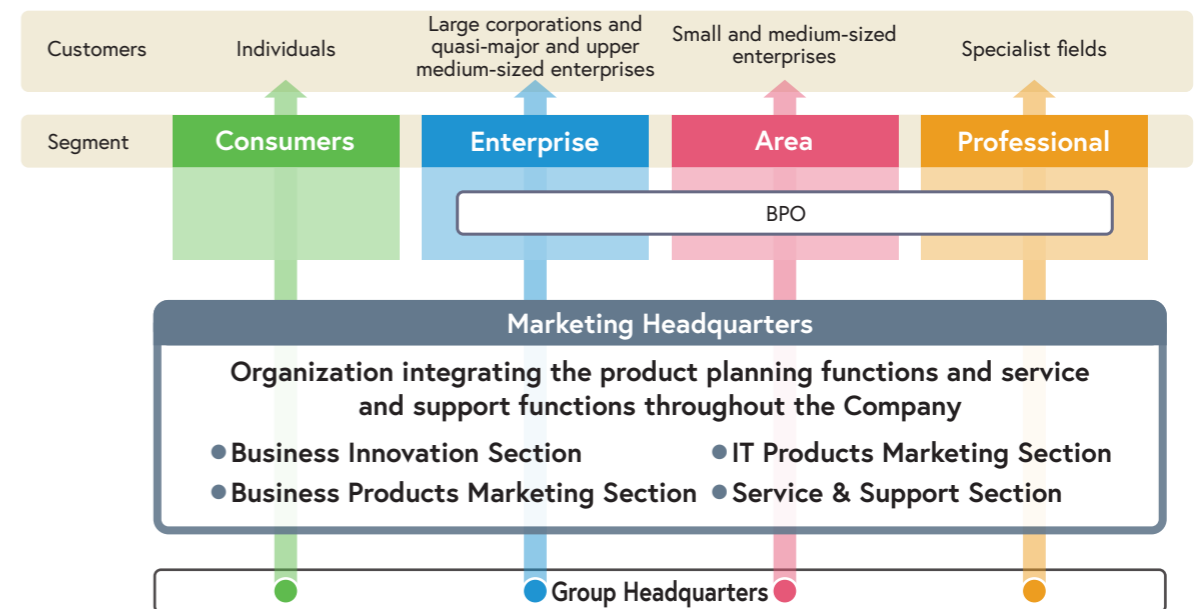
We are also enhancing services for a wide range of departments, including internal IT support within the customer's company and agency service related to human resources. Going forward, we aim to expand BPO services that utilize Canon's unique technological capabilities in document digitization and imaging solutions in an aim to improve sales and profits.

## Marketing

### We will continue to provide the highest quality at the lowest cost to continue to be chosen by customers

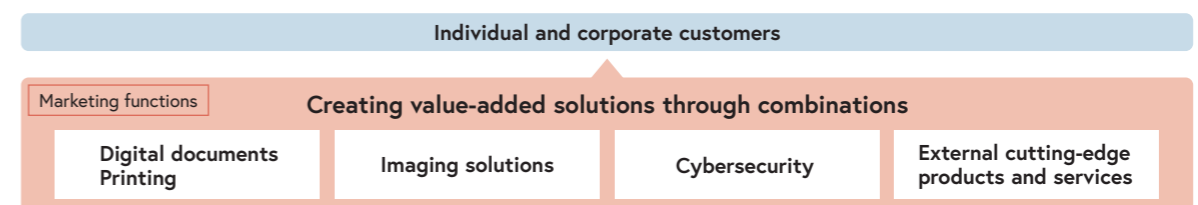
In 2018, the Company reorganized its business units from a structure based on product and sales channels to one based on markets and customers. At the same time, in order to support our business units more efficiently, we established an organization that integrated the product planning functions and service and support functions throughout the Company.

We have since reshaped the organization, and our business units are now underpinned by four sections: the Business Innovation Section, the Business Products Marketing Section, the IT Products Marketing Section, and the Service & Support Section.



Our customers' business environment has undergone drastic changes in recent years, including the increasing speed of technological developments, and they are striving to enhance their competitiveness in accordance with these changes.

We believe that in order to meet our customers' expectations, it is essential that we create highly competitive products, solutions, and services by adopting new technologies ahead of our customers, calmly analyzing the rapid and complex changes in markets, and exploring and developing growth markets. We achieve high productivity by advancing these processes efficiently based on overall optimization.





## Marketing

### Business Innovation

#### Creating new solutions and services centered around our strengths in imaging and digital documents

The role of the Business Innovation Section is to continue developing new solutions and services from a customer's perspective by combining our assets, centered on our strengths in digital documents, imaging, and security.

In imaging solutions, we have formed alliances with multiple vendors in Japan and overseas to expand video analysis solutions utilizing video and AI, and we continue to create new services that realize a safe and secure society and improve productivity.

In digital document services, we provide services that are compliant with laws and regulations, asset management platform services for important customer documents, and services specific to businesses and industries, centered around the *DigitalWork Accelerator Series*.

We are also developing and providing total security solutions that combine our strengths, including solutions to prevent the leakage of confidential documents and data, by linking physical security that uses imaging technology with cybersecurity.



Group Executive of Business Innovation Section Marketing Headquarters  
**Ryuji Nakata**

### Business Products Marketing

#### Continuing to achieve top market share through the provision of advanced Canon products and services

The role of the Business Products Marketing Section is to resolve the document-related issues of our customers and help them focus on their core operations by providing high-quality Canon products and solutions that are easy to use as well as services that ensure these products and solutions are utilized in a safe and secure manner.

To achieve this, we share the feedback we receive from customers regarding their expectations, requests, and other matters with Canon Inc. to develop and supply products and solutions of superior value. Furthermore, in response to the environmental demands of society, we continue to improve resource circulation flows, such as collecting, reusing, and recycling used products, to contribute to a sustainable resource circulation society. These are also our key roles. We continue to work on improving quality and minimizing costs throughout the entire value chain process, from product manufacturing to product delivery and after-sales support, in order to be the company of choice for many customers.



Group Executive of Business Products Marketing Section Marketing Headquarters  
**Yasukazu Sawada**

### IT Products Marketing

#### Taking on the challenge of profitable growth and evolution by supporting DX for customers through the provision of cutting-edge security products and services

The need for cutting-edge information and communication technology (ICT) solutions continues to grow due to advances in cloud computing, qualitative changes in business through AI, and rising security risks. We provide solutions to such issues with the aim of supporting the digital transformation (DX) activities of our customers. In the security business, we are conducting research and development in the field of cybersecurity with Group companies to provide solutions in accordance with the size of our customers' businesses in the hope that the Canon MJ Group comes to be associated with security solutions.

By providing customers with Canon products in combination with various IT products, we have developed a system that can help optimize a wide range of business environments and contribute to customers' DX onsite.

We continue to take on the challenge of profitable growth and evolution toward the realization of "ITS3000," while also expanding the areas in which we contribute to creating new value.



Executive Officer Group Executive of IT Products Marketing Section Marketing Headquarters  
**Shinya Kondo**

### Service & Support

#### Continuing to be chosen by customers by refining products and technologies and achieving both high quality and high productivity

We aim to continue to be chosen by our customers by offering after-sales support that ensures our customers use our products and services safely and with peace of mind, and that exceeds expectations.

Keeping a bird's-eye view of the value chain, we play a central role in quality management of the products and services handled by the Canon MJ Group, while valuing a customer-driven approach.

The Group will expand the area of solutions to social issues through its business by combining the Canon product business and the IT solutions business. We continue to address the issues faced by our customers and "negatives" by refining the specialized skills of engineers responsible for quality evaluation of the systems and solutions used by customers, call center staff responsible for maintenance and operation support after installation and assembly, and engineers responsible for repairs and recovery.



Vice President Group Executive of Service & Support Section Marketing Headquarters  
**Hiroshi Kashihara**

### Pursuing a High Product Operating Rate to Achieve both High Quality and High Productivity

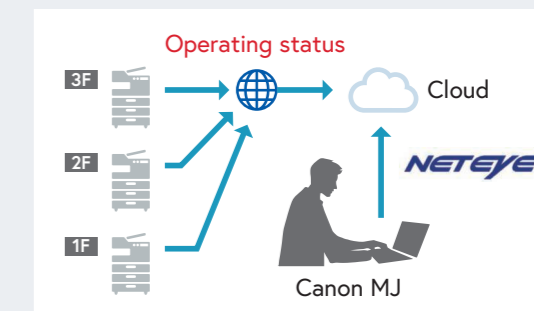
The Canon product business is promoting the installation of *NETEYE*<sup>1</sup> that uses IoT technology. We remotely monitor the operating status of customer equipment and achieve timely onsite inspections.

As a result, this contributes to the stable operation of equipment and the planned actions of engineers, which improves productivity.

We have also established a system to define the skills required of engineers and measure skill levels on an annual basis, thereby upgrading human resources.

<sup>1</sup> An online support service that monitors the conditions of equipment using the internet to ensure comfortable operating environments

#### Online Support Service



Achievements in office MFPs  
1.4 times the number of units handled per person (vs. fiscal 2019)

### Customer Expectations and Requests Are an Essential Source of Growth for the Company

In the midst of rapidly changing environments surrounding our customers and the Company, we believe it is important to understand the voices of customers and continuously improve and reform business processes.

To continue living up to customer expectations and requests, we actively collect customer feedback based on the six elements of customer satisfaction<sup>2</sup> through various customer contact points and our own surveys. We continue the activity cycle, in which we analyze this feedback, which leads to improving value chain processes and changing employee behavior.

We aim to stay connected to our customers, and to be a company that continues to be chosen by new customers, as a result of improving customer satisfaction<sup>3</sup>.

<sup>2</sup> Customer expectations, perceived quality, perceived value, customer satisfaction, willingness to recommend, and loyalty

<sup>3</sup> Highest-ranked in the 2023 Japan Color MFP Customer Satisfaction Study, Small Office Market Division (Maintenance Service Factor), conducted by J.D. Power Japan

## Group IT Strategy

**Leading the digital transformation of the business divisions and headquarters to achieve the Canon MJ Group 2025 Vision**  
**We aim to be a group of IT/digital professionals**

Senior Vice President, In charge of Group IT, Business Process Innovation Project  
 Senior General Manager of IT Headquarters  
**Yukihiro Sasabe**



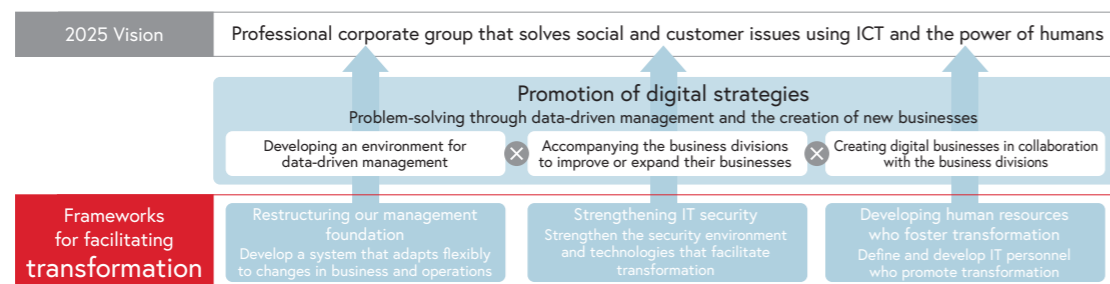
We are using our "information, communications and security technology" and "operations and business" expertise to provide systems and services and encourage the digital transformation of existing businesses and the creation of new businesses.

### Group IT Strategy that Supports Transformation to a Service-Type Business Model

We are integrally promoting digital transformation with our business divisions and headquarters. As frameworks for facilitating transformation, which serve as the platform, we are working on three priority measures: restructuring our management foundation, strengthening IT security, and developing human resources who foster transformation.

Of these measures, we are making particularly strong headway with "restructuring our management foundation." As the

Group proceeds with its transformation into a service-type business model, we are sequentially reforming our business processes and mission-critical system in order to adapt flexibly to changes in the business structure and to increase productivity taking into account the declining number of employees.



### Promotion of digital strategies

To achieve a 25% increase in per-employee productivity\* by 2025, in 2023 we focused on data utilization efforts and worked on the staged development of our data infrastructure through data analysis with our business divisions. In 2024, we intend to reorganize our master data to promote data utilization and data-driven decision making throughout the Company. At the same time, we plan to restructure our sales and marketing processes.

\* Gross profit (value added) per employee compared with 2021 standards

### Frameworks for facilitating transformation

#### Strengthening IT security

Following the introduction of EDR<sup>1</sup> in 2023, in 2024 we will strengthen device security by introducing biometric authentication and security chips. In addition, in 2025 we plan to introduce CASB<sup>2</sup> and promote a shift from traditional perimeter defense security to zero-trust security.

<sup>1</sup> EDR (Endpoint Detection and Response): Detects and responds to suspicious behavior on terminals and other endpoints

<sup>2</sup> CASB (Cloud Access Security Broker): Visualizes and controls the use of cloud services

#### Developing human resources who foster transformation

By 2023, 13,951 employees from across the Group have completed an e-learning course to acquire basic knowledge of data-driven concepts and data utilization, as part of our effort to develop human resources in IT solutions. In 2024, we will add UI/UX and citizen development to the data literacy and digital marketing selective training programs (workshops that cover business issues) we conducted in 2023, and we will work to further enhance the digital literacy of our employees and strengthen their professional skills. We will also promote skill certification together with the Human Resources Department.

#### Restructuring our management foundation

By 2023, we have completed the overall formulation of our infrastructure restructuring, including the formulation of a business process innovation policy. From 2024, we will sequentially begin innovation to implement new systems based on this policy, aiming for completion by 2029.

## Intellectual Property Strategy

**Enhancing intellectual property by accumulating knowledge of cutting-edge technologies to support the achievement of the Medium-Term Management Plan (2022-2025) and promote the creation of new businesses**

Senior General Manager of Legal and Intellectual Property Headquarters  
**Hirokazu Uchio**



To meet the expectations of a variety of customers who count on us to provide safe, secure, and high-quality products and services, we are firmly protecting technologies within the Canon MJ Group through rights and strengthening our intellectual property governance. We also provide a one-stop service in order to integrate intellectual property activities across the Group.

### Visualization of Added Value and Protection of Intellectual Property through Patents

We appropriately protect the outcome of solution development and research and development to continue to meet our customers' expectations. We visualize the added value we can provide to customers by acquiring patents, and we also conduct third-party rights searches (clearance) from the design and development stages.

We are also involved in the development of activities to support the creation of new businesses at our newly established R&B Promotion Center, and we will work to contribute to further increases in corporate value in the future.

### Intellectual Property Strategy to Support the Growth of the IT Solutions Business and the Creation of New Businesses

#### Patent portfolio to refine our IT solutions business by leveraging our unique technological capabilities

In addition to people, goods, capital, and information, the Canon MJ Group values intellectual property as a management resource. In particular, we are actively applying for patents in order to refine our IT solutions business by leveraging our unique technological capabilities. Over 40% of our current patent portfolio are patents in the area of security and the four areas of edge solutions: digital document services, imaging solutions, low-code development, and mathematical and demand forecasting.

The Canon MJ Group employs many engineers who are familiar with AI-related technologies, which are expected to continue to grow in the future. AI-related patents accounted for more than 40% of all new patent applications in 2023, and the unique technical capabilities in AI are being used to support the IT solutions business.

#### Differentiation strategy based on a mix of intellectual property

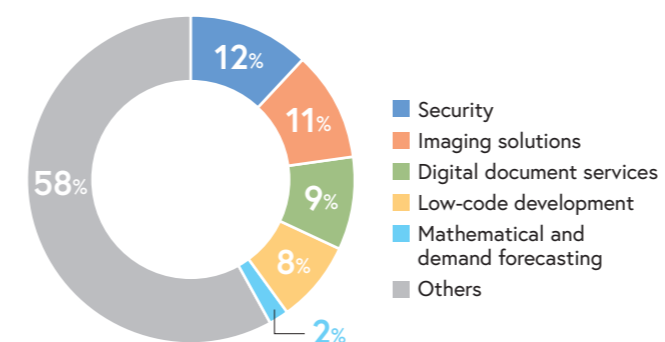
We recognize that names, designs, and brands are also important intellectual properties. Our business, intellectual property, and brand divisions work together to come up with the most appropriate names that are the face of our products and services, and apply for trademark rights.

In this way, the Canon MJ Group is implementing a differentiation strategy based on a mix of intellectual property that includes technology, names, and even brands.

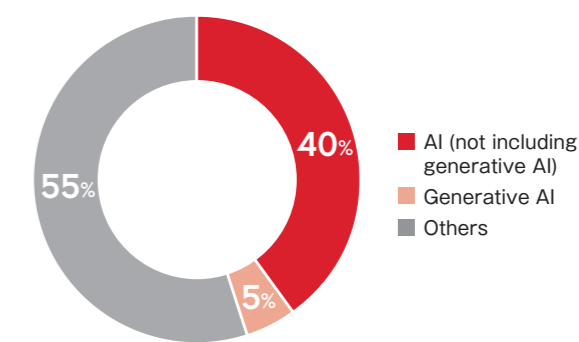
#### Cutting-edge technology as an intellectual asset for the future

The R&B Promotion Center's activities involve working with startups in a range of new fields. The Intellectual Property Division has started researching the technologies and competitiveness of startups and reporting on their future prospects. Through these activities, we will learn about cutting-edge technologies and internally accumulate the acquired knowledge as intellectual assets, which we will use to create new businesses.

Patent Portfolio



Percentage of AI-related New Patent Applications in 2023



# Sustainability Management

Based on our newly established Purpose, we promote sustainability management by taking on the challenge of creating new value with a focus on future issues

Vice-Chair of Sustainability Promotion Committee **Hatsumi Hirukawa**



## Promoting Sustainability Management by Expanding the Range and Scope of the Social Issues We Can Solve

Based on *Kyosei*, the Canon Group's corporate philosophy, the Canon MJ Group has been working to solve social issues through its business activities in harmony with people, society, and nature since 1988.

With social issues becoming increasingly complicated and serious, in January 2024, we declared ourselves a *MIRAI Marketing Company* with a view toward continuing to solve an extensive range of future social issues with the power of marketing together with various stakeholders to realize a sustainable society. This expression has been adopted as a symbol of the Group. In addition, we also established the Canon MJ Group's Purpose, Bringing together hopes and

ideas with technologies to create a future beyond imagining, in January 2024. In an era marked by accelerating change and growing uncertainty, the Group will look to the future constantly as a *MIRAI Marketing Company* and clarify the significance of our presence in society to increase collaborative creation and cooperation with stakeholders, as well as unite the aspirations of Group employees and speed up solutions to social issues. Under our newly established Purpose, we will promote sustainability management from a long-term perspective by looking to future issues and boldly taking on the challenge of creating new value that is free from conventional frameworks.

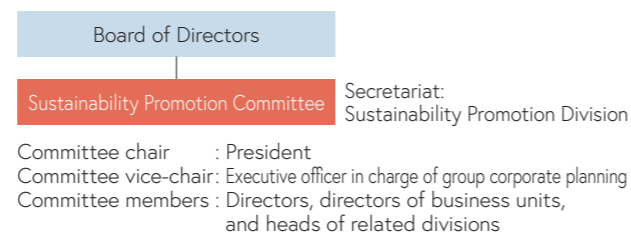
## Sustainability Promotion Committee Put Under Direct Supervision of the Board of Directors in April 2023

The Canon MJ Group established the Sustainability Promotion Committee in February 2021 as a place for the consideration of measures to enhance corporate value by placing sustainability management at the core of management plans. Matters to be discussed and resolved by the Sustainability Promotion Committee are important topics that relate to the core aspects of management and are cross-organizational themes that span multiple other committees and divisions. Therefore, we determined that a system in which the committee operates under the direct supervision of the Board of Directors was necessary, and in April 2023, the committee, which had operated under the Management Committee, changed to be under the direct supervision of the Board of Directors. Important sustainability matters are deliberated by the Sustainability Promotion Committee and reported to the Board of

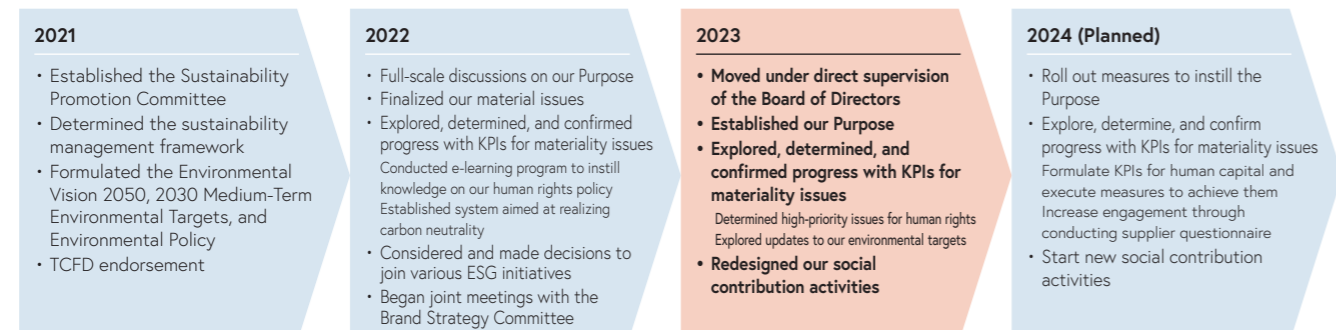
Directors to receive opinions and advice, which is then reflected in subsequent initiatives.

In 2023, the Sustainability Promotion Committee convened four times. In addition to establishing the Purpose and implementing measures to instill it throughout the Group, the committee reviewed, made decisions on, and confirmed progress with KPIs for material issues, and also redesigned our social contribution activities.

### Structure of the Sustainability Promotion Committee

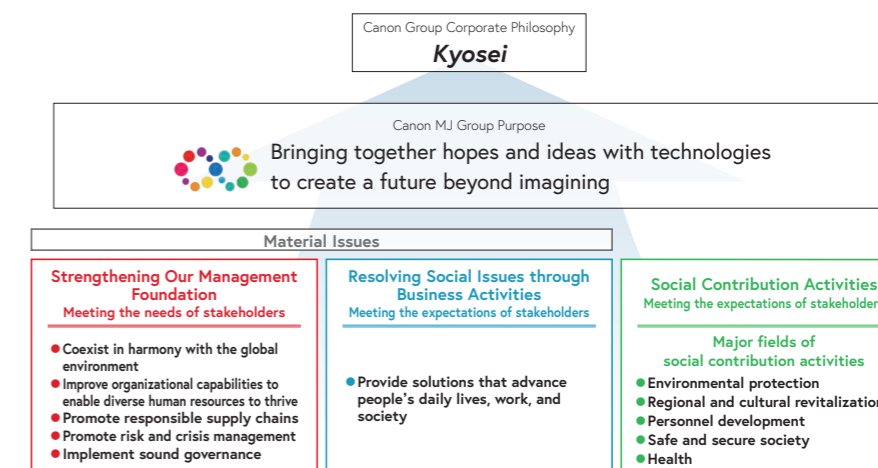


### Major Initiatives of the Sustainability Promotion Committee



## Overview of Canon MJ Group Sustainability Activities

At the Canon MJ Group, we define material issues as key issues that need to be addressed immediately in order to maintain sustainable growth, and are implementing initiatives to meet the expectations and needs of our stakeholders. We are also conducting social contribution activities aimed at solving social issues in areas where it is difficult for our businesses to reach. By taking measures to address material issues and carrying out social contribution activities, we are working to put our corporate philosophy and Purpose into practice.



## The Sustainability Promotion Committee Monitors Progress with Material Issues to Meet Stakeholder Expectations and Needs

### The Canon MJ Group's Material Issues



After sorting the needs of the Group's various stakeholders, we analyzed the risks and opportunities related to our business, and identified six material issues through discussions by the Sustainability Promotion Committee.

Due to their cross-sectional and multifaceted nature, our approach to material issues is spearheaded by the Sustainability Promotion Committee, which collaborates with the human resources, procurement, legal affairs, and other relevant internal departments as well as the Human Resources Strategy Committee, Risk and Crisis Management Committee, and the Quality Improvement Committee, which operate under the Management Committee. In addition, the Sustainability Promotion Committee monitors the progress of initiatives, identifies the gaps between our targets and the progress made so far, and updates these targets on a regular basis.

In fiscal 2023, our key initiatives for material issues were as follows. With respect to the environment, we updated our 2030 Medium-Term Environmental Targets aimed at realizing carbon neutrality to bring them in line with SBTi standards, and achieved 100% renewable energy for the electricity used at five of our business sites, including the Group headquarters and Canon MJ's office buildings. To

maintain a recycling rate of 99.9% or higher, one of the 2030 Medium-Term Environmental Targets, we also identified potential risks, and determined and implemented measures in response. In terms of respect for human rights, as part of our human rights due diligence process, we identified high-priority issues and determined countermeasures for each one. For risk and crisis management, we established KPIs that are linked to the Companywide risk map and implemented employee training and cyber-attack drills, among other measures. Additionally, as part of initiatives to promote sound governance, we appointed one female outside director to ensure the diversity of the Board of Directors, established a Special Committee in January 2024, and appointed a majority of outside directors to the Nomination and Remuneration Committee.

In fiscal 2024, in addition to implementing measures in accordance with the KPIs we have set, we will work to reduce Scope 3 emissions, strengthen engagement with suppliers to address human rights issues, as well as formulate KPIs and implement measures related to visualizing the skills of highly skilled IT personnel under our human capital strategy.

### Material Issue Identification Process



Sustainability Management

Initiatives for Material Issues (Management Foundation): Meet the Needs of Stakeholders



Canon MJ Group 2030 Medium-Term Environmental Targets

The Canon MJ Group is promoting activities in line with the Canon MJ Group Environmental Vision 2050 and the Canon MJ Group 2030 Medium-Term Environmental Targets, the interim targets of this vision, in an effort to contribute to the realization of a sustainable society that coexists in harmony with the global environment.



Realization of Carbon Neutrality

Fiscal 2030 Target	Fiscal 2023 Result
<b>38% reduction in in-house CO<sub>2</sub> emissions</b> (compared with fiscal 2021)	8.4% decrease from fiscal 2021

We have received third-party assurance from LRQA Limited for our 2023 GHG emissions data (Scope 1, 2, and 3).

Updating the 2030 Medium-Term Environmental Targets toward carbon neutrality

In 2024, we updated the 2030 Medium-Term Environmental Targets, the interim targets of the Canon MJ Group Environmental Vision 2050, under which we aim to achieve carbon neutrality. We have brought these targets in line with the SBTi<sup>1</sup> standards as follows. (Canon Group received SBTi certification)

- Reduce Scope 1 and 2 emissions by 42% from 2022 levels by 2030
- Reduce Scope 3 (Category 1, 11) emissions by 25% from 2022 levels by 2030

<sup>1</sup> SBTi (Science Based Targets initiative): An international initiative that recommends the setting of GHG emission reduction targets based on scientific evidence

Contribution to the Realization of a Resource-Recycling Society

Fiscal 2030 Target	Fiscal 2023 Result
<b>Recycling rate of 99.9% or higher</b>	99.9% or higher

At the Canon MJ Group, we aim to maintain a recycling rate<sup>3</sup> of 99.9% or higher for end-of-use products collected

Contributing to Customers' CO<sub>2</sub> Reduction through Our Business

Canon IT Solutions' Nishi-Tokyo Data Center Building No. 2 Certified as an Outstanding Specified Anti-Global Warming Facility

In March 2023, Nishi-Tokyo Data Center Building No. 2, 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). As a result, along with the No. 1 building, which received the same designation in 2020, the both buildings of the Nishi-Tokyo Data Center have been recognized as business sites that have an outstanding system in place for promoting measures against global warming. On the strength of its high-performance facilities and excellent operational quality, which have been refined through the operation of the No. 1 building, the Nishi-Tokyo Data Center has made contributions to reductions in our customers' CO<sub>2</sub> emissions.

Qualysite Technologies Started Operations Using 100% Renewable Energy

In June 2023, Qualysite Technologies Inc., which operates the Nago Data Center, introduced a third-party photovoltaic ownership model (on-site PPA) KarE-roof<sup>2</sup> provided by Okinawa New Energy Development Company, Incorporated, a member of the Okinawa Electric Power Company Group, and started using electricity with an installed photovoltaic power generation capacity of 80 kW. By using non-fossil certificates with tracking to cover the shortfall in renewable energy, it was able to operate using 100% renewable energy.

<sup>2</sup> KarE-roof is a service in which photovoltaic power generation facilities and storage batteries are installed with no initial investment, and the generated electricity is sold to the installer. Okinawa New Energy Development provides one-stop support from exploring options, installation, maintenance, and removal.

from customers, such as printers and MFPs. To date, we have maintained our recycling rate at over 99.9% for seven consecutive years. We will continue to do so by identifying the potential risks, taking measures in response, and monitoring progress.

<sup>3</sup> Recycling rate (rate at which end-of-use products are converted into new resources) = Amount of products disposed of through methods other than landfill disposal ÷ Total amount of products disposed of

Initiatives to Promote Plastic Waste Reduction and Recycling

Maintaining and Expanding the Sale of Plastics as Valuables at Logistics Centers

Canon MJ's logistics centers across Japan use stretch film to prevent loads from collapsing during transit and use styro-foam as packaging materials. Instead of throwing these materials away as plastic waste, some logistics centers make effective use of them, selling them as plastic resources.



Compressed stretch films

Recycling Used Clear Folders

Canon MJ's head office building takes part in the ASKUL Resource-Recycling Platform operated by ASKUL CORPORATION, and collects and recycles used clear folders. In 2023, we recycled 369 kg worth of clear folders.

Making Effective Use of Returned Products, Etc.

We are working to reduce plastic waste by making effective use of returned products, etc. In 2023, we made effective use of returned products by reusing used demo equipment internally and donating products that were returned due to defective outer packaging. We also pursued an initiative that

involved removing parts from returned inkjet printers and using them in repairs as parts that meet our quality requirements.



Recycled printer part reused for repairs (paper feed cassette)

Water Risks Initiatives

To reduce water resource consumption, Canon MJ's head office building, in cooperation with the Shinagawa Grand Commons Community Development Council, participates in the Reclaimed Water Utilization Project promoted by the Tokyo Metropolitan Government's Bureau of Sewerage and uses the recycled water supplied by the bureau in toilets and other facilities. In 2022, we also reduced water consumption by installing toilet faucets that make minimal use of water at our head office building.

In another effort to monitor the Canon MJ Group's water risk, a water risk assessment was carried out in 2022 at its business sites in Japan using the Aqueduct Water Risk Atlas,<sup>4</sup> which confirmed that its overall water risk falls under the "low" or "low-medium" levels.

<sup>4</sup> Aqueduct: A global water risk assessment tool developed by the World Resources Institute (WRI)

Contribution to Biodiversity Conservation and Pollution Prevention

Furusato (Hometown) Project Activities

Guided by its Groupwide Biodiversity Policy, the Canon Group is carrying out its Furusato (Hometown) Project with the aim of preserving beautiful and verdant local communities for future generations. In this project, we promote participation in the activities of collaborating organizations and work to conserve and raise awareness of biodiversity based on the My Action Declaration,<sup>5</sup> a set of five actions to protect biodiversity.

<sup>5</sup> An initiative that enables each of us to feel a sense of connection with biodiversity in our daily lives and take action in our immediate surroundings with the goal of protecting biodiversity

Initiatives to Prevent Pollution

For the Canon MJ Group's products manufactured under contract, we are working to eliminate hazardous chemical substances based on the Canon Green Procurement Standards.

We confirm that our business partners have established product chemical management systems in accordance with the above Standards. We also conduct surveys of raw materials, parts, and secondary materials of products manufactured under contract to check for environmentally hazardous substances.

Chemical Substance Management

At the Canon MJ Group, we identify and manage all chemical substances<sup>6</sup> used for after-sales support for products and similar purposes. In accordance with the Chemical Management Procedure that we established internally, we manage chemical substances appropriately, such as by checking the usage and stored amount of substances deemed to be harmful or hazardous. In addition, when we use a new chemical substance, we assess its environmental impact in advance, thereby judging whether we can use it or not and confirming the appropriate ways of using and storing it, among other points.

<sup>6</sup> These substances include office automation cleaners and industrial lubricants used for maintenance.



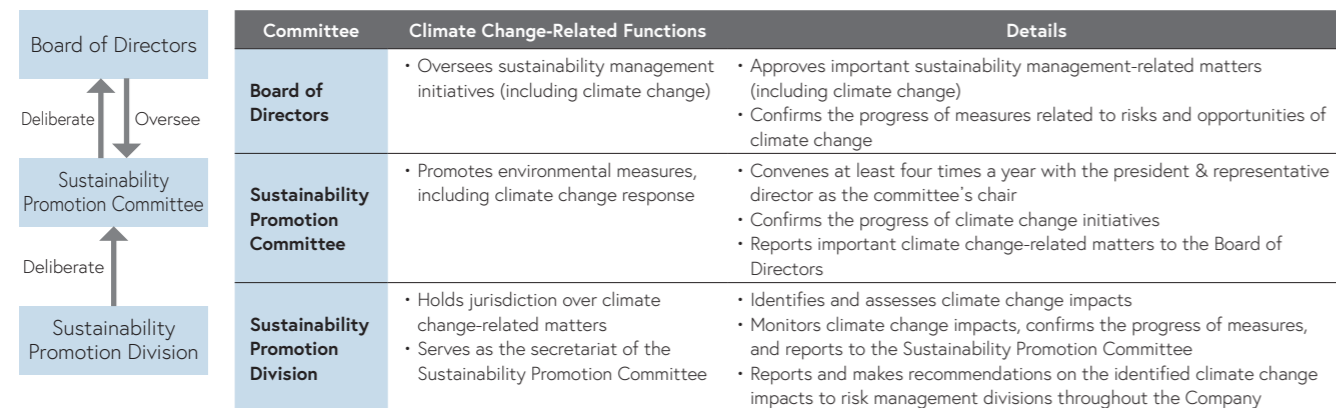
## Sustainability Management



### Initiatives for TCFD Recommendations

#### Governance

##### Climate Change Response Promotion Structure



#### Supervisory System of the Board of Directors

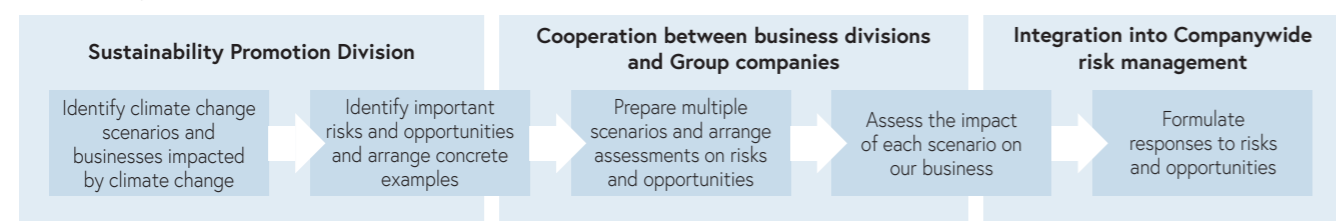
The Canon MJ Group has a system in place under which the Board of Directors supervises matters to be discussed and resolved by the Sustainability Promotion Committee, as they are important matters that relate to the core aspects of management and pertain to the entire organization. The Board of Directors receives reports on the risks and opportunities associated with climate change from the Sustainability Promotion Committee at least once a year and monitors the progress of measures related to such risks and opportunities.

#### Sustainability Promotion Committee

Matters concerning climate change are discussed by the Sustainability Promotion Committee. The president & representative director, who is the chairperson of the committee, assumes overall responsibility for all sustainability-related matters, including climate change. The committee assesses the impact of climate change on our business once a year or more and holds discussions concerning our approach to minimizing the identified risks and seizing opportunities.

#### Risk Management

##### Risk Management Process



The Sustainability Promotion Division, which oversees matters related to climate change, takes the lead in identifying the risks and opportunities of climate change and assesses the situation in cooperation with the relevant internal divisions and Group companies. The Sustainability Promotion Division also examines responses and countermeasures for each risk and opportunity, which are reported and proposed

for deliberation to the Sustainability Promotion Committee. The division also reports and deliberates on certain climate change-related impacts and matters to risk management divisions throughout the Company, thereby assuming the role of integrating the impacts of climate change into our Companywide risk management.

#### Strategy

At the Canon MJ Group, we conduct scenario analyses to identify the various risks and opportunities posed by climate change to our business. Using the Intergovernmental Panel on Climate Change's Representative Concentration Pathway (RCP) scenarios of 1.5°C (RCP 1.9) and 4°C (RCP 8.5) as well as the International Energy Agency's Sustainable Development Scenario (IEA-SDS), the scenario analyses were

carried out by selecting risks and opportunities that were shared throughout the Group as well as the Group's key businesses that have a significant impact on climate change. The time of occurrence of risks or opportunities related to climate change impacts is determined based on short- or medium- to long-term time frames.

Classification	Scenario	Impact on Business						Financial Impact	Time of Occurrence	Countermeasures
		Risk	Details/Specific Examples	Business Sites	Data Centers	Systems Integration Services	Printers and MFPs			
Transition risks	1.5°C	Impact of carbon tax implementation on the Company and suppliers	The implementation of carbon taxes would lead to higher electricity prices and operating costs, as it would entail the payment of taxes for the amount of CO <sub>2</sub> emitted by the Company and raise the cost of generating electricity for the power company.	✓				Moderate	Medium to long term	<ul style="list-style-type: none"> <li>Collect information on and analyze and address recent trends in environmental regulations</li> <li>Promote measures to achieve the 2030 Medium-Term Environmental Targets (including the consideration of establishing renewable energy facilities and CO<sub>2</sub> emissions reduction initiatives)</li> <li>Collect information on and consider the adoption of renewable energy based on the global situation</li> </ul>
		Cost of energy-saving equipment	The achievement of CO <sub>2</sub> emissions reduction targets would require the installation of energy-saving equipment, leading to higher equipment costs.	✓				Low	Short to long term	
		Cost of renewable energy facilities	The achievement of CO <sub>2</sub> emissions reduction targets and the introduction of new technologies to accommodate the shift to clean energy would entail the establishment and redevelopment of renewable energy facilities, leading to higher facility costs.	✓				Low	Short to long term	
		Changes in printing environment	Changes in the printing environment, such as the increased cost of procuring paper due to forest conservation efforts, reductions in paper use stemming from an increase in customers' environmental awareness, and advances in digitalization, are reducing the printing needs of customers in certain business fields.				✓	High	Short to long term	
Physical risks	Acute	Damage to product storage facilities	Damage to product storage facilities as a result of flooding and other water-related disasters caused by the increasing intensity and frequency of heavy rainfall may impede the Company's business activities.	✓				Low	Short to long term	Propose measures to be implemented at warehousing companies and carry out some of the measures
		Inability to commute to work	Employees' inability to commute to work due to transportation or other issues caused by the increasing intensity and frequency of weather-related disasters may impede the Company's business activities.	✓				Low	Medium to long term	Maintain and promote a system and framework that allow businesses to continue to operate as usual even when employees do not come to the office due to telework or other reasons
	Chronic	Increase in average temperatures	The rise in average temperatures may lead to higher air conditioning costs for data center server rooms and business sites.		✓			Low	Short to long term	<ul style="list-style-type: none"> <li>Consider the establishment of energy-saving facilities</li> <li>Improve efficiency of heat-source equipment</li> </ul>
		Rise in sea levels	The number of areas susceptible to changing sea levels may increase and certain facilities located in low-altitude coastal areas may incur damage or even become submerged.	✓				Low	Medium to long term	Collect information on and analyze and address the risk of damages
Opportunities	1.5°C	Increased opportunities for systems integration service businesses	<ul style="list-style-type: none"> <li>Increasing need for demand forecasting and supply-demand planning solutions that help reduce CO<sub>2</sub> emissions by optimizing and streamlining logistics operations</li> <li>Declining use of paper in manufacturing processes and growing need for DX that contributes to greater productivity along the engineering chain</li> <li>Rising demand for digitalization and document management services due to greater emphasis on energy and forest conservation</li> </ul>			✓		High	Short to long term	Strengthen solutions businesses that help customers reduce CO <sub>2</sub> emissions and make effective use of paper resources
		Increased opportunities for printer and MFP businesses	Increased demand for environment-friendly products certified with environmental labels, such as printers and MFPs				✓	Moderate	Short to long term	<ul style="list-style-type: none"> <li>Strengthen sales of energy-efficient, user-friendly products</li> <li>Promote the replacement of VOC-emitting offset printing presses with on-demand printers</li> </ul>
Products and services	4°C	Increased opportunities for data center businesses	<ul style="list-style-type: none"> <li>Growing demand for zero-carbon data centers that contribute to reductions in customers' Scope 3 emissions</li> <li>Greater demand for robust data centers that can withstand natural disasters for the purpose of establishing a business continuity plan (BCP) as a result of the increasing frequency of weather-related disasters</li> </ul>		✓			High	Short to long term	Strengthen data center businesses that help customers reduce CO <sub>2</sub> emissions and ensure business continuity

Short term: to 2025 Medium term: 2026 to 2030 Long term: 2031 to 2050

#### Metrics and Targets

Aiming to realize carbon neutrality, we are working to achieve our goal of reducing in-house CO<sub>2</sub> emissions by 38% (compared with 2021) in the Canon MJ 2030 Medium-Term

Environmental Targets. As of the end of 2023, we achieved an 8.4% reduction<sup>7</sup> in CO<sub>2</sub> emissions compared with 2021.

<sup>7</sup>Please refer to page 73 for our measures aimed at the realization of carbon neutrality.

## Sustainability Management

**Improve organizational capabilities to enable diverse human resources to thrive**

### Diversity

#### Approach to Diversity

Based on *Kyosei*, the Canon Group's corporate philosophy, the Canon MJ Group aims to realize a society in which all people, regardless of culture, customs, language, or ethnicity, can live and work together in happiness. Through our corporate

activities rooted in *Kyosei*, we will continue to embrace diversity as we aim to become a company where diverse human resources with different personalities and values can flourish and continue to grow by motivating each other.

#### Empowerment of Women

Eight Canon MJ Group companies have established an action plan based on their respective issues, which include the appointment and hiring of female managers.

Canon MJ has acquired two-star Eruboshi (L Star) certification in February 2022. In 2023, we launched the Empowerment Program, a training program for female chiefs (assistant managers), offering various career development programs to applicants to support the development of their future careers. Our action plan sets out our aim to have women account for at least 6.0% of management positions and at least 20.0% of chiefs and assistant managers, who

are candidates for management positions, by 2025.

The chart below shows the wage difference between Canon MJ's male and female employees.

Employee Type	Percentage
All employees	80.8%
Permanent employees	76.5%
Part time and contract employees	122.9%

Period covered: January 1, 2023 to December 31, 2023



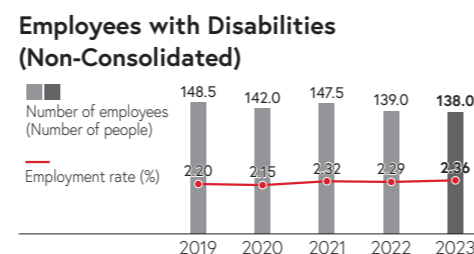
#### Balancing Work with Childcare and Nursing Care

Aiming to create an environment where employees can work vibrantly while balancing work with childcare and nursing care responsibilities, we have a variety of systems in place that facilitate their career development and allow them to continue to work while focusing on their personal lives. Both Canon MJ and Canon IT Solutions have acquired Platinum Kurumin certification for their excellence in providing childcare support.



#### Employing People with Disabilities

Canon MJ strives to create a comfortable workplace environment where all employees, regardless of disability, can make the most of their abilities and experience and to provide more employment opportunities for people with disabilities.



**Improve organizational capabilities to enable diverse human resources to thrive**

### Health and Productivity Management

The Canon MJ Group promotes initiatives to support the health of employees and realize health and productivity management based on the principle of "Health First" set forth in the Code of Conduct. Based on our Three-Year Health Management Plan, a medium-term plan first rolled out in 2010, and Health and Productivity Management Strategy Map, formulated in 2022, we engage in health management with a focus on cancer, lifestyle disease, and mental health. As a result of these efforts, 10 Canon MJ Group companies, including Canon MJ, were selected under the 2024 Certified

KENKO Investment for Health Outstanding Organizations Recognition Program, jointly sponsored by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



**Improve organizational capabilities to enable diverse human resources to thrive**

### Respect for Human Rights

#### Basic Stance

Based on the United Nations Guiding Principles on Business and Human Rights, the Canon MJ Group is developing initiatives to promote respect for the human rights of its customers, employees, business partners, and all other stakeholders involved in the Group's business activities. We promote respect for human rights by taking measures in accordance with the Canon Group Human Rights Policy, which was formulated in 2021. We are carrying out activities based on this

policy, which clearly states that we conduct human rights due diligence, operate a grievance mechanism, conduct awareness training, and engage in dialogue with stakeholders in order to ensure respect for internationally recognized human rights, including the prohibition of child and forced labor, the prevention of unreasonable restrictions on movement and excessive overtime work, and respect for freedom of association and the right to collective bargaining.

#### Promotion Structure

The Canon MJ Group established the Sustainability Promotion Committee, chaired by the president & representative director, which discusses, makes decisions regarding, and reviews respect for human rights, one of the material issues we identified. The committee deliberates and reports on important matters to the Board of Directors. In addition,

the Sustainability Promotion Division, as the supervising division, coordinates with relevant departments such as the Human Resources Department and the Procurement Department to gain insight into the current situation, and considers and executes initiatives to address any issues.

#### Human Rights Due Diligence

In 2023, the Canon MJ Group identified any adverse impacts on human rights arising from its business activities in accordance with the United Nations Guiding Principles on Business and Human Rights, guidelines issued by the Japanese Government, and other guidance. The Canon MJ Group's Sustainability Promotion Committee then held discussions

to pinpoint issues to tackle as a priority. Based on this, the Sustainability Promotion Committee examined and decided on countermeasures to be implemented in 2024 for different rights holders. To reduce human rights risks even further, we will continue to carry out initiatives based on our plan and conduct activities that lead to improvements.

High-priority issues	Rights Holder				Countermeasures in 2024
	Suppliers	Contractors	Employees	Customers/Consumers	
Discrimination based on race, gender, religion, and other factors				●	Create rules and guidelines on the communication of information such as advertising, PR/websites, and social media, and ensure compliance
			●		Ensure all officers and employees are familiar with the Canon Group Code of Conduct
Harassment			●		Raise awareness through training and meetings to prevent harassment
Child labor	●				
Forced labor	●				Increase engagement through supplier questionnaire
	●				
Excessive overtime work			●		Have no overtime days (two days a week)/Provide management training to raise awareness about thoroughly managing working hours in their departments/Alert employees who might exceed the limit on overtime
		●			
Occupational health and safety/Health hazards and accidents		●			Manage and raise awareness of logistics quality continuously, increase efficiency through improvement in business operations, and mitigate work risks
				●	Increase engagement through supplier questionnaire
			●		Formulate Health and Productivity Management Strategy Map and seek to further promote health and productivity management and to prevent occupational accidents
	●				Confirm equipment inventory and compliance with environmental laws, regulations and conventions and check for any upgrades of inventory equipment
Invasion of privacy		●			Review content of Guidelines for Appropriate Contracting and Induction Training for Staffing Agency Engineers, raise awareness and hold study sessions about them
		●			Implement training and awareness-raising activities to prevent the recurrence or occurrence of occupational accidents at construction subcontractors
Invasion of privacy			●	●	Manage and identify quality problems and their levels in the market, and implement activities to prevent recurrence or occurrence
				●	Confirm worldwide tendency towards tightening personal information protection rules and comply with rules on the handling of cookie data
				●	Create rules and guidelines on the communication of information such as advertising, PR/websites, and social media, and ensure compliance

\* Please refer to pages 29-38 for initiatives related to human capital.

## Sustainability Management



Promote responsible supply chains

### Procurement Activities

By disclosing our Basic Procurement Policy on our corporate website, we are committed to developing solid relationships with suppliers and ensuring awareness of our fundamental approach to procurement activities. We also ensure that products and services are consistently procured at appropriate prices while complying with procurement-related laws and regulations and paying due consideration to protecting the environment.

Through procurement-related initiatives, we will do what we uniquely can do to help solve social issues and build a sustainable society, together with each one of our suppliers.

#### Procurement Basic Policy of the Canon MJ Group

1. We pursue safety and quality and strive to ensure the stable procurement of products and services at appropriate prices in response to customer needs, for the purpose of driving business activities in a smooth, competitive manner.
2. We practice green procurement, or preferential procurement of environmentally friendly products and services, for the purpose of protecting the global environment.
3. We strive to provide equal opportunities for transactions and procurement based on fair evaluations, in accordance with laws and social norms.
4. We undertake procurement activities aimed at building trade relationships with suppliers that are to the long-term benefit of both parties, with the aim of building a sustainable society.

#### Ensuring Compliance in Procurement

At the Canon MJ Group, the Canon MJ Group Procurement Regulations internally stipulate equal and fair trade, environmental considerations, and compliance with procurement-related laws and regulations. We regularly provide training related to this to ensure appropriate, fair business dealings.

With new suppliers, we assess the potential risks prior to engaging in business transactions and conclude basic agreements at the start of each transaction. In this way, we make sure they are committed 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.

#### Promoting Green Procurement

For the Canon MJ Group's products manufactured under contract, we are working to eliminate hazardous chemical substances based on the Canon Green Procurement Standards.

We confirm that our business partners have established product chemical management systems in accordance with

the above Standards. We also conduct surveys of raw materials, parts, and secondary materials of products manufactured under contract to check for environmentally hazardous substances.

#### Responsible Mineral 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 origins of minerals in their products and help us eliminate the use of conflict minerals.

#### Conducting Supplier Questionnaire

To achieve a responsible supply chain, we conduct questionnaires for major suppliers with the aim of reducing the environmental impact and preventing/mitigating human rights violations, and gaining insight into the actual state of affairs of the initiatives suppliers are carrying out.

Going forward, we will engage with each supplier as necessary based on the results of the questionnaire.



Promote risk and crisis management

### Risk and Crisis Management

The Canon MJ Group's risk management is discussed by the officer who oversees and promotes risk management, the Risk and Crisis Management Committee, and, depending on the nature of the risk, the Internal Controls Evaluation Committee or the Quality Improvement Committee, among others. This leads to the implementation of various measures to address risks.

#### 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



#### Status and Plan of Key Initiatives for Risk and Crisis Management

Key Initiatives	2023		2024
	Metrics (KPIs)	Evaluation	Metrics (KPIs)
Ensure rigorous risk and crisis management	Hold Risk and Crisis Management Committee meetings at least four times a year, in principle	○	Ongoing
Train employees on risk and crisis management	Provide training on compliance, the BCP, and information security, and quality to all employees at least once a year	○	Ongoing
Address information security risks	Conduct cybersecurity training at least once a year	○	Ongoing

#### Raising and Promoting Awareness of Corporate Ethics and Compliance

At the Canon MJ Group, we view compliance not only as the observance of laws and regulations, but also as upholding laws and social rules, maintaining social justice, and continuing to meet the expectations of society based on the spirit of integrity (being sincere, honest, and earnest). To

ensure that each individual always acts in good faith with high ethical standards and a law-abiding spirit, we promote compliance activities from the perspective of raising awareness, instilling knowledge, and undertaking organizational measures.

#### Promoting Information Security

The Canon MJ Group is working to strengthen its information security infrastructure in order to contribute to the realization of a safe, secure, and sustainable society by means of business activities that resolve the issues of customers and society through the power of people and ICT. The Group takes measures against cyberattacks and other information security risks and regards the appropriate handling of information assets used in business activities as an important management priority. We strive to continue to improve

information security through the use of third-party certifications, such as the Information Security Management System (ISMS) Conformity Assessment Scheme and the PrivacyMark System. To strengthen information security governance, the Risk and Crisis Management Committee promotes an information security management system involving all employees through information security policy and strategy formulation, monitoring, and assessment.

#### Quality Management

The Canon MJ Group is constantly working to enhance quality so that it continues to provide safe, reliable, and high-quality products, services, and support to its customers and earn high levels of customer satisfaction. In proceeding with our business transformation with the IT solutions business at the core of our business growth, we have declared our commitment to continuing to address

customer needs by means of our quality policy, which we work to ensure awareness of in all of our employees on a regular basis. Moreover, we have established a quality management system that combines the requirements of ISO 9001, the international quality standard, with the Canon MJ Group's unique framework in an effort to improve customer satisfaction.

## Representative Examples of the Social Value Created

### Resolving Social Issues through Business Activities

#### Enrich lives **Pocket-Sized Telephoto-Type Camera Contributes to a More Fulfilling Life**

PowerShot ZOOM is a pocket-sized telephoto-type camera that users can look through like a telescope and also take photos and videos. For example, when watching a sports game, this enables the user to zoom in on a player by looking through the camera, and then take a picture of that image. As for watching birds or other wildlife, users can observe and record their behavior in their natural habitat while maintaining a sufficient distance. Even when recording daily life with their family, users can easily take pictures of their children playing and taking part in sporting events from a distance away. PowerShot ZOOM contributes to a more fulfilling life, as it enables users to capture crucial moments without missing them, while enjoying scenery that cannot be seen with the naked eye.



#### Achieve diverse working styles (work) through increased productivity

#### Resolving Labor Shortages in Nursing Care and Welfare Services by Reducing Workload through Nursing Care Solutions

As the elderly population grows, demand for nursing care and welfare services is expanding rapidly. Against this backdrop, the labor shortage is becoming more severe, causing reductions in employee workloads to become a more pressing issue. The *Makasete IT DX Series* is a one-stop nursing care solution that includes the planning, selection, installation, training, operation, and maintenance of equipment and software necessary for improving work efficiency using ICT, thereby helping to reduce workloads. This encourages the retention of employees and creates time to interact with facility users, their core duties, thus contributing to the provision of a fulfilling work environment.



#### Realize a safe and secure society

#### Contributing to Disaster Prevention and Mitigation in Local Communities through Smoke Detection AI and Water Level Measurement AI Services

To create disaster-resilient communities, the national and local governments are promoting disaster prevention and mitigation using disaster prevention information systems, high-altitude cameras, and various sensor equipment. However, in most cases, the operation of the high-altitude camera is started after receiving notification of a disaster. This causes issues, such as delays in disasters being reported after they occur, and difficulties with confirming the condition of built-up urban areas. Bind Vision, our image-processing AI collaboration platform, offers AI that can detect smoke and measure water levels. It can detect abnormalities using AI from images taken and send email notifications, enabling a rapid response in the event of a disaster. This contributes to the realization of a safe and secure society.

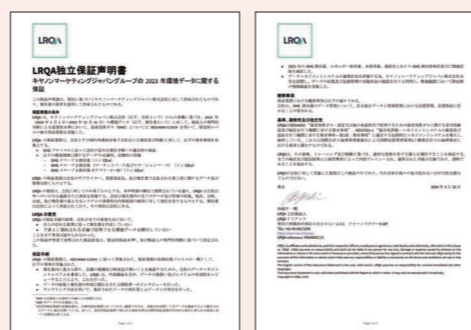


### Strengthening Our Management Foundation

#### Environment **Received Third-party Assurance for Greenhouse Gas (GHG) Emissions**

To ensure the reliability of environmental data, the Canon MJ Group conducted third-party verification of its 2023 greenhouse gas (GHG) emission data (Scope 1, 2, and 3) in compliance with the international standard ISO 14064-3, and received an assurance statement from certification authority LRQA Limited.

▶ For more information, please refer to our news release below.  
<https://corporate.canon.jp/newsrelease/2024/pr-0326b>  
 (in Japanese only)



### Social Contribution Activities

#### Regional and cultural revitalization

#### Smile for the Future Project for Regional Revitalization in Disaster-stricken Areas and Nurturing Children's Hearts

Since January 2012, the Canon MJ Group has been implementing the Smile for the Future project, based on the concept of enjoying photography, as part of efforts to promote reconstruction and revitalization in the three prefectures affected by the Great East Japan Earthquake. This program utilizes the Canon MJ Group's photography expertise and provides opportunities for a wide range of people, from children to adults, to take photos and experience photo printing under the guidance of a photographer teacher. Through this project, we help foster communication between people and nurture the hearts of children.



#### Personnel development

#### School Building Memorials Project for Cultivating the Creativity and Self-Expression of Children

Since June 2014, the Canon MJ Group has been collaborating with Pentel Co., Ltd. to carry out the School Building Memorials project to help create memories of elementary school buildings that are to be demolished and replaced or merged with other schools. Children draw pictures using the school building as a canvas, and document this work and creation process using a camera. These photos are then blown up, printed, and donated. Through this project, we are contributing to fostering children's awareness of the arts field, as well as to regional revitalization through interaction with local residents.



#### Safe and secure society

#### Aiming for a Society in which AEDs can Save as Many Lives as Possible

In 2009, the Canon MJ Group began activities to promote proper AED placement and to promote awareness and training. In 2019, Canon System & Support introduced AEDs at its business sites throughout Japan. At some locations, AEDs installed outdoors and in company-owned vehicles have been made accessible to local residents. Just as important as AED placement is training to increase the number of people who can use an AED. We provide CPR (cardiopulmonary resuscitation) training by about 400 certified instructors not only to employees, but also to customers and business partners nationwide. More than 230,000 people have taken the course so far. We are currently working to achieve the target of 300,000 people.



#### Health and productivity management

#### Selected under the 2024 KENKO Investment for Health Stock Selection

At the Canon MJ Group, we believe that efforts to maintain and improve employees' health based on the principle of "Health First" set forth in the Canon Code of Conduct lead not only to the happiness of employees and their families, but also to the maximization of individual performance, thereby contributing to the growth and sustainability of the company. Canon MJ was included in the 2024 KENKO Investment for Health Stock Selection, jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, as a company that excels in health and productivity management.



#### Workstyle reform

#### Awarded a 4.5-Star Rating in the 7th Nikkei Smart Work Management Survey

Canon MJ was awarded a 4.5-star rating in the 7th Nikkei Smart Work Management Survey, exceeding the 4.0-star rating in the previous survey. We received higher points than last year for our technology utilization, innovation promotion system, and market expansion areas. As a result, in the three evaluation elements, we received an S rating for "utilization of human resources," an S++ rating for "innovation," exceeding last year's S rating, and an S+ rating for "market development," up from last year's S rating.

