

# Corporate Governance Report

Last update: September 30, 2022  
Canon Marketing Japan Inc.  
Masachika Adachi, President  
Securities Code: 8060  
<https://cweb.canon.jp/eng/ir/>

The corporate governance of Canon Marketing Japan Inc. (the “Company”) is described below.

## **I Basic Views of Corporate Governance and Basic Information on Capital Structure, Corporate Attributes, and Other Matters**

### **1. Basic Views**

We recognize that the ongoing improvement of management transparency and enhancement of management supervisory functions, with an eye on monitoring progress toward achieving management targets, are crucial for sustainable growth in corporate value. This recognition is reflected in our wide-ranging initiatives to strengthen corporate governance.

Our corporate governance structure is as described in (ii) basic views and guidelines on corporate governance ([Principle 3.1: Full disclosure] and [Disclosure based on the principles of the Corporate Governance Code]) below.

#### **[Reasons for not complying with the principles of the Corporate Governance Code]**

[Supplementary Principle 4.8.3: Election of Independent Outside Directors that account for a majority of the Board members at a listed company having a controlling shareholder]

The structure of the Company's Board of Directors is as described in I 1. [Disclosure based on the principles of the Corporate Governance Code], [Principle 3.1: Full disclosure], (ii) The Board of Directors. The Company's Independent Outside Directors satisfy the Company's independence standards, are independent of Canon Inc., the controlling shareholder of the Company, and play the role of contributing to maintaining and improving the Board of Directors' transparency and accountability.

Canon Inc., the controlling shareholder, and the Company enter into transactions, including the determination of purchase prices and the setting of interest rates on loans, after they make sure that the transactions are not disadvantageous to either party and conclude agreements in writing.

If the Company makes important transactions with Canon Inc., the Company properly receives opinions that the Independent Outside Directors give from an objective perspective based on their extensive experience in and remarkable insights into corporate management, etc. The Board of Directors then deliberates on the transactions so that minority shareholders' interests will not be impaired before the transactions are concluded.

If transactions involving conflicts of interests between the controlling shareholder and the minority shareholders occur, the Board of Directors will properly deliberate on the transactions as it has before so that the minority shareholders' interests will not be harmed. The Company will continue to examine the composition, etc. of the Board of Directors, taking into account changes in the internal and external environment.

[Supplementary Principle 4.10.1: Ensuring Outside Directors accounting for a majority of the members of Nomination and Remuneration Advisory Committee, evaluation of the independence of the composition of the committee, disclosure of authority, roles, etc.]

The structure of the Company's Board of Directors is as described in I 1. [Disclosure based on the principles of the Corporate Governance Code], [Principle 3.1: Full disclosure], (ii) The Board of Directors.

The Company has established the voluntary Nomination and Remuneration Advisory Committee consisting of four members, the President & Representative Director, one Director and two Independent Outside Directors, for the purpose of ensuring the fairness and validity of selection of candidates for Directors, Audit & Supervisory Board Members and Vice Presidents respectively, deliberating dismissal of the Representative Directors, Executive Directors and Executive Officers in the positions of Vice Presidents or higher as well as ensuring the validity of the compensation systems for Directors and Executive Officers in the positions of Vice Presidents or higher.

The Independent Outside Directors satisfy the Company's independence standards, play the role of contributing to maintaining and improving the independence, transparency and accountability of the functions of the Board of Directors related to nomination and remuneration, etc., and speak appropriately at Nomination and Remuneration Advisory Committee meetings from an objective perspective based on their extensive experience in and remarkable insights into corporate management, etc.

For the reasons stated above, the Nomination and Remuneration Advisory Committee can be said to be fully independent and properly deliberate matters related to nomination and remuneration, etc. The Company will continue to examine the composition, etc. of the committee, considering changes in the internal and external environment. The names of the

committee members and the activities of the committee, etc. are stated in II 1. [Matters concerning organizational structure and operations, etc.], [Directors], Supplementary explanation.

#### [Disclosure based on the principles of the Corporate Governance Code]

##### [Principle 1.4: Strategic Shareholdings]

###### 1. Policy for Strategic Shareholdings

The Canon Marketing Japan Group (“the Group”) only holds shares of other listed companies when these shareholdings help to improve the corporate value and the mid- and long-term development of the Group, taking into consideration things such as management strategies, business alliances, the maintenance and strengthening of transactions, the development of collaborative businesses, and the creation of new forms of synergy.

###### 2. Review of the reasonableness of Strategic Shareholdings

The Company reviews the reasonableness of individual reciprocal cross-shareholdings at meetings of its Board of Directors in a comprehensive assessment that considers the significance of shareholdings and other results of a qualitative evaluation as well as a quantitative evaluation of the transaction value with investment targets, dividends, and whether unrealized gains are commensurate with capital costs, on a regular basis each year. As a result of the review, when it is judged that holding certain shares is no longer reasonable, the holding will be reduced through the sale of said shares.

###### 3. Policy for exercising the voting rights of Strategic Shareholdings

While respecting the management philosophy, business strategies, etc. of each investment target, the Company establishes specific standards based on judgment criterion of whether they contribute to the interests of shareholders in general, and according to that standard, the Company exercises its voting rights of cross-held shares.

##### [Principle 1.7: Related party transactions]

In regard to a transaction between the Company and a Director and a conflicting interest transaction by a Director, the Company discloses important information related to the transaction to the Board of Directors, obtains its approval in accordance with the corresponding laws and regulations, and reports to the Board of Directors after the transaction is complete.

In addition, the aforementioned principle regarding Directors also applies to Vice Presidents and those holding higher positions of Executive Officers who are appointed by a resolution of the Board of Directors.

Transactions with Canon Inc., major shareholder, are conducted fairly and appropriately, such as by concluding important master agreements based on a resolution of the Board of Directors, to prevent damaging the interests of the Company.

##### [Supplementary Principle 2.3.1: Sustainability issues, primarily social and environmental issues]

The Company established the Sustainability Promotion Committee in January 2021 as a place for the consideration of measures to enhance corporate value by placing sustainability management at the core of management plans, with the goal of the continued, sustainable development of the Company and society. The Sustainability Promotion Committee deliberates important matters related to sustainability. The committee reports the results to the management meeting and the Board of Directors and requests opinions and advice from them. The deliberation, opinions and advice will be reflected in future activities.

Through discussions in the Committee, the Group has defined materiality by positioning the achievement of a society in which all people harmoniously and happily live and work together into the future under the Canon Group’s corporate philosophy *Kyosei*\* as the fulfillment of stakeholders’ expectations and requirements.

The Company respects the human rights stated in the Universal Declaration of Human Rights, the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the OECD (Organization for Economic Co-operation and Development) Guidelines for Multinational Enterprises.

\* The corporate philosophy of the Canon Group is posted on the Company’s official web site below.

<https://cweb.canon.jp/eng/corporate/groupvision/philosophy.html>

The Canon Group Human Rights Policy is also posted on the official website of Canon Inc. (only in Japanese)

<https://global.canon/ja/csr/people-and-society/pdf/hr-policy-j.pdf>

##### [Supplementary Principle 2.4.1: Ensuring diversity at the Company, including the empowerment of women]

Under the corporate philosophy of *Kyosei*, we strive for a society in which all people, regardless of culture, customs, language or race, harmoniously live and work together in happiness into the future. We aim at creating a company that can achieve growth, driven by diverse personnel with various characteristics and values who improve each other through corporate activities rooted in *Kyosei*, and will further disseminate the concept of “diversity & inclusion.”

### Promotion of the active participation of women in the workforce

As part of its initiatives for promoting “Diversity,” the Company positions the participation of a greater number of women in the workforce to be one of its top priorities.

(Ratios of female workers who hold the position of chief or higher managerial positions compared to the number of personnel in December 2021)

- Ratio of female managers: 3.3%
- Ratio of female chiefs: 12.2%

For more details, please check the following URL which is the webpage of the Ministry of Health, Labour and Welfare of Japan showing the “Database of Companies Promoting Women’s Participation and Advancement in the Work Place.” (Japanese only)

<http://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=877>

(Results of the child care and nursing care systems in December 2021)

- Ratio of employees returning to work after having taken childcare leave: 100%
- Ratio of the establishment of childcare leave: 100%
- Ratio of employees returning to work after having taken family care leave: 100%

We have established the following systems to create an environment to support active participation of women in the workforce.

(Child care and nursing care systems)

- Prenatal and postnatal leave
- Maternity leave system and shortened work hour system
- Childcare leave system
- Shortened work hour system for child care
- Family care leave system
- Re-Entry Program

### Policy on human resource development and internal environment development

Evaluating job performance, awareness and actions fairly and equally regardless of gender, age and educational background is a basic policy of the Company. The Company applies a similar policy to human resource development. It provides educational opportunities, including opportunities to receive IT literary education and education for each employee level, fairly to all employees who proactively seek learning. To achieve Long-Term Management Objectives, the Company has created an ideal image of an employee at the Company, that is, an enterprising professional that continues to be selected because of new value creation.

The Company holds six Human Resources Strategy Committee meetings a year for developing human resource initiatives, particularly initiatives for cultivating future management personnel and promoting diversity. Directors and business officers participate in the meetings and discuss the formulation of human capital strategies and medium- to long-term human resource issues to promote initiatives.

The Company's human resource development policy is posted on the Company's official website below.

<https://canon.jp/corporate/csr/social/training>

#### [Principle 2.6: Roles of Corporate Pension Funds as Asset Owners]

The Company jointly with Canon Inc. established the Canon Pension Fund, appointing finance and accounting experts to the roles of Chief Director, Executive Director, and Investment Managing Director. Grounded in the Basic Policy that was based on guidelines enacted by the Japanese Ministry of Health, Labor and Welfare—the pension fund employs asset allocation plans considered optimal from a medium- to long-term investment perspective, and selects investment products and institutions that align with the asset allocation plans. In asset allocation and the selection of investment institutions, careful deliberation is carried out by the asset investment committee, which consists of the Chief Director, Executive Director, Investment Managing Director and experienced investment and pension plan experts.

Additionally, scheduled monitoring of investment status, including the stewardship activities of each institution, is carried out through quarterly reporting sessions. Through this, the Canon Group has established a structure that realizes steady asset formation for employees and secures the future investment and management of a healthy pension fund that gives due consideration to avoiding conflicts of interest between pension beneficiaries and the Company.

We are also taking such steps as participating in seminars hosted by the Pension Fund Association of Japan to elevate the competencies of our investment personnel.

#### [Principle 3.1: Full disclosure]

(i) Company objectives, business strategies, and business plans

1. Corporate philosophy

The Canon Group's corporate philosophy is *Kyosei*. Under the corporate philosophy, we strive for a society in which all people, regardless of culture, customs, language or race, harmoniously and happily live and work together into the future. The Group shares the corporate philosophy of the Canon Group, *Kyosei*, contributes to the development of society by offering superior products and services, and fulfils its social responsibility.

2. Business strategies and business plans

The Group has formulated the 2021 to 2025 Long-Term Management Objectives and the 2022 to 2025 Three-Year Management Plan for the purpose of sustaining growth and enhancing corporate value on a medium- to long-term basis. The Group considers that the sustained development of both society and the Group, which is what sustainability-oriented management seeks to achieve, is facilitated by solving social issues through business activities, based on the Group's corporate philosophy of *Kyosei*: Living and working together for the common good. With this in mind, it has formulated the Long-Term Management Objectives.

The Three-Year Management Plan is an action plan that the Group will implement to fulfill the 2025 vision and management indicators, based on the basic strategies set out in the Long-Term Management Objectives.

2025 vision

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

Basic strategies

1. Sustainably increasing corporate value by solving social issues through business
2. Becoming a high-profit corporate group
  - Business reform placing IT solution business at the center of growth
  - Improving the sales system for each customer segment using the customer base
  - Increasing the added value and enhancing profitability with respect to the Canon product business
3. Creating a virtuous circle by improving management capital
  - Accelerating business growth by developing skilled human resources and increasing engagement
  - Accelerating business growth through strategic investment

2025 Management Indicators

Net income : 650 billion yen (including 300 billion yen from sales of IT solutions)

Operating income : 50 billion yen

ROE : 8.0%

(ii) Basic views and guidelines on corporate governance

The Company conducts business activities in multiple business domains—Business Solutions, IT Solutions, Imaging Systems, and Industrial/Medical—and hopes to expand into new business domains in the future. We believe that the following corporate governance structure is effective for making timely decisions related to each of these business domains. We also believe that it is effective for making important decisions from a company-wide perspective on matters involving the Group as a whole or matters in which several business domains intersect on the one hand, and ensuring the appropriateness of decision-making and execution on the other.

The Board of Directors

We have established a structure that mainly consists of Representative Directors who oversee company-wide business strategies and their execution, and Executive Directors who oversee each business domain or each headquarters function. In addition, two or more Independent Outside Directors are included as members of the Board of Directors to ensure the soundness of management. The Board of Directors handles important decision-making and oversees the performance status of business operations in accordance with laws and regulations.

Other decision-making is conducted by the Representative Directors, while Executive Officers appointed by a resolution of the Board of Directors handle decision-making and execution as the persons responsible for the respective business domains or headquarters functions under the direction and supervision of Representative Directors.

Audit & Supervisory Board

As an auditing organization independent from the Board of Directors, the Audit & Supervisory Board consists of persons who have considerable knowledge of the Company's business and corporate management, and persons who are well-versed in accounting and other professional fields. At least one of the Outside Audit & Supervisory Board Members is a person who satisfies the independence standards and qualifications separately prescribed by the Board of Directors. The Audit & Supervisory Board made up of these Members works together with the accounting auditors and the internal audit division of the Company to audit the execution of duties by Directors and the status of assets of the Company to ensure the soundness of management.

(iii) Policies and procedures in determining the remuneration of the senior management and Directors

1. Policies

The remuneration of Representative Directors and Directors consists of base compensation of a fixed amount paid on a monthly basis as compensation for Stock Compensation-type Stock Options, and a bonus linked to the business results for the business year, and performance-based stock remuneration as incentives for enhancing medium- to long-term business performance and corporate value. The remuneration for Executive Officers in the positions of Vice Presidents or higher is paid in an equivalent manner.

Outside Directors are only paid basic compensation of a fixed monthly amount.

2. Procedures

The Company established the voluntary "Nomination and Remuneration Advisory Committee" consisting of the President & Representative Director, one Director and two Independent Outside Directors.

The said committee reviews the appropriateness of the compensation system including the standards for calculation of the basic compensation/bonus and the standards for granting Stock Compensation-type Stock Options for Directors and Executive Officers in the positions of Vice Presidents or higher.

An amount of individual compensations is determined under the compensation system which the "Nomination and Remuneration Advisory Committee" review based on the fundamental concept for calculation which is decided by a resolution of the Board of Directors.

In addition, the total sum of "basic compensation" for Directors and "Stock Compensation-type Stock Options" is within the limit of total compensation (maximum amount) approved by the General Meeting of Shareholders.

With respect to the "bonus" for Directors, payment thereof is determined upon approval of the proposal for payment of bonus at the Ordinary General Meeting of Shareholders.

For more information, please see II 1. "Matters concerning organizational structure and operations, etc." (Remuneration to Directors) "Content of disclosed policy to determine the amount of remuneration or the method for calculating this amount."

(iv) Policies and procedures in the appointment of the senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members

1. Policies

In principle, we select candidates for Directors and Audit & Supervisory Board Members and Vice President and Executive Officers appointed as higher positions from among the persons who are recognized as being able to perform the corresponding duties fairly and accurately, who have deep insight, and who satisfy the following requirements, regardless of their gender, nationality, age, or other personal attributes.

Representative Directors and Directors

The candidates must have a true understanding of the Company's corporate philosophy and Code of Conduct, a broad and deep understanding of the Company's business and operations through experience gained as Executive Officers, etc., and must be able to make effective judgment from a comprehensive perspective of multiple businesses and headquarters functions.

Independent Outside Directors

The candidates must satisfy the independence standards and qualifications separately prescribed by the Board of Directors and must have a high degree of professionalism and abundant experience in corporate management, risk management, law, economics, and other fields.

Audit & Supervisory Board Members

The candidates must have a high degree of professionalism and a wealth of experience in corporate management, financial and accounting matters, internal controls, and other fields. One or more candidates for Outside Audit & Supervisory Board Members of the Audit & Supervisory Board must satisfy the independence standards and qualifications separately prescribed by the Board of Directors.

Vice President and Executive Officers appointed as higher positions

The candidates must be highly evaluated in terms of performance, abilities and personality upon assessment of managerial positions and have adequate knowledge/experience to assume responsibility for execution in a specific area and true understanding of the Company's management philosophy and Code of Conduct.

2. Procedures for appointment/nomination

The Company established the voluntary "Nomination and Remuneration Advisory Committee" consisting of the President & Representative Director, one Director and two Independent Outside Directors.

In nomination of candidates for Directors/Audit & Supervisory Board Members and appointment of Vice President (including successor to President and candidates therefor), President recommend candidates from among persons who are recognized to satisfy the prescribed requirements and the fairness/appropriateness of recommendation is checked by the nomination committee. Then the proposal therefor is submitted to and deliberated by the Board of

Directors.

In addition, in regards to candidates for Audit & Supervisory Board Members, deliberation at the Audit & Supervisory Board meeting is conducted and the consent of the board is obtained prior to deliberation at the Board of Directors meeting.

### 3. Procedures for removal of members of the senior management

If it is judged that illegality, unlawfulness or betrayal is found with Representative Directors, Executive Directors and Vice President and Executive Officers appointed as higher positions (the “senior management”), that they do not fulfill their roles, and that otherwise they are not suitable to the duties of senior management, Directors/Audit & Supervisory Board Members may demand discussion of the necessity of removal of the senior management from the “Nomination and Remuneration Advisory Committee” at any time.

The results of discussion by the “Nomination and Remuneration Advisory Committee” are reported to the Board of Directors, irrespective of the results, and the necessity of removal is deliberated by the Board of Directors. The senior management subject to deliberation may not participate in the deliberation.

#### (v) Explanations for the appointment of each member of the senior management and the nomination of each candidate for Directors and Audit & Supervisory Board Members

The Company discloses the reasons for electing each candidate for Directors and Audit & Supervisory Board Members (if it is especially necessary, including reasons for removal or non-appointment) by stating these reasons in the convocation notices of the general meetings of shareholders, etc.

#### [Supplementary Principle 3.1.3: Disclosure of sustainability efforts]

The Company's sustainability efforts are disclosed in the Integrated Report. Integrated Report 2021 published in 2022 was prepared to focus on the two key points of “visualization of growth stories” and “personnel for realizing growth.” Moreover, the Group worked to increase the content of its materiality disclosure and disclosure based on TCFD (Task Force on Climate-related Financial Disclosures).

The Integrated Report is posted on the Company's official website below.

<https://canon.jp/corporate/ir/library/annual-report>

The Company expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in October 2021. The Company will actively disclose the risks and opportunities that climate change will create for its businesses in terms of strategies, risk management, and governance, among other aspects, based on the TCFD recommendations.

#### [Supplementary Principle 4.1.1: Determination and disclosure of the scope of delegation to the senior management]

As described in Principle 3.1 (ii) Basic views and guidelines on corporate governance, the Board of Directors makes decisions on matters required by laws and regulations and the Articles of Incorporation (example: acquisition and disposal of assets of more than a certain amount), important matters involving The Group as a whole, or important matters in which several business domains intersect, and oversees the execution of business operations. The details of matters to be discussed by the Board of Directors are set forth in the Regulations of the Board of Directors.

Decision-making and the execution of other matters are conducted by the Representative Directors in accordance with the regulations concerning the division of roles and job authorities determined by the Board of Directors. Executive Officers appointed by a resolution of the Board of Directors are in charge of decision-making and execution as the persons responsible for each business domain or each headquarters function. They work under the direction and supervision of Representative Directors.

#### [Supplementary Principle 4.2.2: Formulation of a basic policy on sustainability efforts, allocation of management resources and supervision of the implementation of portfolio strategies]

As stated in [Principle 3.1 (i), 2. Business strategies and business plans], the Company's Long-Term Management Objectives say that the sustained development of both society and the Group, which is what sustainability-oriented management seeks to achieve, is facilitated by addressing social issues through business activities.

The Human Resources Strategy Committee and investment committees deliberate on, and monitor progress in, investments in human capital and intellectual capital. The Board of Directors receives reports on companywide matters. In this way, the Company strives to achieve effective oversight. Strategies on the allocation of management resources and the business portfolio are specified in the basic policy of the Three-Year Management Plan and progress in the execution of the strategies is effectively supervised through regular reports to the Board of Directors.

#### [Principle 4.8: Effective use of Independent Outside Directors]

As described in the [Principle 3.1 (ii) Basic views and guidelines on corporate governance], the Board of Directors consists primarily of Representative Directors who oversee company-wide business strategies and their execution, and

Executive Directors who oversee each business domain or each headquarters function. In addition, two or more Independent Outside Directors are included as members of the Board of Directors in order to ensure the soundness of management.

[Principle 4.9: Independence standards and qualification for Independent Directors]

The Company establishes the “Independence Standards for Independent Directors/Audit and Supervisory Board Members” resolved by the board of directors with the resolution of all Audit and Supervisory Board Members, in order to clarify the standards for ensuring independence of Independent Directors/Audit and Supervisory Board Members of the Company, taking into consideration Japan’s Corporate Governance Code (Principle 4.9) and the independence criteria set by securities exchanges in Japan.

“Independence Standards for Independent Directors/Audit and Supervisory Board Members” are disclosed on the Company’s official web site below.

<https://cweb.canon.jp/eng/ir/management/governance.html>

[Supplementary Principle 4.11.1: Balance between diversity, knowledge, experience and other matters of the Board of Directors as a whole]

The aforementioned subject is as described in Principle 3.1 (ii) Basic views and guidelines on corporate governance and Principle 3.1 (iv) Policies and procedures in the appointment of the senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members. The Company takes into account the balance between diversity, knowledge, experience, and other matters of not only the Board of Directors, but of the entire organization consisting of the Board of Directors and the Audit & Supervisory Board which possesses auditing functions.

The skill matrix for the Directors appears on the final page.

[Supplementary Principle 4.11.2: Status of concurrent holding of positions by Directors and Audit & Supervisory Board Members]

The Company discloses reasons for electing each candidate for Directors or Audit & Supervisory Board Members and the status of candidates who concurrently hold positions as officers of other listed companies in the convocation notices of general meetings of shareholders in cases where proposals for the election of Directors or Audit & Supervisory Board Members are to be submitted for approval by shareholders.

In addition, once every year the Company confirms the status of all Directors and Audit & Supervisory Board members who concurrently hold positions, and discloses the status in convocation notices of the general meeting of shareholders in the previously described manner.

The convocation notices are disclosed on the Company’s official web site below.

<https://cweb.canon.jp/eng/ir/stock/generalmeeting.html>

[Supplementary Principle 4.11.3: Analysis and assessment of effectiveness of the Board of Directors]

The Company carries out an assessment of the effectiveness of the Board of Directors every year, and endeavors to ensure the decision-making function and the monitoring function.

<Summary of fiscal 2021 evaluation results>

In the fiscal year under review, the Company conducted a questionnaire survey of Directors and Audit & Supervisory Board Members, and carried out an analysis and assessment of the effectiveness of the Board of Directors.

Assessment criteria in the fiscal year under review were (i) deliberations of the Board of Directors, (ii) composition of the Board of Directors, (iii) succession planning, and (iv) the sufficiency or process of discussion. The questionnaire survey results confirmed that the effectiveness of the Board of Directors is mostly ensured.

Going forward, the Company will strive for greater effectiveness and improvement by reflecting the opinions of Directors and Audit & Supervisory Board Members obtained in the questionnaire survey in operations and ensuring fuller discussion on matters such as the composition of the Board of Directors, monitoring of important projects, and the development of executives, aiming for the enhancement of corporate value in the medium and long term and sustainable growth.

[Supplementary Principle 4.14.2: Training policy for Directors and Audit & Supervisory Board Members]

The Company conducts training for Directors and Audit & Supervisory Board Members on appointment for the purpose of ensuring that they understand their roles and job responsibilities and that they have the knowledge necessary or useful to appropriately fulfil their duties. In addition, the Company has established a system in which they can attend internal and external training sessions at the Company’s expense after taking office.

Furthermore, the Company provides Outside Directors and Outside Audit & Supervisory Board Members of the Audit & Supervisory Board with opportunities to attend business report meetings and other meetings to help them attain a deeper understanding of the Company’s business.

[Principle 5.1: Policy for constructive dialogue with shareholders]

## 1. Policies

To contribute to the sustainable growth and medium- to long-term enhancement of corporate value, the Company holds constructive dialogue with shareholders through various means, such as general meetings of shareholders, meetings to explain medium- and long- term business plans, business results briefings, and interviews with major institutional investors.

### 2. System to promote dialogue

- a) The accounting, IR, public relations, and legal divisions collaboratively take charge of promoting dialogue with shareholders. Their activities are controlled by the officer in charge of the IR division.
- b) At the beginning of each year, the Representative Directors host a meeting to explain the medium- and long- term business plans to analysts and institutional investors. In addition, the officer in charge of the IR division holds business results briefings on a quarterly basis. Furthermore, the Company provides opportunities for interviews as needed. The Investor Information section of The Company. is disclosed on the Company's official web site below.  
<https://cweb.canon.jp/eng/ir/index.html>
- c) In response to requests from shareholders and investors, management, including the President & Representative Director, are interviewed or take other actions as needed, following the judgment of the officer in charge of the IR division.
- d) Opinions or requests received through dialogue with shareholders are reported to management meeting by the department in charge on a regular basis, and important points and suggestions are reported to Representative Directors or the Board of Directors by the officer in charge of the IR division.

### 3. Management of insider information

The Company ensures that it does not carelessly provide important undisclosed information during dialogue with shareholders by maintaining strict control of important undisclosed information in accordance with the Regulations Concerning the Prevention of Insider Trading, which also set out the procedure for disclosing information.

## 2. Capital Structure

Percentage of shares owned by foreign shareholders

More than 10% but less than 20%

[Status of major shareholders]

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)
Canon Inc.	75,708,684	58.38
The Master Trust Bank of Japan, Ltd. (Trust account)	9,404,400	7.25
Canon Marketing Japan Group Employee Stock Ownership Association	5,710,279	4.40
Custody Bank of Japan, Ltd. (Trust Account)	3,543,200	2.73
STATE STREET BANK AND TRUST COMPANY 505001	1,583,186	1.22
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,373,100	1.06
Canon Marketing Japan Group Business Partner Stock Ownership Association	1,273,746	0.98
SMBC Nikko Securities Inc.	1,071,600	0.83
Mizuho Bank, Ltd.	1,001,083	0.77
The Dai-ichi Life Insurance Company, Limited	879,900	0.68

Existence of controlling shareholders (excluding parent company)

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Existence of parent company

Canon Inc. (Listing: Tokyo, Nagoya, Sapporo, Fukuoka, and overseas) (Securities code) 7751

### Supplementary explanation

The above descriptions are as of June 30, 2022. As of the said date, the Company holds 1,402,894 shares (shareholding ratio: 1.07%) as treasury stock in addition to the shares shown above in [Status of major shareholders].



### 3. Corporate attributes

Stock exchange listings and market segment	Prime Market, Tokyo
Fiscal year-end	December
Category of business	Wholesale business
Number of employees as of the end of the immediately preceding fiscal year (consolidated)	No less than 1,000
Net sales as of the end of the immediately preceding fiscal year (consolidated)	No less than ¥100 billion but less than ¥1 trillion
Number of consolidated subsidiaries as of the end of the immediately preceding fiscal year	No less than 10 companies but less than 50 companies

### 4. Guidelines for measures to protect minority shareholders when conducting transactions, etc. with controlling shareholders

The controlling shareholder of the Company is the parent company, Canon Inc. Transactions with the controlling shareholder are as described in [Principle 1.7 Related party transactions, Disclosure based on the principles of the Corporate Governance Code, II. Basic Views], and no arbitrary decisions are made on terms, etc. of transactions with the controlling shareholder. In addition, the Company protects the interests of all its shareholders by conducting all transactions appropriately and fairly, including transactions with the controlling shareholder, to ensure there is no damage to the Company's independence and interests.

### 5. Other special circumstances that may have a material impact on corporate governance

The policy of Canon Inc., which is the parent of the Company, concerning the listing of subsidiaries is to enhance the value of the overall group through the stable recording of earnings and serving the interests of all shareholders, including minority shareholders, by forming a system enabling dynamic management while maintaining the independence of subsidiaries, with the aim of maximizing consolidated business performance.

In addition to the sale of Canon's products and services, the Company sells other companies' products and provides services and IT solutions in response to the needs of customers and its own businesses. To develop these independent businesses, it is necessary for the Company to make decisions promptly, secure excellent human resources and flexibly raise funds. These objectives are made possible by the Company being a listed company that maintains its independence. As a result, we believe that the expansion of earnings generated by the Company's own businesses will contribute to the enhancement of the corporate value of the entire Canon Group and the interests of all shareholders.

In addition, given that the involvement of the parent company in the management of the Company is limited to the exercise of voting rights as a shareholder and that none of Canon Inc.'s officers currently serve as officers of the Company, we believe that the involvement of the parent company in the management of the Company is extremely limited. The Nomination and Remuneration Committee deliberates to nominate executives and determine their remuneration, and a half of this committee's members are independent Outside Directors whom the Company appoints on its own, objectively ensuring transparency and fairness. Transactions between the Company and Canon Inc. such as the determination of purchase prices and the setting of interest rates on loans are made after confirming that neither party is disadvantaged and a contract is put into writing.

## II Corporate Governance Structures for Management Decision-Making, Execution and Supervision, and Other Matters

### 1. Matters concerning organizational structure and operations, etc.

Organizational form	Company with Audit & Supervisory Board Members
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[Directors]

Number of Directors stipulated in the Articles of Incorporation	21
Term of office of Directors stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors	7
Status of appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Outside Directors who are designated as Independent Directors	3

#### Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Akio Dobashi	Appointed from another company									△			
Yoshio Osawa	Appointed from another company									△			
Toshiharu Hasebe	Appointed from another company									△			

\* Selection items that indicate the relationship with the Company

\* The “○” indicates that the person falls under the item currently or recently, and the “△” indicates that the person fell under the item in the past.

\* The “●” indicates that a close relative of the person falls under the item currently or recently, and the “▲” indicates that the relative fell under the item in the past.

a Person conducting the operations of a listed company or a subsidiary of the listed company

b Person conducting the operations or non-executive director of the parent company of a listed company

c Person conducting the operations of a fellow subsidiary of a listed company

d Person whose major counterparties are listed companies or person conducting the operations of the aforementioned person

e Major client of a listed company or person conducting the operations of the major client

f Consultant, public accountant, or legal professional who receives a large amount of money or financial assets other than executive compensation from a listed company

g Major shareholder of a listed company (if the major shareholder is a corporation, person conducting the operations of the corporation)

h Person conducting the operations of a client of a listed company (who does not fall under d, e, or f) (only that person)

i Person conducting the operations of an entity with whom a listed company has relationships through outside directors or outside auditor (only that person)

j Person conducting the operations of an entity to whom a listed company makes donations (only that person)

k Other

Relationship with the Company (2)
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Name	Independent Director	Supplementary information regarding applicable items	Reason for appointment
Akio Dobashi	○	Mr. Dobashi previously worked at Sojitz Corporation, a client of the Company. Although the Company has business transactions with Sojitz, the annual transaction amount is less than 1% of the consolidated net sales of both Sojitz and the Company.	Mr. Dobashi has a track record of actively performing as a top executive at a general trading company for many years. The Company elected him as an Outside Director because it expects him to leverage his considerable experience and excellent expertise in company management to provide supervision and recommendations to the Company, and it assessed that he could accomplish the duties as an Outside Director appropriately. In addition, he is appointed as an independent officer because it was judged that there is no fear of any conflict of interest with general shareholders in light of the criteria for independence of the Tokyo Stock Exchange and the Company.
Yoshio Osawa	○	Mr. Osawa previously worked at Sumitomo Corporation and SCSK Corporation, which are both clients of the Company. Although the Company has business transactions with Sumitomo, the annual transaction amount is less than 1% of the consolidated net sales of both Sumitomo and the Company. Moreover, while the Company has business transactions with SCSK, the annual transaction amount is less than 1% of the consolidated net sales of both SCSK and the Company.	Mr. Osawa has a track record of actively performing as a top executive at a general trading company and IT services company for many years. The Company elected him as an Outside Director because it expects him to leverage his considerable experience and excellent expertise in company management to provide supervision and recommendations to the Company, and it assessed that he could accomplish the duties as an Outside Director appropriately. In addition, he is appointed as an independent officer because it was judged that there is no fear of any conflict of interest with general shareholders in light of the criteria for independence of the Tokyo Stock Exchange and the Company.
Toshiharu Hasebe	○	Mr. Hasebe previously worked at NTT Communications Corporation and NTT Advertising, Inc. (includes subsidiaries thereof; the same applies hereinafter), which are both clients of the Company. Although the Company has business transactions with NTT Communications, the annual transaction amount is less than 1% of the consolidated net sales of both NTT Communications and	Mr. Hasebe has a track record of actively performing as a top executive at a telecommunications company and advertisement company for many years. The Company elected him as an Outside Director because it expects him to leverage his considerable experience and excellent expertise in company management to provide supervision and recommendations to the Company, and it assessed that he could accomplish the duties as an Outside Director appropriately.

		the Company. Moreover, while the Company has business transactions with NTT Advertising, the annual transaction amount is less than 1% of the consolidated net sales of both NTT Advertising and the Company.	In addition, he is appointed as an independent officer because it was judged that there is no fear of any conflict of interest with general shareholders in light of the criteria for independence of the Tokyo Stock Exchange and the Company.
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Voluntary Establishment of Committee(s) corresponding to Nomination Committee or Remuneration Committee

Established

State of establishment of voluntary committees, members of the committees, attributes of chairman
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	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairman
Committee Corresponding to Nominating Committee	Nomination and Remuneration Advisory Committee	4	0	2	2	0	0	Inside Directors
Committee Corresponding to Remuneration Committee	Nomination and Remuneration Advisory Committee	4	0	2	2	0	0	Inside Directors

Supplementary explanation
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The Company established the voluntary “Nomination and Remuneration Advisory Committee” consisting of the President & Representative Director, one Director and two Independent Outside Directors, making four members in total, for the purpose of ensuring the fairness and validity of selection of candidates for Directors, Audit & Supervisory Board Members and Vice Presidents respectively, deliberating dismissal of the Representative Directors, Executive Directors and Executive Officers in the positions of Vice Presidents or higher as well as ensuring the validity of the compensation systems for Directors and Executive Officers in the positions of Vice Presidents or higher. The status of the most recent activities of the Committee are as shown below. For details, please refer to I1. [Disclosure based on the principles of the Corporate Governance Code] [Principle 3.1: Full disclosure], (iii) “Policies and procedures in determining the remuneration of the senior management and Directors” and (iv) “Policies and procedures in the appointment of the senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members.”

January 11, 2019 Deliberation of fairness of selection of new candidates for Vice President/Deliberation of validity of directors' compensation system

January 23, 2019 Deliberation of validity of introduction of performance-based stock compensation system

January 21, 2020 Deliberation of fairness of selection of new candidates for Director and Audit & Supervisory Board Members

January 20, 2021 Deliberation on the fairness of the selection of new Representative Director and Director candidates

December 10, 2021 Deliberation on the fairness of the selection of new Director candidates/Deliberation of validity of revisions to stock compensation system

January 20, 2022 Deliberation on the fairness of the selection of new Director and Audit & Supervisory Board Member candidates/Deliberation of validity of revisions to stock compensation system

The four members are Masachika Adachi, President & Representative Director (chairperson), Minoru Mizoguchi, Director, Akio Dobashi, Outside Director and Yoshio Osawa, Outside Director.

Both Outside Directors attended all committee meetings.

Members of the personnel affairs and legal affairs departments make up a secretariat to conduct operations relating to the preparation of deliberation materials, the preparation of minutes, and the provision of support for operations of the committee.

[Audit & Supervisory Board Members]

Establishment of an audit & supervisory board	Established
Number of Audit & Supervisory Board Members stipulated in the Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

**Status of collaboration among Audit & Supervisory Board Members, accounting auditor, and internal audit division**

[Status of collaboration between Audit & Supervisory Board Members and accounting auditor]

Audit & Supervisory Board Members constantly work to improve audits when they formulate audit plans through discussions with the accounting auditor at the beginning of each fiscal year. They exchange information and opinions with the accounting auditor through reports of the results of regular audits and meetings held as needed, and are present during the on-site audits conducted by the accounting auditor and during the time when the accounting auditor explains the results of the on-site audits.

[Status of collaboration between Audit & Supervisory Board Members and internal audit division]

Audit & Supervisory Board Members receive explanations about the annual plans and policies for internal audits from the internal audit division. They are also informed of the status of conducting internal audits on a quarterly basis. In addition, both organizations exchange information whenever necessary. The internal audit division provides assistance to Audit & Supervisory Board Members, and provides assistance with the Board's secretarial affairs when asked by Audit & Supervisory Board Members for assistance following discussions.

Status of appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members considered to be Independent	2

**Relationship with the Company (1)**

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Iwao Hashimoto	Appointed from another company										△			
Nobutoshi Matsumoto	Appointed from another company													
Shigeo Hasegawa	Certified public accountant										△			

\* Selection items for relationship with the Company

\* The “○” indicates that the person falls under the item currently or recently, and the “△” indicates that the person fell under the item in the past.

\* The “●” indicates that a close relative of the person falls under the item currently or recently, and the “▲” indicates that the relative fell under the item in the past.

a Person conducting the operations of a listed company or a subsidiary of the listed company

b Non-executive director or accounting advisor of a listed company or a subsidiary of the listed company

c Person conducting the operations or non-executive director of the parent company of a listed company

d Audit & Supervisory Board member of the parent company of a listed company

e Person conducting the operations of a fellow subsidiary of a listed company

f Person whose major counterparties are listed companies or person conducting the operations of the aforementioned person

g Major client of a listed company or person conducting the operations of the major client

h Consultant, public accountant, or legal professional who receives a large amount of money or other financial assets other than executive compensation from a listed company

- i Major shareholder of a listed company (if the major shareholder is a corporation, person conducting the operations of the corporation)
- j Person conducting the operations of a client of a listed company (who does not fall under f, g, or h) (only that person)
- k Person conducting the operations of an entity with whom a listed company has relationships through outside directors or outside auditors (only that person)
- l Person conducting the operations of an entity to whom a listed company makes donations (only that person)
- m Other

**Relationship with the Company (2)**

Name	Independent Audit & Supervisory Board Member	Supplementary information regarding applicable items	Reason for appointment
Iwao Hashimoto	○	Mr. Hashimoto previously worked at Sampo Japan Insurance Inc., a client of the Company. Although the Company has business transactions with Sampo Japan Insurance, the annual transaction amount is less than 1% of the consolidated net sales of both Sampo Japan Insurance and the Company.	Because Mr. Hashimoto has extensive experience and broad insight as a result of his involvement in the management of an insurance company for many years, he is appointed as an Outside Member of the Audit & Supervisory Board. In addition, he is appointed as an independent officer because it was judged that there is no fear of any conflict of interest with general shareholders in light of the criteria for independence of the Tokyo Stock Exchange and the Company.
Nobutoshi Matsumoto		-----	Because Mr. Matsumoto has been in charge of accounting operations at Canon Inc. for many years. He has extensive experience and outstanding expertise in this field, and on this basis, the Company assessed that he could accomplish the duties as an Outside Audit & Supervisory Board Member appropriately.
Shigeo Hasegawa	○	Mr. Hasegawa previously worked at Deloitte Touche Tohmatsu LLC, the accounting auditor of the Company. However, he left the accounting firm before becoming an Audit & Supervisory Board Member of the Company and is not in the position to be influenced by the audit corporation's intention and no special interests that need to be mentioned exist between the Company and the accounting firm.	Because Mr. Hasegawa has many years of experience and extensive knowledge of accounting as a certified public accountant, he is appointed as an Outside Member of the Audit & Supervisory Board. In addition, he is appointed as an independent officer because it was judged that there is no fear of any conflict of interest with general shareholders in light of the criteria for independence of the Tokyo Stock Exchange and the Company.

[Independent Directors/Audit & Supervisory Board Members]

Number of independent Directors/Audit & Supervisory Board Members

5

**Other Independent Director/Audit & Supervisory Board Members Related Items**

The Company appoints all outside officers eligible for appointment as an independent officer as independent officers.

[Incentives]

Status of implementation of measures to grant incentives to Directors

Introduction of a performance-linked compensation system, introduction of a stock option system

**Supplementary information regarding applicable item**

Please refer to [Content of disclosed policy to determine the amount of remuneration or the method to calculate this amount].

Stock option grantees

Internal Directors and Others

**Supplementary information regarding applicable item**

The term "and Others" means Executive Officers who are Vice Presidents or higher. The Company decided to make Executive Officers of the Company who are Vice Presidents or higher (including persons serving concurrently as Directors; excluding Outside Directors) eligible for the granting of stock acquisition rights based on the view that they are in a position to play a central role in improving business performance and enhancing corporate value.

[Remuneration to Directors]

Status of disclosure of (remuneration to individual Directors)

Individual disclosure for certain Directors only

**Supplementary information regarding applicable item**

Individual disclosure information for those whose total remuneration, for example, compensation on a consolidated basis, is 100 million yen or above is contained in the Company's annual securities report (Yuukashouken houkokusho).

Policy established to determine the amount of remuneration or method to calculate this amount

Yes

**Content of disclosed policy to determine the amount of remuneration or the method to calculate this amount**

1. Basic policy on compensation

The Company endeavors to design executive compensation systems that will function as a framework for effectively encouraging officers to fully demonstrate their abilities and fulfil their roles and responsibilities for the Group's sound and sustainable growth. The Company's basic policy is that the proprietary value of executive compensation should be set at an appropriate level taking into consideration the attraction and retention of talented human resources who can fully meet the Company's expectations.

2. Details of each compensation system

a) Representative Directors and Executive Directors

The remuneration of the Representative Directors and Executive Directors is made up of the following "basic remuneration," "bonus" and "performance-based stock compensation."

Basic remuneration

This is a fixed amount, paid to Representative Directors and Executive Directors each month, as compensation for execution of their duties. It is a prescribed amount set in accordance with the position, role and degree of contribution of Representative Directors and Executive Directors. The total amount must not be more than 800 million yen per year as approved in the 39th Ordinary General Meeting of Shareholders held on March 28, 2007.



### Bonus

This is cash remuneration paid to Representative Directors and Executive Directors to reward their achievements over the course of one year in office and it uses consolidated profit before income taxes, which is the result of the Group's operating activities over the course of a year, as an indicator. A standard bonus amount set in accordance with the position of Representative Directors and Executive Directors is adjusted according to the degree of achievement of the indicator. Since the Company's view is that bonuses are like dividends and retained earnings and that they are essentially a distribution of company profits, the Company consults the annual general meeting of shareholders for approval of the payment of bonuses and the total amount to be paid calculated in accordance with the foregoing.

The Company's consolidated profit before income taxes was forecast at 33.5 billion yen at the beginning of the year (announced in January 2021) but the actual result was 43.094 billion yen.

### Stock Compensation-type Stock Options

The purpose of the Stock Compensation-type Stock Options is to further motivate Directors to improve business performance and enhance corporate value in the medium to long term by sharing both the benefits and risks of fluctuating stock prices with the shareholders, and stock acquisition rights with respect to the Company's shares will be granted once a year. The number of stock acquisition rights to be granted will be calculated based on the Officer's position and stock price levels at the time of the grant. Under the Plan, the exercise price per share that can be received upon exercise of a stock acquisition right shall be one yen. Eligible officers may exercise their stock acquisition rights within the range of 0% to 100% according to the degree of achievement of Management indicators set by the Company including consolidated profit before income taxes which are the results of the Group's operating activities for the year. When allotting stock acquisition rights as stock options, Directors shall be paid the same amount of monetary compensation as the payment amount determined based on fair value, and the payment shall be carried out by offsetting the payment amount against said compensation receivables in lieu of delivery of monetary payment. The total amount of compensation must not be more than 800 million yen per year as approved in the 39th ordinary General Meeting of Shareholders held on March 28, 2007 but this Plan shall be within said limit in accordance with the resolution of the 54th Ordinary General Meeting of Shareholders of the Company held on March 29, 2022.

Eligible officers shall be allowed to exercise the stock acquisition rights when they cease to be eligible officers on the basis that this plan is compensation for results throughout their term of office. In the event that the Company recognizes any acts by the eligible officers that are in violation of laws and regulations or misconduct in the course of their duties, acts conflicting with the duty of due diligence or duty of loyalty, or any other act equivalent thereto, the Company may limit the exercise of all or some of the stock acquisition rights.

Regarding the ratio between basic remuneration, bonuses and stock compensation-type stock options, the basic policy is to emphasize the level and stability of basic remuneration based on the thinking that it is important to undertake business management from a medium- to long-term perspective. As a general rule, Directors bonuses and stock compensation-type stock options are set as 30% and 20% of their base remuneration, at maximum, respectively, for the purpose of improving the business performance of a single fiscal year.

#### b) Outside Directors and Audit & Supervisory Board Members

The remuneration of Outside Directors and Audit & Supervisory Board Members, who perform duties from a position of independence from business execution, is limited to the basic remuneration, which is a fixed amount, paid each month as compensation for the execution of duties. The remuneration of Outside Directors is determined within the limit of the annual amount determined by resolution of the general meeting of shareholders stated in a) Basic remuneration above and within the limit of an amount determined in advance by the Company, taking general levels of remuneration into consideration. The upper limit of remuneration for Audit & Supervisory Board Members of 120 million yen per year set at the 30th Ordinary General Meeting of Shareholders held on March 26, 1998 was determined through consultation among Audit & Supervisory Board Members.

#### 3. Compensation determination process

The Company established the voluntary "Nomination and Remuneration Advisory Committee" consisting of the President & Representative Director, one Director and two Independent Outside Directors, making four members in total, for the purpose of ensuring the transparency and objectivity of the compensation determination process and the validity of the compensation systems. The committee reviewed the validity of the compensation systems for Directors and Executive Officers in the positions of Vice Presidents or higher including the standards for calculation of basic remuneration and bonuses and the standards for granting performance-based stock compensation and reported to the Board of the Directors to the effect that the systems are valid.

The individual compensation amounts of Directors are determined based on the compensation systems after the basic approach to calculation determined by resolution of the Board of Directors has been reviewed by the Nomination and Remuneration Advisory Committee. The Ordinary General Meeting of Shareholders is asked to approve the payment of

bonuses and the total amount of bonuses to be paid on each occasion as stated in 2. a) above.

The process for determination of compensation of Audit & Supervisory Board Members is as stated in 2. b) above.

[Support system for Outside Directors (Outside Members of the Audit & Supervisory Board)]

The Company does not have an organization or employees dedicated to assisting the Outside Directors and Outside Members of the Audit & Supervisory Board with their duties. Outside Directors receive explanations from Executive Directors when necessary about the agendas and other matters related to meetings of the Board of Directors prior to the meetings. Outside Members of the Audit & Supervisory Board also receive explanations from internal members of the Audit & Supervisory Board or Executive Directors when necessary about the agendas and other matters related to meetings of the Board of Directors prior to the meetings. In addition, Outside Members of the Audit & Supervisory Board attend meetings of the Audit & Supervisory Board, liaison meetings of the Audit & Supervisory Board held from time to time, and other meetings. They share information about important matters and information concerning the details of each audit among the members.

[Status of those who have retired from the posts of representative directors and presidents]

Names of counselors/advisers including former representative directors and presidents
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Name	Managerial position/status	Job duties	Working form/conditions (full-time, part-time, with/without remuneration)	Date of retirement from the post of president, etc.	Term of office
Masahiro Sakata	Counselor	Economic organization activity (no involvement in business management)	Working form: Part-time with Remuneration	March 26, 2021	Annual renewal

Total number of counselors/advisers including former representative directors and presidents	1
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1

## 2. Matters regarding functions of business execution, auditing, supervision, nomination, decision-making for remuneration, etc. (outline of current corporate governance structure)

The Company's corporate governance structure includes an internal auditing system in addition to the Audit & Supervisory Board.

[Board of Directors, Directors, and Executive Officers]

The outline of the structure for the Board of Directors is as described in (ii) Basic Views and guidelines on corporate governance, Principle 3.1: Full disclosure, Disclosure based on the principles of the Corporate Governance Code, II. *Basic Views*. The Board of Directors has 7 members, consisting of 4 Directors from within the Company and 3 Outside Directors who are Independent Directors. The Board aims to conduct management decision-making rationally and efficiently. The term of office for Directors is one year, and we have created a management structure capable of adapting quickly to changes in the business environment. Under the current structure, routine matters such as financial results and executive changes as well as important decisions specified by laws, regulations and the Board of Directors' Regulations are made after active discussions by the Board of Directors which normally meets once a month, temporary meetings of the Board of Directors that are held when needed, and at management meetings attended by the officers of the Company and the presidents of major subsidiaries of the Group. In addition, on March 29, 2011, the Company introduced an executive officer system. The purpose of this system is to speed up management decision-making within the Group by separating management decision-making from business execution functions and reducing the number of Directors. It also clarifies the responsibilities for the performance of business operations and strengthens the executive systems. There will be 23 Executive Officers as of April 1, 2022.

[Audit & Supervisory Board and Audit & Supervisory Board Members]

The outline of the structure for the Audit & Supervisory Board is as described in (ii) Basic views and guidelines on corporate governance, Principle 3.1: Full disclosure, Disclosure based on the principles of the Corporate Governance Code, II. *Basic Views*. There are five Audit & Supervisory Board Members, of whom three are appointed from outside of the Company. The Audit & Supervisory Board conducts strict audits by attending meetings of the Board of Directors,

interviewing Directors and other persons, inspecting documents involving important decisions, investigating business operations and the status of financial assets, etc. in accordance with the audit policies and division of duties, etc. that it determines. While the Company does not have dedicated organizations or employees to assist the Audit & Supervisory Board Members in their duties, when consulted by Audit & Supervisory Board Members about their requirements, the internal audit division, the legal division and other divisions have employees who will assist Audit & Supervisory Board Members and the Audit & Supervisory Board in their work (the “Assisting Employee”). When ordered to undertake duties by Audit & Supervisory Board Members, such employees assisting Audit & Supervisory Board Members will prioritize the execution of such duties.

[Concept for the functions and roles and the status of the appointment of independent Outside Directors and independent Outside Members of the Audit & Supervisory Board]

The aforementioned subject is as described in [Principle 4.9: Independence standards and qualification for Independent Directors, Disclosure based on the principles of the Corporate Governance Code, II. Basic Views]. The independent Outside Directors and independent Outside Members of the Audit & Supervisory Board of the Company satisfy the independence standards and qualification, and their role is to contribute to the maintenance and improvement of transparency and accountability of the Board of Directors.

[Internal audits]

The Internal Auditors Office (IAO) was established as an independent organization dedicated to performing audits of the Company and operating under the direct supervision of the President of the Company. IAO prepares the policies of the internal audit divisions of the Company and the entire Group and conducts audits of all management activities to examine the reliability of financial reports, the effectiveness and efficiency of business operations, compliance with laws and regulations, and the protection of corporate assets, and assesses the results of audits and provides advice to the audit targets.

In addition, the internal audit division of Canon IT Solutions Inc. and Canon System & Support Inc. conduct audits under the same policies. The Group as a whole has about 50 audit staff members.

[Accounting auditor]

The Company entered into an audit contract with Deloitte Touche Tohmatsu LLC in fiscal year 2020 and since then has undergone audits from this accounting firm. The names of the certified public accountants who carried out the audits in fiscal year 2021 and the accounting firm they belong to are as follows.

Masahiro Ide: Designated and Engagement Partner (Deloitte Touche Tohmatsu LLC)  
Shinji Hatano: Designated and Engagement Partner (Deloitte Touche Tohmatsu LLC)  
Kumiko Shimizu: Designated and Engagement Partner (Deloitte Touche Tohmatsu LLC)

[Policies and procedures for nomination of candidates for Director and Audit & Supervisory Board Member and determination of compensation for senior management and Director]

As stated in II. “Basic Views” [Disclosure based on the principles of the Corporate Governance Code] [Principle 3.1: Full disclosure], (iii) “Policies and procedures in determining the remuneration of the senior management and Directors” and (iv) “Policies and procedures in the appointment of the senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members” as well as II 1. Matters concerning organizational structure and operations, etc. [Directors] and [Incentives].

[Liability limitation agreement]

The Company has entered into contracts, in accordance with the Articles of Incorporation, with the Outside Directors and each of the Audit & Supervisory Board Members to limit their liabilities to compensate for damage under Paragraph 1, Article 423 of the Companies Act, to the limit of amount set forth in the Paragraph 1, Article 425 of the Companies Act.

[Sustainability]

(Promotion of sustainability)

As stated in Supplementary [Principle 2.3.1: Sustainability issues, primarily social and environmental issues], the Company established the Sustainability Promotion Committee in January 2021. The Company will enhance its corporate value by the expanding social issues to be resolved by the Group through the expansion of the IT solutions business, in addition to businesses related to Canon's products. Associated with this, the Company will establish the Sustainability Promotion Division in the Corporate Planning Headquarters that takes on management strategy and planning functions to enable the Sustainability Promotion Committee.

#### (Business ethics and compliance)

The initiatives of the Group for observing business ethics and full compliance with laws and regulations include the distribution of handbooks on the Canon Group Code of Conduct, Practical Business Ethics Reader, etc. and the Compliance Card for employees to carry at all times. Furthermore, to promote understanding and apply laws relevant to business operations and various rules, the Group distributes compliance-related mail magazine. In addition, compliance meetings are held to confirm job-related compliance risks and countermeasures for each workplace, important compliance matters, etc. In 2005, the Group started operating an internal whistle-blowing system (name: Speak-up System).

#### (Information security)

Initiatives to strengthen information security governance include the formulation of the Basic Policy for Information Security, the introduction of the ISMS (Information Security Management System) and PMS (Personal Information Management System) within the Group with the aim of promoting the homogenization and efficiency of the management systems, the optimization of various information security measures, the development of human resources for information security, the ISMS Conformity Assessment Scheme and objective assessment, and continuous improvement through the obtainment and maintenance of the Privacy Mark certification. In addition, as a measure to strengthen cybersecurity, we have established and run the Canon MJ\* CSIRT.

\* Canon MJ is the abbreviation of Canon Marketing Japan.

#### (Environment)

Group is working to create a society supporting affluence and the global environment at the same time through activities that reduce the environmental impact of the provision of services and IT solutions, in addition to the provision of environmentally friendly products, the collection and recycling of products and energy-saving activities at operations and logistics locations.

We use EMS (Environmental Management Systems) in these initiatives, conduct objective assessments, and make continuous improvements by obtaining and maintaining group-wide ISO14001 certification.

Further, in January 2022, the Company formulated and announced “Canon MJ Group’s Environmental Vision 2050”, setting out goals of (i) Achieve carbon neutrality, (ii) Work to build a resource recycling society, and (iii) Endeavor to preserve biodiversity and prevent pollution. The Company also set the “Canon MJ Group’s 2030 Medium-Term Environmental Targets” and is implementing initiatives and activities to help resolve environmental issues.

(Japanese only)

<https://canon.jp/corporate/csr/environment/vision>

To increase the effectiveness of initiatives for the achievement of Canon MJ Group's Environmental Vision 2050 and the 2030 Medium-Term Environmental Targets, the Company declared its support for the Task Force on Climate-Related Financial Disclosures (TCFD) and will actively promote climate disclosures.

(Japanese only)

<https://canon.jp/corporate/csr/environment/tcfd>

#### (Certification)

The certification obtained for information security, personal information protection, and environmental management is as follows (as of the end of September 2022):

#### ISMS Conformity Assessment Scheme

- ISO/IEC 27001 ((Information security management system)  
Canon Marketing Japan Inc., Canon IT Solutions Inc., SuperStream Inc., Qualysite Technologies Inc., Canon Control System (SHANGHAI) Inc., Canon System & Support Inc., A&A Co., Ltd., Canon Production Printing Systems Inc., Canon ITS Medical Inc., Canon Biz Attenda Inc., Canon Business Support Inc., Canon Customer Support Inc.
- ISO/IEC 27017 (Cloud computing security)  
The certification was obtained for part of the services of Canon Marketing Japan Inc. and Canon IT Solutions Inc.

#### Privacy Mark

Canon Marketing Japan Inc., Canon IT Solutions Inc., SuperStream Inc., Canon System & Support Inc., Canon Production Printing Systems Inc., Canon ITS Medical Inc., Canon Biz Attenda Inc., Canon Customer Support Inc.

#### ISO14001: 2015 certification

<Canon Group integrated EMS>

Canon Marketing Japan Inc., Canon IT Solutions Inc., SuperStream Inc., Qualysite Technologies Inc., Canon System & Support Inc., A&A Co., Ltd., Canon Production Printing Systems Inc., Canon ITS Medical Inc., Canon Biz Attenda Inc.,

Canon Business Support Inc., Canon Customer Support Inc.

[Information disclosure]

The Company has established the Disclosure Committee in order to strengthen the system for disclosing important corporate information in a fair, timely, and appropriate manner. The role of the Committee is to make prompt decisions on the need for timely disclosure, the information to be disclosed, the timing of disclosure, and other matters that are necessary for the timely disclosure of important corporate information. In addition, we have established a system in which important corporate information is comprehensively and rapidly collected when it emerges. In this system, individuals in each division of the Company and each affiliated company are appointed to handle information that needs to be disclosed in a timely fashion.

[Internal controls]

The Company works to continuously improve its internal control systems on a company-wide scale in accordance with the applicable laws in Japan and the United States. It launched the Internal Controls Assessment Project on March 1, 2004 and established the Internal Controls Evaluation Committee on January 1, 2005. The Company has also appointed persons at each division of the Company and each of its major affiliated companies to handle internal controls.

- Response to the Sarbanes-Oxley Act (a U.S. law for corporate reform) in the United States

Canon Inc. is a company listed on the New York Stock Exchange. For this reason, the Company, which controls the marketing division of the Canon Group in Japan, performs internal controls evaluations in order to evaluate the internal control systems based on the same standards adopted by Canon Inc.

- Response to the Financial Instruments and Exchange Act in Japan

In accordance with the Financial Instruments and Exchange Act, listed companies must now submit reports on internal controls. The Company started to submit internal control reports on the evaluation of the effectiveness of internal controls on financial reporting in the fiscal year ended December 31, 2009.

### **3. Reasons for adopting the current corporate governance structure**

The aforementioned subject is as described in Disclosure based on the principles of the Corporate Governance Code, I1. Basic Views and I2. Matters regarding functions of business execution, auditing, supervision, nomination, decision-making for remuneration, etc. (outline of current corporate governance structure).

### **III Status of Implementation of Measures Regarding Shareholders and Other Stakeholders**

#### **1. Status of initiatives to ensure active general meetings of shareholders and smooth exercise of voting rights**

	Supplementary explanations
Early dispatch of convocation notices for general meetings of shareholders	For the most recent 543th Ordinary General Meeting of Shareholders (March 29, 2022), we sent out the notice 25 days before (March 4, 2022) the date of the meeting.
Avoiding days on which many other companies have meetings	—
Exercise of voting rights by electronic means	We have made it possible for shareholders to vote over the Internet and by other electromagnetic means.
Participating in the electronic voting platform and other initiatives to improve the environment for institutional investors to exercise their voting rights	We use the Electronic Voting Platform for Foreign and Institutional Investors run by ICJ (Investor Communications Japan).
Provision of convocation notices for general meetings of shareholders in English (summary)	We prepare English versions of the convocation notices and submit them to Tokyo Stock Exchange and post them on the Company's web site.
Others	For the most recent Ordinary General Meeting of Shareholders, we posted the Notice of Convocation on the Company's web page and to the Tokyo Stock Exchange on February 25, 2022, 7 days before the date of dispatch of the notice.

#### **2. Status of IR activities**

	Supplementary explanations	Explanation by representative
Formulating and publishing disclosure policy	In 2008, the Company formulated the IR Policy that describes its concept for information disclosure for IR purposes. It is published on the Company's web site. The Company published its revised IR policy in January 2020.	
Holding briefing sessions for individual investors on a regular basis	The Company holds guidance seminars for individual investors, the speaker of which is either the President of the Company or the officer in charge of IR or other IR staff. Such seminars were held in December (twice) 2021, and an online briefing session for individual investors was held in May during the first half of fiscal year 2022.	Yes
Holding briefing sessions for analysts and institutional investors on a regular basis	The subject on the left is as described in 2. System to promote dialogue, Principle 5.1: Policy for constructive dialogue with shareholders, Disclosure based on the principles of the Corporate Governance Code, II. Basic Views.	Yes
Holding briefing sessions for foreign investors on a regular basis	We hold individual interviews with foreign institutional investors.	No
Posting IR materials on the website	The Company prepared a webpage exclusively for investor information on its corporate website. We strive to disclose information proactively by posting financial data, materials on corporate governance and presentation materials for general shareholders' meetings. We intend to engage in bi-directional communication by responding to	

	<p>questions and requests from investors using proprietary formats. Moreover, by posting materials for financial results briefing sessions, in addition to financial reports, we ensure fair information disclosure for the benefit of investors who are unable to attend financial results briefing sessions. In 2019, we supported responsive web design to enable users on any device to enjoy optimal display, in addition to the enhancement of explanation documents. Since 2020, we have issued and posted on the investor information section of our corporate webpage an integrated report that incorporated non-financial information and value creation models in the previous annual report format, which mainly comprised financial information. In 2021, we started to post video clips of the most recent results briefing session for anyone wishing to view it.</p>	
<p>Establishment of division (person) in charge of IR</p>	<p>The IR Promotion Dept. has been established within the Corporate Planning Headquarters as the organization dedicated to IR.</p>	

### 3. Status of initiatives for respecting stakeholders' standpoints

	Supplementary explanations
<p>Establishment of internal rules, etc. to prescribe respect for stakeholders' standpoints</p>	<p>In addition to the Canon Group Code of Conduct, the Company has established the policies and regulations for protecting the personal information of customers and employees, regulations concerning the workplace safety and health of employees, and the Regulations Concerning the Prevention of Insider Trading, which provide for matters concerning shareholders and investors. The Company endeavors to fully adhere to these regulations in order to respect the views of the stakeholders of the Group.</p>
<p>Implementation of environmental conservation activities, CSR activities and other activities.</p>	<p>As stated in Principle 3.1.3: Disclosure of sustainability efforts, Details of the Group's sustainability initiatives, including its activities to protect the environment have been disclosed in the Integrated Report. The latest information is posted on the sustainability website. [Integrated Report] <a href="https://cweb.canon.jp/eng/ir/library/annualreport.html">https://cweb.canon.jp/eng/ir/library/annualreport.html</a> [Website for sustainability activities (Japanese only) ] <a href="https://cweb.canon.jp/csr/">https://cweb.canon.jp/csr/</a></p>
<p>Formulation of policies, etc. for provision of information to stakeholders</p>	<p>In April 2005, the Company established the Disclosure Committee as a subsidiary organization under the management meeting for the purpose of guaranteeing that the disclosed information is an accurate, fair, and transparent. The President of the Company or his/her delegate chairs the Committee, and the members consist of the people responsible for accounting, general and personnel affairs, legal affairs and intellectual property, public relations and sustainability. A structure in which organizational approval is given prior to the external disclosure of important corporate information is in place. In November 2008, the Company formulated its IR Policy with the aim of delivering the necessary IR information to shareholders and investors at the appropriate time.</p>

## **IV Matters regarding Internal Control Systems, etc.**

### **1. Basic concept and status of the development of internal control systems**

In accordance with the Companies Act, the Company has defined the basic policy for Systems for Ensuring Propriety of Operations (internal control systems). This policy was resolved at a meeting of the Board of Directors. Under the policy, the Company promotes efforts to improve the internal control systems.

The basic policy is as described below.

[Basic Policy for Systems for Ensuring Propriety of Operations (Internal Control Systems)]

To ensure the properness of operations and to work for continuous improvement in corporate value, the Company and the enterprises consisting of the Company and its subsidiaries, the Group, shall foster a sound corporate culture based on the Spirit of “Three Selves” (Self-motivation, Self-management, and Self-awareness) – guiding principles of the Canon Group. The Group shall also work to foster a law-abiding awareness through the “Canon Group Code of Conduct.” Furthermore, the Group shall firmly strive to ensure management transparency through clearly defined approval processes of important matters of the Group.

1. System for Compliance (Item 6, Paragraph 4, Article 362 of the Companies Act, and Item 4, Paragraph 1, Article 100 of the Enforcement Regulations of the Companies Act)

- (1) The Board of Directors, in accordance with regulations prescribed by the Board of Directors (the “Regulations of the Board of Directors”), shall make decisions on the Group’s important managerial matters after careful deliberation. Additionally, the Board of Directors shall have representative directors, executive directors and executive officers (collectively the “Officers”) give reports regarding their execution of duties.
- (2) The Company shall thoroughly instill compliance awareness through training and other programs geared towards new employees, managers, and newly-appointed board members and executive officers, utilizing the “Canon Group Code of Conduct,” as a standard to be adhered to in the execution of duties.
- (3) As a part of the Company’s risk management system, the Company shall put in place business procedures/checking systems that prevent violation of laws and regulations and the Company’s articles of incorporation in the course of daily business. It shall also maintain a compliance education system.
- (4) The internal audit division of the Company, which has the authority to audit all executions of duties, shall also conduct audits regarding the status of compliance with laws and regulations and the Company’s articles of incorporation.
- (5) If an act that violates laws and regulations, or the Company’s articles of incorporation is discovered in the Group, employees have the ability to report such fact by means of a whistleblowing system. Additionally, the Company shall prohibit any disadvantageous treatment of any whistleblower.

2. System for Risk Management (Item 2, Paragraph 1, Article 100 of the Enforcement Regulations of the Companies Act)

- (1) The Company shall conduct various measures with regard to improving the risk management system in accordance with the regulations regarding risk management. These measures include the system for grasping any significant risks (violation of laws and regulations, inappropriate financial reporting, quality issues, work-related injuries, disasters, etc.) that the Group may face in the course of business. Additionally, the Company shall evaluate the status of improvement and implementation of the risk management system and report its findings to the Board of Directors.
- (2) The Company established the Management Committee, and even if certain item is not submitted to the Board of the Directors, the Committee shall carefully deliberate those items in case it is considered important.

3. System for Efficient Execution of Duties (Item 3, Paragraph 1, Article 100 of the Enforcement Regulations of the Companies Act)

- (1) Based on regulations regarding approval processes of important matters and the division of duties adopted by the Board of Directors, the Directors and other officers shall execute shared duties under the supervision and direction of the President.
- (2) The Company shall at its Management Committee formulate Long-Term Management Objectives as 5-year management goals and 3-year priority measures, contained in Three-Year Management Plan. Based upon these plans, the Company shall manage operations from a unified group approach.

4. System for Group Management (Item 5, Paragraph 1, Article 100 of the Enforcement Regulations of the Companies Act)

The Company strengthens the internal control system by requiring Group Companies to follow the respective items:

- a) to obtain prior approval from the Company or report to the Company important decisions in accordance with the



- b) to grasp significant risks that the Group Companies may face in the course of business and to verify and evaluate the status of improvement and implementation of the risk management system and report their findings to the Company in accordance with the regulations regarding risk management,
- c) to design an appropriate organization under the governing law of incorporation and to clearly define approval processes and authorities of executive officers,
- d) in addition to thoroughly instilling compliance awareness through the “Canon Group Code of Conduct,” to put in place business procedures/checking systems that prevent violation of laws and regulations and Group Company’s articles of incorporation in the course of daily business and prepare a compliance education system as a part of the Group Company’s risk management system, and
- e) to establish a whistleblowing system and prohibit any disadvantageous treatment of any whistleblower.

5. System for Storing and Managing Information (Item 1, Paragraph 1, Article 100 of the Enforcement Regulations of the Companies Act)

Information related to the execution of duties of Officers, including meeting minutes of the Board of Directors and settlement documents, shall be maintained and managed by respective divisions in charge of such management in accordance with laws and regulations, the “Regulations of the Board of Directors,” and other related rules. Directors and Audit & Supervisory Board Members have the ability to inspect this information at anytime.

6. System for Auditing by Audit & Supervisory Board Members (Paragraph 3, Article 100 of the Enforcement Regulations of the Companies Act)

- (1) Although the Company does not assign a dedicated full-time employee or set an organization to assist the duties of Audit & Supervisory Board Members, the internal audit division, the legal division and other divisions will consult and assign an employee to assist the works of Audit & Supervisory Board Members (the “Assisting Employee”), on matters requested by Audit & Supervisory Board Members. The Assisting Employee shall give priority to execute the duties requested by Audit & Supervisory Board Members. Any change in the Assisting Employee shall require the prior consultation of the Audit & Supervisory Board.
- (2) Audit & Supervisory Board Members shall grasp the execution of duties by Director and other officers, by attending not only meetings of the Board of Directors, but also other important meetings such as meetings of the Management Committee.
- (3) The administrative divisions of the headquarters, such as human resources, finance & accounting, and legal affairs, shall hold meetings with Audit & Supervisory Board Members and report on the execution of duties in a timely manner. Additionally, if any material breach of laws and regulations occurs, the relevant division shall immediately report this to Audit & Supervisory Board Members.
- (4) Audit & Supervisory Board Members shall be reported from accounting auditors periodically and upon necessity.
- (5) Audit & Supervisory Board Members shall hold periodic meetings with counterparts of domestic Group Companies and work to improve the auditing system from a unified group perspective by sharing information. Additionally, Audit & Supervisory Board Members shall grasp the execution of duties by Directors and other officers of Group Companies, by auditing major Group Companies in and outside Japan as necessary.
- (6) The Company prohibits any disadvantageous treatment of any person that reports to Audit & Supervisory Board Members. The Company also seeks its Group Companies to prohibit any disadvantageous treatment.
- (7) For expenses that are required in the execution of the Audit & Supervisory Board Members duties, they shall be borne by the Company as requested by the Audit & Supervisory Board Members.

**2. Basic concept and status of the development of measures for eliminating antisocial forces**

1. Basic policy

The basic policy of the Company on this subject is that the Company and the Group Companies resolutely oppose and sever any relations with antisocial forces that threaten the order and safety of society.

2. Status of development of measures

- (1) The Company has established a code of conduct for severing any relations with antisocial forces. It has also set forth provisions to the same effect in the Employment Regulations to ensure that the employees are aware of the code of conduct.
- (2) The general affairs division of the head office of the Company is in charge of controls regarding response to antisocial forces. It also shares information with general affairs division of the entities of the Group, and works together with them to deal with antisocial forces and prevent transactions with them.
- (3) The Company has established systems for cooperating with the police, attorneys-at-law, and other external organs.
- (4) Before paying contributions to supporting members, etc. the Company conducts a prior examination of these payments to ensure that they are not problematic from a legal and corporate ethics sense.

## **V Other matters**

### **1. Adoption of anti-takeover measures**

<b>Adoption of anti-takeover measures</b>	No
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Supplementary information regarding applicable item
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The Company has not introduced any anti-takeover measures.

### **2. Other matters concerning corporate governance structure, etc.**

[Outline of systems for the timely disclosure of information]

The important corporate information of the Company is collected by the Disclosure Committee under a system that ensures the fair, timely, and appropriate disclosure of information in accordance with the Timely Disclosure Rules and Other Regulations for Issuers of Listed Negotiable Securities or Valuable Instruments.

At each division of the Company and each affiliated company, there is a system in which information is comprehensively collected. Under this system, persons responsible for handling information subject to timely disclosure are appointed, and they report important corporate information that is resolved or arises in each division of the Company and each affiliated company to the Disclosure Committee.

The President of the Company or his/her delegate chairs the Committee, and the members consist of the people in charge of the accounting, general and personnel affairs, legal affairs and intellectual property, public relations and sustainability departments. The role of the Committee is to make prompt decisions on the necessity of timely disclosure, the content to be disclosed, the timing of disclosure, and other matters that are necessary for the timely disclosure of important corporate information.

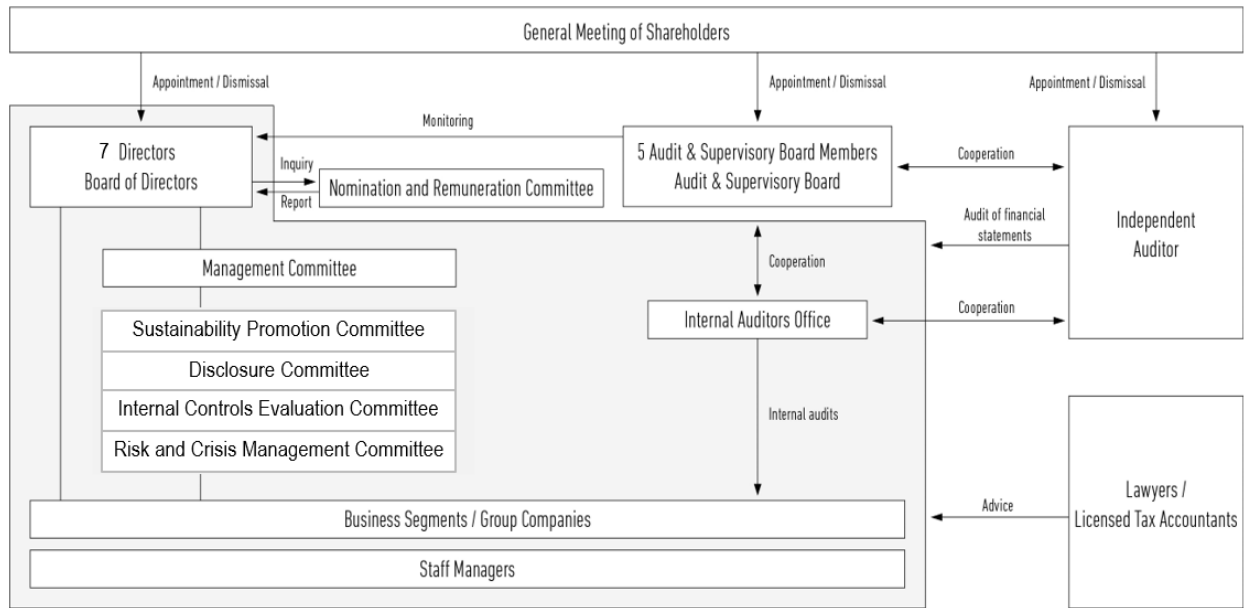
Information about management resolutions, business results, and the occurrences of facts that are determined to be subject to timely disclosure by the Disclosure Committee is reported to the President by the persons responsible for handling information subject to timely disclosure after the Committee determines the content to be disclosed, the timing of disclosure, and other matters. All this information is disclosed upon being approved by the Board of Directors. The board normally meets once a month, and temporary meetings of the Board of Directors are held when needed. The Board carries out decision-making in a speedy fashion. However, in regards to matters of absolute urgency among occurrences of facts, the relevant information is disclosed based on a decision made by the Disclosure Committee and is reported to the Board of Directors on a later date.

Regarding methods of disclosure, the Company conducts information disclosure via registration with the TDnet, at press conferences when necessary, by distributing materials in the boxes at media correspondent clubs, and by posting information on the Company's web page.

Furthermore, the Audit & Supervisory Board and the Internal Auditors Office confirm the sustainability and operating effectiveness of the systems for the timely disclosure of information by performing periodic audits to confirm that the Disclosure Committee functions properly.

The following page contains the format of the corporate governance structure and the skill matrix for the Directors.

## Corporate Governance Organization



## Skill Matrix for Directors

Name							
	Masachika Adachi	Minoru Mizoguchi	Hatsumi Hirukawa	Tsuyoshi Osato	Akio Dobashi	Yoshio Osawa	Toshiharu Hasebe
	President & Representative Director	Director, Senior Vice President	Director, Vice President	Director, Vice President	Director outside Independent	Director outside Independent	Director outside Independent
Corporate Management	●	●	●	●	●	●	●
Sales & Marketing	●		●		●	●	●
Finance & Accounting				●			
Human Resources		●					
Legal Affairs & Risk Management	●	●	●	●			
IT Solutions & DX	●					●	●

outside ...Outside Director   
 Independent ... Independent Director

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