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<https://global.canon/en/ir/>

The corporate governance of CANON INC. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

In order to establish a sound corporate governance structure and continuously raise corporate value, the Company believes that it is essential to improve management transparency and strengthen management supervising functions. At the same time, a sense of ethics and mission held by each executive and employee of a company is very important in order to achieve continuous corporate growth and development.

The Company’s corporate governance structure is described as follows under “Disclosure Based on each Principle of the Corporate Governance Code,” “Principle 3.1 Full Disclosure,” “(ii) Basic Views and Guidelines on Corporate Governance.”

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company complies with all Principles set forth in the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code **Update**

Principle 1.4 Strategic Share Holdings (So-called “Cross-Shareholdings” in the Corporate Governance Code)

1. Policy Regarding Strategic Holdings

For the medium- to long-term growth of the Company, ceaseless improvement of respective systems like development, production, and sales, is essential. It is, however, difficult to achieve all of this solely through the management resources of the Canon Group. The Company decides in some cases to hold shares of companies outside the Canon Group as part of cooperation with such companies, when it determines that such shareholding would be beneficial to strengthening of those systems.

2. Examining the Rationale of Strategic Share Holdings

The Company evaluates each of its strategic shareholdings from qualitative aspects, such as the purpose of the holding, and quantitative aspects, whether the return on investment from the holding exceeds the Company’s cost of capital and reports the results annually to the Board of Directors to verify the rationale for the holdings from a medium- to long-term perspective. As for current share holdings, the rationale for the holdings was recognized at the Board of Directors meeting held in February 2026.

3. Policy Regarding the Exercise of Voting Rights Pertaining to Strategic Share Holdings

The Company decides to vote for or against a proposal of invested companies based on a standard of whether or not such proposal would contribute to the profit of all shareholders, while respecting the management policies, business strategies etc. of the invested companies.

Principle 1.7 Related Party Transactions

In accordance with laws and regulations, transactions between the Company and Directors, as well as Director's transactions involving a conflict-of-interest with the Company should be approved by the Board of Directors based on the material facts on such transactions. And after the transaction is complete, a report is given to the Board of Directors. Executive Officers, which are elected through resolution of the Board of Directors, are treated the same as Directors.

Supplementary Principle 2.4.1 Ensuring Diversity in the Appointment etc. of Core Human Resources

(i) Stance Regarding Ensuring Diversity, Status and Goals of Ensuring Diversity

1. Stance Regarding Ensuring Diversity

Under its corporate philosophy of *kyosei* — living and working together for the common good — which was adopted in 1988, the Company respects diversity of culture, customs, language, and ethnicity, and actively encourages the fair promotion and utilization of human resources, regardless of such characteristics as gender, age or disability.

To promote diversity, the Company is encouraging company-wide activities through a horizontally integrated organization known as VIVID (Vital workforce and Value Innovation through Diversity).

VIVID Activities Policy

- Respecting diversity as an important issue, promote the introduction of new systems across the Canon Group, seeking to replace existing systems, and strive to change employees' thinking and awareness of diversity issues.
- Revise HR policies and workplace conditions to avoid any limitations or restrictions being placed on the career opportunities afforded to talented people with the ambition to succeed.
- Promote internal/external dissemination of information on diversity promotion activities to help identify/develop role models and encourage wider adoption of best workplace practices.

2. Promotion of Females to Management Positions (Stance, status and targets regarding the appointment of females to management positions)

The Company actively promotes the fair appointment of human resources based on a merit system. Regarding the appointment of women to managerial positions, the Company has formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and has been implementing various measures to achieve its goal of increasing its ratio of women in management positions by more than 3 times by the end of 2025 compared to the level in 2011*.

The Company conducts women's leadership training for the purpose of training female candidates for managerial positions and as of 2025, a total of 315 employees have participated. In addition, the Company strives to create an environment in which women can play an active role by providing support systems, such as seminars for employees returning to work from childcare leave, which are attended by employees returning from childcare leave and their managers, and mentoring by managers, to help them balance work and childcare. As a result of these efforts, as of the end of 2024, the Company had achieved its target for the ratio of female managers by the end of 2025, ahead of schedule. In addition, the number of female senior managers at the level of general manager and above has increased by approximately 50% over the past five years, demonstrating the steady expansion of opportunities for women to play active roles. In recognition of these achievements, the Company has been certified by the Ministry of Health, Labour and Welfare as an excellent company for the promotion of women's empowerment with Eruboshi (three stars).

Beginning in 2026, the Company established a target of increasing the ratio of female managers to 10% or more by the end of 2030 and has already initiated efforts to achieve this goal. In the future, the Company aims to equalize the ratio of women in managerial positions with the ratio of women in total employees (17.1% at the end of 2025). The Company also supports the Keidanren's "Challenge Initiatives for 30% of Executives to be Women by 2030."

*The year before VIVID was introduced.

	Female Ratio (In 2011 and over the past three years)			(No. of females)
	2011	2023	2024	2025
Employees	3,790 (15.4%)	4,032 (16.9%)	4,029 (17.0%)	3,982 (17.1%)
Managers	58 (1.4%)	151 (3.8%)	163 (4.2%)	182 (4.6%)
Directors*	0 (0.0%)	2 (4.0%)	3 (5.8%)	4 (7.4%)

*In this table, "Directors" refer to Members of the Board of Directors and Audit & Supervisory Board as well as Executive Officers.

In addition, to support male participation in child-rearing for the realization of a gender-equal society, the Company is conducting round-table discussions, interviews, and child-rearing seminars with male employees who have used the child-rearing leave system to reform attitudes and improve the workplace culture. As a result of these efforts, the Company's ratio of male childcare leave rose to 86.3% at the end of 2025, and the number of days reached a high level with an average of 94 days.

3. Promotion of non-Japanese to management positions (Stance, status and targets regarding the appointment of non-Japanese to management positions)

For the Company, which operates globally, an international perspective is essential. If necessary, to achieve this the Company believes that it must consider also appointing non-Japanese to executive and other management positions. To facilitate this, the Company is actively working to develop executive candidates on a global basis, for example, by promoting personnel exchange among overseas Group companies, promoting appropriate personnel regardless of nationality to the top management and executive staff of overseas group companies, and conducting "Global Executive Management Training" to share Canon's management philosophy with the top management of overseas group companies. However, the Company believes that it is not important to formally request an increase in the number of non-Japanese managers at this point in time, and has not set specific targets for the timing or number of non-Japanese managers to be appointed. At present, only a small number of non-Japanese nationals have been appointed to executive and other management positions at the Company. However, the above initiatives are expected to increase the number of such non-Japanese candidates in the near future.

4. Promotion of mid-career recruits to management positions (Stance, status and targets regarding the appointment of mid-career recruits to management positions)

In today's rapidly changing business environment, achieving sustainable growth requires a broader and more diverse range of perspectives. To accomplish this, the Company believes it is essential to not only rely on internal talent, but also proactively seek individuals who have developed their careers outside the company. In the future, the Company will further increase the ratio of mid-career hires, and if there are qualified mid-career hires, the Company will actively promote them to management positions without giving preference to internal personnel. As of the end of 2025, the ratio of mid-career employees to all employees was approximately 21% (4,238 people), and the ratio of mid-career employees to managers was approximately 13% (590 people), both of which are considered to be appropriate. Going forward, the Company expects the appointment ratio of mid-career hires to management positions to generally remain at this level.

	Mid-career Hire Ratio (Past three years)		
	(No. of people)		
	2023	2024	2025
Employees	4,536 (21%)	4,262 (21%)	4,238 (21%)
Managers	576 (13%)	574 (13%)	590 (13%)
Directors*	6 (12%)	6 (12%)	5 (9%)

*Directors and Audit & Supervisory Board Members, excluding Outside Directors and Outside Audit & Supervisory Board Members, and Executive Officers

(ii) Policies Regarding Human Resource Development and Internal Working Environment to Ensure Diversity and Their Status

In addition to the description in (i) of the preceding paragraph, it is described in "Others" of "III. 3. Status of Measures to Ensure Due Respect for Stakeholders."

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Canon Inc. and major Canon Group companies in Japan jointly 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 which was based on guidelines enacted by the Japanese Ministry of Health, Labour and Welfare—the pension fund employs asset allocation plans considered optimal from a medium- to long-term investment perspective, and selects investment products and entrusted 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 entrusted 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 (e.g., Business Principles), Business Strategies and Business Plans

1. Corporate Philosophy

Truly global companies must foster good relations with customers and communities, as well as with governments, regions, and the environment, as part of their fulfillment of social responsibilities. Under its corporate philosophy of *kyosei* — living and working together for the common good — the Company will fulfill its corporate social responsibility, and will contribute to expand society, through offering superior products and services to people all over the world in order to remain an Excellent Global Corporation.

For the Company's Corporate Philosophy and CSR Activity Policy, please refer to the Company's website at the addresses provided below.

<https://global.canon/en/corporate/philosophy/>

<https://global.canon/en/sustainability/policy/>

2. Business Strategies and Business Plans

To fulfill the Company's social responsibility, it needs to enhance its corporate competitiveness and maintain its sound financial position. Since 1996, the Company has been implementing 5-year management phases of the Excellent Global Corporation Plan, promoting the enhancement of competition and the establishment and maintenance of a sound financial structure.

Under Phase VI (2021-2025) of the Excellent Global Corporation Plan, to further accelerate the strengthening of businesses following a transformation of its business portfolio, the Company worked to create further innovation, reorganizing into four industry-oriented business groups of Printing, Medical, Imaging, and Industrial. In Phase VII (2026-2030), under the slogan of "Achieve new growth through innovations in productivity," the Company aims to enhance the quality of management while pursuing further growth. In the first half of the plan through 2028, we will complete the three structural reforms in Sales, Production, and Medical that started in 2024. In the latter half, leveraging the stronger organizational foundation established during the early phase, we will expand sales of the new products introduced in the first half and accelerate sales growth. In addition, we will further enhance growth potential by creating new solution businesses utilizing our AI platform, making a full-scale entry into the space business, increasing organic growth investments, and expanding business domains through M&A.

At Corporate Strategy Committee meetings, which are chaired by the CEO and attended by the COO, CFO, and CTO, as well as people that are in charge of business groups, the Company regularly discusses the business strategy of each business group, including technology strategies, R&D investments, and capital expenditures, and determines the allocation of resources within the business portfolio. At the same time, it also reviews the business portfolio itself as necessary. Outside Directors and Audit & Supervisory Board Members also attend Corporate Strategy Committee meetings, but if there is a major change in strategy, it will be discussed and resolved at meetings of the Board of Directors

For the Excellent Global Corporation Plan, please refer to the Company's website at the address provided below.

<https://global.canon/en/corporate/strategies/>

3. Capital Policy

In order to steadily and continuously make necessary investment in medium- to long-term growth, the Company attaches importance to enhancing shareholders' equity.

Furthermore, the Company strives to return profits to shareholders through a stable and active dividend, comprehensively taking

into consideration mid-term profit forecasts, planned future investments, cash flow and other factors while also acquiring its own shares as necessary.

(ii) Basic Views and Guidelines on Corporate Governance

The Company is globally expanding its businesses in various business fields, including printing, medical, imaging, and industrial, and aims to aggressively expand into new business fields in the future. In order to make prompt decisions in each business field, and make important decisions for the entire Canon Group or on matters that straddle several business fields from a company-wide perspective and at the same time secure appropriate decision making and execution of operation, the Company judges the corporate governance structure below to be effective.

• Board of Directors

While the focus of the organizational structure of the Board of Directors is on Representative Directors that oversee company-wide business strategies or execution such as the CEO, COO, CFO, CTO, and Representative Directors or Executive Directors that oversee multiple business fields or headquarters functions, at least two Independent Outside Directors are appointed while also assuring that they account for one-third or more of the total number of Directors, in order to secure sound management. The Board of Directors, in accordance with laws and regulations, makes important decisions and supervises the execution of duties.

Except for the above, the CEO and other Representative Directors are active in decision making and execution, and under the command and supervision of the Representative Directors, Executive Officers that are elected through resolution of the Board of Directors make decisions and execute operations of each business field or function.

• Audit & Supervisory Board

As a body which is in charge of the audit of operations, under the principles of autonomy, which is independent from the Board of Directors, the Company has full-time Audit & Supervisory Board Members that are familiar with the Company's businesses or its management structure, and Independent Outside Audit & Supervisory Board Members that have extensive knowledge in specialized areas such as law, finance and accounting, and internal control. The Audit & Supervisory Board, which is composed of these individuals, cooperates with the Company's Accounting Auditors and internal audit division, oversees the status of duty execution of operations and corporate assets to secure the soundness of management.

(iii) Board Policies and Procedures in Determining the Remuneration of the Senior Management and Directors.

1. Policy

The remuneration of Representative Directors and Executive Directors consists of a basic remuneration, which is a fixed amount, paid each month, as a compensation for execution of duties required in accordance with their position and the degree to which they contribute in their role, a bonus that is linked to the Company's business performance in each business year, and a stock-type compensation stock option plan to provide an incentive to improve medium- to long-term performance and raise corporate value. The remuneration of the Executive Officers is also in line with the above. As for Outside Directors, remuneration is limited to the basic remuneration, which is a fixed amount, paid each month.

2. Procedure

The Company, with the aim of ensuring the transparency and objectivity of the remuneration decision-making process as well as the validity of the remuneration system, established the "Nomination and Remuneration Advisory Committee," a non-statutory committee, which consists of the CFO, five Independent Outside Directors, and one Independent Outside Audit & Supervisory Board Member. The Committee, after examining the rationale of the remuneration system, including calculation standards of the basic remuneration, the bonus, and the granting standards of stock-type compensation stock option plan, reports to the Board of Directors to the effect that the system is reasonable.

Decisions regarding the amount and content of remuneration (the amount of basic remuneration and bonus as well as the number of stock-type compensation stock options) of each Director is delegated to the CEO. However, the CEO must compile the proposals based on the prescribed criteria in accordance with the policy described above and as described in "Incentives" within "1. Organizational Composition and Operation," under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight." For making a decision before the Board of Directors

deliberates on the remuneration of Directors, the CEO must present the proposal to the Nomination and Remuneration Advisory Committee for confirmation.

The total amount of Directors' basic remuneration and stock-type compensation stock options is within the total remuneration (upper limit) that is approved by the shareholders' meeting. As for the bonus for Directors, the payment is fixed provided that the proposal about such payment submitted at the ordinary general meeting of shareholders is approved.

(iv) Board Policies and Procedures in the Appointment and Dismissal of Senior Management and the Nomination of Director and Audit & Supervisory Board Member Candidates

1. Policy

Director and Audit & Supervisory Board Member candidates and Executive Officers are people that have the ability to fairly and effectively execute duties and, in principle, are selected from people that have met the following requirements, regardless of personal attributes such as gender, nationality, age etc.

- Representative Directors and Executive Directors

Have a true understanding of the corporate philosophy and code of conduct of the Canon Group. At the same time, have broad familiarity with the Company's businesses and operations, gained through, for example, Executive Officer experience. Have the ability to make effective decisions that overlook multiple businesses and functions. In addition to this, the CEO shall be a person with the ability to lead the Canon Group, having, in particular, a wealth of knowledge and skill related to management and a clear vision and a strong sense of responsibility.

- Independent Outside Directors

In addition to meeting the independence standard that is separately determined by the Board of Directors, have an abundance of experience and superior insight into areas that cannot be adequately covered by internally appointed Directors into fields such as risk management, law, and economics.

- Audit & Supervisory Board Members

Be familiar with the Company's businesses or its management structure, or have an abundance of experience and superior insight into professional fields such as law, finance, accounting, and internal control. As for Outside Audit & Supervisory Board Members, additionally meet the independence standards that are separately determined by the Board of Directors.

- Executive Officers

Have been highly evaluated in terms of character and ability in managerial assessment and managerial talent training programs, and also have sufficient knowledge, experience and judgment, to shoulder the responsibility of execution in specific fields, and truly understand the corporate philosophy and code of conduct of the Canon Group.

2. Appointment and Nomination Procedures and CEO succession plan

With regard to the nomination of candidates for Directors and Audit & Supervisory Board Members and the election of Executive Officers (including the selection of a successor to the Chief Executive Officer position), the CEO recommends candidates from among those who are recognized to meet predetermined requirements, and after confirming the fairness and appropriateness of the recommendation by the Nomination and Remuneration Advisory Committee, the proposal of candidates is submitted to the Board of Directors for deliberation.

In particular, the Company regards the succession plan for the CEO as one of the key themes that will lead to sustainable growth and medium- to long-term enhancement of corporate value. The CEO, under his own responsibility, assigns tasks to candidates, checks and evaluates the progress, and selects and develops candidates, through a training system for senior management, training programs for selected Executive Officers, a system for accumulating management experience through the transfer of persons who have been selected as Executive Officers and involvement in company-wide projects. And the process is confirmed by the Nomination and Remuneration Advisory Committee. Additionally, as for Audit & Supervisory Board Member candidates, prior to deliberation of the Board of Directors, consent of the Audit & Supervisory Board shall be acquired.

3. Procedures for the Dismissal of Senior Management

In cases where a Representative Director, including the CEO, or an Executive Director, together referred to as “Senior Management,” commits an illegal, dishonest, or unfaithful act, or is deemed to have not fulfilled their role, or is judged not to be suitable for responsibilities of Senior Management, Directors, Audit & Supervisory Board Members can at any time demand that the Nomination and Remuneration Advisory Committee discuss the need for dismissal of the concerned Senior Management member.

The outcome of the Nomination and Remuneration Advisory Committee discussion, regardless of content, is presented to the Board of Directors where deliberation regarding the need for dismissal is held. Senior management subject to the deliberation are not allowed to participate in the discussion.

(v) Explanations with Respect to the Appointment, Dismissal and Nomination of Individuals

The reasons for selecting (if deemed especially necessary, the reasons for dismissing or not appointing) a candidate for Director or Audit & Supervisory Board Member are stated in the reference documents for the notice of convocation of the general meeting of shareholders.

Supplementary Principle 3.1.3 Measures etc. Regarding Sustainability

1. Approach to Sustainability

Under its corporate philosophy of *kyosei* — living and working together for the common good — which was adopted in 1988, the Company has been striving to contribute to worldwide prosperity and happiness.

A society in which all people live and work together, respect each other and get along happily, transcending culture, customs, language, ethnicity, and region. And a society in harmony with nature, that can preserve Earth’s irreplaceable environment to future generations. To realize such a society, Canon will create new value through the power of innovation and technology, providing world-first technologies and world-leading products and services while also contributing to solutions for the problems our society faces. By providing greater value while using fewer resources throughout all product lifecycles, we aim to enable affluent lifestyles while protecting the environment.

In Phase VII (2026-2030) of the Excellent Global Corporation Plan, the Deepening of Sustainability Management is designated a key strategy. We will proactively address key social challenges such as climate change, the efficient use of resources, and respect for human rights.

2. Human Capital and Intellectual Property Investment etc.

Important issues surrounding sustainability and the allocation of management resources, including investments in human capital and intellectual property, are discussed at Corporate Strategy Committee meetings, which are also attended by Outside Directors and Audit & Supervisory Board Members, and further reported to and deliberated by the Board of Directors, as needed.

(1) Investing in Human Capital

Additionally, as stated in “Principle 3.1 Full Disclosure,” “(i) 2. Business Strategies and Business Plans,” to achieve new growth through innovations in productivity, investing in human capital to support such activities is an important management agenda for the Company. The Company is working on various measures to maximize the value of human resources based on Canon’s Corporate DNA of “respect for humanity” that has been in place since its founding and the belief that human resources are the source of value creation.

To acquire talented technical personnel who can be expected to inspire innovation, the Company has strengthened direct recruiting in its regular hiring practices by directly contacting promising students and is training its employees in Canon Institute of Software Technology (CIST) to develop digital talents which is particularly essential for promoting digital transformation. In addition, the Company is focusing on human resource development by establishing training and trainee systems to develop management, global, and manufacturing personnel.

The Company also promotes reskilling and internal job changes to achieve the right combination of talent and job position through strategic staffing and career development support including the implementation of the Training-type Career Matching

System, which combines training and internal recruitment.

For other measures and details, please refer to the Company's Annual Securities Report at the address provided below.

<https://global.canon/en/ir/library/yuuhou.html>

(2) Investing in Intellectual Property

Canon has grown as an R&D-driven company that develops new markets and customers through products equipped with proprietary technologies. The corporate culture that emphasizes technology and innovation has remained unchanged to this day, and since 2007, the ratio of R&D expenses to net sales has generally been about 8%. Intellectual property-related activities, which aim to connect various intangible assets such as core competence technologies to business development and value creation, have always been an important part of Canon and it has built a formidable patent portfolio of over 80,000 patents worldwide. For 42 consecutive years since 1984, Canon has ranked among the top ten companies in the world in terms of the number of patents registered in the United States.

Canon clearly defines the purpose of its intellectual property activities as "support for business development." Under Phase VI (2021-2025) of the Excellent Global Corporation Plan, the Company has systematically strengthened its patent portfolio, in line with its vision of the future, to support the transformation of its business portfolio and to strengthen its businesses. Specifically, the Company continues to file patent applications related to core competence technologies for existing and new businesses and has increased the number of patent applications related to common technologies such as standard technologies and AI technologies that are essential for the IoT society.

In this way, by building a patent portfolio that supports the future of the Company and actively utilizing it, the Company is able to use the vast number of patents held by other companies through cross-licensing, etc., while protecting its core competence technology and securing its competitive advantage, thereby securing a degree of freedom in business.

Under Phase VII (2026-2030) of the Excellent Global Corporation Plan, we will systematically carry out intellectual property activities to support the expansion of our business domain.

For information regarding Canon's intellectual property, please refer to the Company's website at the address provided below.

<https://global.canon/en/intellectual-property/>

3. Response to Requests for TCFD Disclosure

The Company expresses support for TCFD recommendations and discloses information in its Annual Securities Reports, Sustainability Reports, and Integrated Reports.

For details about initiatives related to sustainability, please refer to the Company's Sustainability Report and Integrated Report at the addresses provided below.

Sustainability Report: <https://global.canon/en/sustainability/report/>

Integrated Report: <https://global.canon/en/ir/library/integrated.html>

Supplementary Principle 4.1.1 Disclosure of Scope and Content of Matters Delegated to Management.

As stated in "Principle 3.1 Full Disclosure" under "(ii) Basic Views and Guidelines on Corporate Governance," the Board of Directors in addition to matters that are required by laws and regulations or articles of incorporation (Example: As certain amount or more of assets that are acquired or disposed of), is responsible for supervising the execution of duties and at the same time making decisions on important matters involving the entire Canon Group or on important matters that straddle several business fields. Details of items that are deliberated by the Board of Directors are determined by Regulations of the Board of Directors.

As for decision-making and execution outside of this area, based on regulations regarding the division of duties and administrative authorities prescribed by the Board of Directors, the CEO and other Representative Directors undertake some of them, and Executive Officers selected by resolution of the Board of Directors undertake the others under the direction and supervision of the CEO as persons in charge of a business field or function.

Principle 4.8 Effective Use of Independent Directors

As stated in “Principle 3.1 Full Disclosure” under “(ii) Basic Views and Guidelines on Corporate Governance,” while the focus of the organizational structure of the Board of Directors is on Representative Directors that oversee company-wide business strategies or execution such as the CEO, COO, CFO, CTO, and Representative Directors or Executive Directors that oversee multiple business fields or headquarters functions, at least two Independent Outside Directors are appointed while also assuring that they account for one-third or more of the total number of Directors, in order to secure sound management. Currently there are a total of eleven Directors (six Internal Directors, including four Representative Directors, and five Independent Outside Directors).

Principle 4.9 Independence Standards and Qualification for Independent Directors

The Company established the “Independence Standards for Independent Directors/Audit and Supervisory Board Members,” resolved by the Board of Directors with the consent of all Audit & Supervisory Board Members, in order to clarify the standards for ensuring independence of Independent Directors/Audit & 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”

Canon Inc. deems that a person who satisfies the requirements for Outside Directors/Audit & Supervisory Board Members prescribed by the Corporation Law of Japan, and meets the independence criteria set by securities exchanges in Japan, and does not fall into any of the items below, is an “Independent Director/Audit & Supervisory Board Member” (a person who is independent from the management of Canon Inc. and unlikely to have conflicts of interest with general shareholders).

1. A person/organization for which the Canon Group (Canon Inc. and its subsidiaries; hereinafter the same) is a major client, or a major client of the Canon Group, or an executing person of such organization or client
2. A major lender to the Canon Group, or an executing person of such lender
3. A large shareholder of Canon Inc., or an executing person of such shareholder
4. A person/organization receiving large amounts of contributions from the Canon Group, or an executing person of such organization
5. A consultant, accounting professional or legal professional who has received a large amount of money or other properties from the Canon Group, other than as compensation for being a Director/Audit & Supervisory Board Member (if the recipient is a corporation, partnership or any other organization, this item applies to any person belonging to said organization.)
6. A certified public accountant belonging to the audit firm engaged to conduct the statutory audit of the Canon Group (including any such accountant to whom this item has applied in the last 3 business years)
7. An executing person of another company in cases where an executing person of the Canon Group is an Outside Director/Audit & Supervisory Board Member of such other company
8. An immediate family member (spouse and a relative within the second degree of kinship) of any of the persons listed in each of items 1 to 7; provided, however that the persons to whom this is applicable shall be limited to key executing persons such as Directors, Executive Officers of companies and partners of advisory firms

(Notes)

* In item 1, “major” means in cases where the total amount (for any business year during the last 3 business years) of transactions between the Canon Group and such client exceeds 1% of the consolidated sales of the Canon Group or such client.

* In item 2, “major” means in cases where the debt outstanding exceeds 1% of the consolidated total assets of Canon Inc. for any business year during the last 3 business years.

* In item 3, “a large shareholder” means a shareholder who directly or indirectly holds 5% or more of the total voting rights of Canon Inc.

* In item 4, “a large amount” means in cases where the total amount of contributions exceeds JPY 12 million (in cases where the recipient is an individual) or 1% of the annual gross income of such recipient (in cases where the recipient is an organization), for any business year during the last 3 business years of Canon Inc.

* In items 1 to 4 and 7, an “executing person” means an executive director, Executive Officer and employee including manager (in items 1 to 4, including a person to whom this item has applied in any business year during the last 3 business years).

* In item 5, “a large amount” means in cases where the total amount of money or other properties received by said consultant, etc., exceeds JPY 12 million (in cases where the recipient is a person) or 1% of the annual gross sales of such consultant, etc. (in cases where the recipient is an organization), for any business year during the last 3 business years of Canon Inc.

Supplementary Principle 4.10.1 Stance, Authority, Duty etc. Regarding Independence of Nomination Committee and the Remuneration Committee and its Makeup

The Company’s Nomination and Remuneration Advisory Committee includes five Independent Outside Directors and one Independent Outside Audit & Supervisory Board Member in order to ensure its independence. Its role is to deliberate, after receiving an inquiry from the Board of Directors, and report the results to the Board of Directors with respect to the following and other matters.

- a. Fairness in selecting each candidate for Director, Audit & Supervisory Board Member, and Executive Officer
- b. Validity of remuneration system for Directors and Executive Officers

Additionally, the Nomination and Remuneration Advisory Committee deliberates on the qualities, skills, etc. required of Directors (including the Chief Executive Officer), Audit & Supervisory Board Members and Executive Officers as necessary, and deliberates on the necessity of the dismissal of Representative Directors and Executive Directors (including the CEO) who are deemed unsuitable for their duties, and reports the results of each deliberation to the Board of Directors.

Supplementary Principle 4.11.1 Balance of the Entire Board of Directors with Regard to Diversity, Knowledge, Experience etc.

Please refer to the description in “Principle 3.1 Full Disclosure” under “(ii) Basic Views and Guidelines on Corporate Governance,” and “(iv) Board Policies and Procedures in the Appointment and Dismissal of Senior Management and the Nomination of Director and Audit & Supervisory Board Member Candidates.” The Company takes into account the balance of diversity, experience, insight and expertise not only of the Board of Directors, but also of the entire institution, including the Audit & Supervisory Board and its supervisory function.

The skills that the Company believes its Board of Directors should possess as a whole and the skills that each current Director possesses are posted on the Company’s website at the addresses provided below. The Company will seek the appropriate composition of the Board of Directors by appropriately reviewing the skills that the Board of Directors as a whole should possess as the business environment changes.

Sustainability Report: <https://global.canon/en/sustainability/report/>
Integrated Report: <https://global.canon/en/ir/library/integrated.html>

Supplementary Principle 4.11.2 The Status of Directors and Audit & Supervisory Board Members Holding Concurrent Posts

The Company discloses important concurrent posts of Directors and Audit & Supervisory Board Members along with the reasons for being selected as a candidate, in the reference documents for the notice of convocation of the general meeting of shareholders where the elections of Directors and Audit & Supervisory Board Members are proposed.

Additionally, at least once a year, the status of Directors and Audit & Supervisory Board Members holding of concurrent posts are checked and disclosed. Currently, the status of holding concurrent posts, including holding of a director or officer position in other listed companies is as follows:

Directors

Fujio Mitarai

- Audit & Supervisory Board Member of the Yomiuri Shimbun Holdings

Minoru Asada

- Outside Audit & Supervisory Board Member of OHARA INC.

Yusuke Kawamura

- Outside Director (Audit & Supervisory Committee Member) of Mitsui DM Sugar Co., Ltd.
- Chairman & CEO of Institute of Glocal Policy Research
- Outside Director (Audit & Supervisory Committee Member) of the Shoko Chukin Bank, Ltd.

- Outside Director of Toyo Aluminium K.K.

Masayuki Ikegami

- Attorney

Masaki Suzuki

- Outside Director of FP Partner Inc.
- Outside Director of OHBA CO., LTD.
- Director (Part-time) of Hankyu Hanshin Properties Corp.

Akiko Ito

- Outside Director of ITOCHU Corporation

Atsumi Arima

- Outside Director of Takashimaya Company, Limited
- Outside Director of SEIBU HOLDINGS INC.
- Outside Director of The Shoko Chukin Bank, Ltd.

Audit & Supervisory Board Members

Yutaka Tanaka

- Attorney
- Director of Laws & Ordinances Compliance Investigation Office, Financial Services Agency of Japan

Yuka Shigetomi

- Certified public accountant
- Outside Director (Audit & Supervisory Committee Member) of Kyushu Electric Power Company, Incorporated
- Senior advisor of Ernst & Young, Hong Kong

Supplementary Principle 4.11.3 Analyzing and Evaluating the Effectiveness of the Board of Directors

Once a year, a questionnaire survey of Directors and Audit & Supervisory Board Members on the items below is conducted. Based on the result of the questionnaire survey, analysis and evaluations regarding the effectiveness of the entire Board of Directors are carried out at the Board of Directors' meeting.

- As for the operation of Board of Directors (including the appropriateness of when documents are distributed, how often meetings are held, and the time spent deliberating)
- As for the roles (the decision making and supervisory function) of the Board of Directors (including the appropriateness of agenda items and agenda criteria of the Board of Directors as well as appropriateness etc. of content that is reported)
- As for the roles of Outside Directors and Audit & Supervisory Board Members (including the necessity of training etc. regarding the understanding of company affairs and corporate structure)

In fiscal 2025, the Board of Directors made continuous efforts to vitalize deliberations at the Board of Directors, such as providing advance explanations on proposals to Outside Directors and the Audit & Supervisory Board, sharing information on management through the attendance of Outside Directors at Corporate Strategy Meetings, etc., regular exchanges of opinions between Outside Directors and the Audit & Supervisory Board, individual explanations on business strategies from each business division to Outside Directors and Audit & Supervisory Board Members, explanations on specific initiatives from the division in charge of sustainability to Outside Directors and Audit & Supervisory Board Members, and providing opportunities for Outside Directors to visit business sites. As not only Directors in charge of business execution but also Outside Directors and Audit & Supervisory Board Members made positive and useful comments, the Board of Directors meeting held in February 2026 evaluated that there were no problems with the effectiveness of the Board of Directors. In the future as well, yearly analysis and evaluations will be continued, and an overview of the results will be disclosed. At the same time, when necessary, efforts will be made to improve the running etc. of Board of Directors meetings.

Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members

For Directors and Audit & Supervisory Board Members, when assuming their positions, training is carried out with the aim of thoroughly understanding their roles and responsibilities and securing necessary or useful knowledge for them to properly fulfill their duties. Also, incumbent Directors and Audit & Supervisory Board Members can, at the Company's expense, attend training courses held inside and outside the Company.

Furthermore, Outside Directors and Outside Audit & Supervisory Board Members, to familiarize them with the Company's business, are given opportunities, including attending important meetings such as meetings of the Corporate Strategy Committee, holding meetings with the person in charge of business divisions, and visiting operation sites as necessary.

Principle 5.1 Policy for Constructive Dialogue with Shareholders

1. Policy

For sustainable growth and to help improve corporate value over a medium- to long-term perspective, the Company has constructive dialogue with shareholders through an ordinary general meeting of shareholders, corporate strategy conferences, financial results conferences, and interviews with major institutional investors.

2. The Structure to Promote Dialogue

- a. Investor Relations (IR) and Shareholders Relations (SR) departments are responsible for working with related departments and promoting dialogue, and the entire structure is overseen by the Vice Chairman & CFO.
- b. For analysts and institutional investors, the CEO hosts an annual corporate strategy conference, and the CFO hosts quarterly financial results conferences. In addition, we continue to provide prompt and accurate disclosure of business conditions by posting materials on the Company's website. Furthermore, we established an English IR website for overseas investors, disclosing the same information at the same time as in Japan. Additionally, the Company provides opportunities to meet with Executive Officers, Outside Directors, Audit & Supervisory Board Members etc., as necessary, to engage in dialogue with analysts and institutional investors in Japan and overseas. For detail, see special publications "III. 2. Status of IR-related Activities."

For Investor Relations information, please refer to the Company's website at the address provided below.

<https://global.canon/en/ir/>

- c. As for the opinions or demands that are obtained through dialogue with shareholders, accordingly, the department in charge reports to the CFO and the CFO reports important ones to the CEO or the Board of Directors.

3. Controlling Insider Information

The Company has set the "Rules on Prevention of Insider Trading," which makes thorough control of undisclosed material information and provides the procedure of information disclosure. The Company makes sure that its undisclosed material information isn't provided to shareholders carelessly during dialogue with them.

Status of Dialogue with Shareholders

Based on the policy described above in the section for "Principle 5.1 Policy for Constructive Dialogue with Shareholders," the Company actively provides opportunities for dialogue and information provision throughout the year, mainly with major institutional investors that employ both active and passive investment strategies, as described in "III. 2. Status of IR-related Activities" of this report. IR, SR, the Director that heads both divisions, the sustainability division, the human resource management division etc. engage in dialogue according to the subject. In addition, individual meetings with management and Outside Directors are conducted in response to investor requests when appropriate.

The dialogue covers a wide range of topics, including business performance, business policies, governance, and sustainability matters. As for the Company's position on governance, board structure, and other SR-related matters, the Company listens attentively to investors' expectations, opinions, and guidelines for exercising voting rights and we make efforts to explain our position through open and honest dialogue. The opinions gathered through these dialogues are shared with each Director and by using this to improve management, efforts are made to further enhance corporate value.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update Update	January 15, 2026

Explanation of Actions **Update**

The Company regards the cost of capital as the minimum rate of return to be achieved and every year calculates the weighted average cost of capital (WACC). The Company set ROE as a key performance indicator to improve return on capital. Canon will strive as ever to raise corporate value by achieving growth that exceeds shareholder expectations.

For further details, please refer to the Company's Integrated Report (Financial Strategy) and the Presentation and Speech Summary (page 13) of the Excellent Global Corporation Plan Phase VII Conference material at the addresses provided below.

Integrated Report: <https://global.canon/en/ir/library/integrated.html>

Conference material: <https://global.canon/en/ir/conference/pdf/phase7-e-note.pdf>

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders **Update**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	154,586,100	17.59
Custody Bank of Japan, Ltd. (Trust Account)	54,001,650	6.15
Mizuho Bank, Ltd.	22,558,173	2.57
Moxley and Co. LLC	13,058,760	1.49
SMBC Nikko Securities Inc.	12,750,235	1.45
JP Morgan Chase Bank 385781	12,395,687	1.41
State Street Bank and Trust Company 505001	12,193,135	1.39
The Dai-ichi Life Insurance Company, Limited	12,120,780	1.38
JPMorgan Securities Japan Co., Ltd.	11,981,505	1.36
Canon Group Employee Stock Ownership Association	10,622,260	1.21

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-----
Name of Parent Company, if applicable	Nonexistent

Supplementary Explanation **Update**

“Overview of Major Shareholders” as of December 31, 2025.

With respect to The Dai-ichi Life Insurance Company, Limited, in addition to the above, there are 6.18 million shares of the Company's stock included in trust property relating to retirement benefit trust.

Shareholding ratio is calculated by deducting the number of treasury shares (455,138,571 shares, or 34.12% of total shares issued as of December 31, 2025) from total shares issued.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo (Prime Market), Nagoya (Premier Market), Sapporo (Existing Market), and Fukuoka (Existing Market)
Fiscal Year-End	December
Business Sector	Electrical Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	300 or more

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which May have a Material Impact on Corporate Governance Update

(1) Views and Policies on Group Management

The Company has a listed subsidiary, Canon Marketing Japan Inc. The Company believes that if each company in the Canon Group, including its listed subsidiary, fulfills its social responsibility through corporate activities rooted in Canon's corporate philosophy of *kyosei*, and continues to strive to realize *kyosei*, this will lead to sustainable growth and medium- to long-term improvement in corporate value.

The Company has also formulated a medium- to long-term plan for the Canon Group, Phase VII (2026 to 2030) of the Excellent Global Corporation Plan, which is shared with each Group company. The Company shares management strategies with its listed subsidiary in order to achieve the goals of Phase VII (2026-2030) efficiently and reliably from the perspective of optimizing the Group as a whole. The Company aims to enhance the corporate value of the Group as a whole by maximizing consolidated business results that aggregate stable revenues of Group companies generated based on shared strategies.

From the perspective of risk management, the Company is further promoting the sharing of policies and information and the development of systems throughout the Group, including its listed subsidiary, in order to control risks related to compliance, internal control, and economic security, and to carry out activities related to sustainability, such as measures to address decarbonization and global warming, and efforts to respect human rights.

On the other hand, from the viewpoint of respecting the interests of minority shareholders of the Company and its listed subsidiary, the Company considers it an important management policy of the Canon Group to continue a system that enables its listed subsidiary to conduct flexible management while maintaining a high degree of independence from the Company. Therefore, the Company does not intervene in the decisions of its listed subsidiary on specific matters.

(2) Significance of Holding Listed Subsidiary

In November 2025, the Company announced plans to make Canon Electronics Inc. a wholly owned subsidiary through a tender offer. The purpose is to improve profitability and raise capital efficiency in Canon Electronics Inc.'s existing businesses and to expand its space-related business, where strong growth is expected. As the parent company, the Company will make effective use of resources across the Canon Group and swiftly realize synergies.

Canon Marketing Japan Inc. not only sells the Company's products but also operates its own IT solutions and other businesses. While leveraging the strengths of being a part of the Canon Group, the company maintains its listing to ensure managerial independence, enabling faster decision-making, and more agile business development. Being listed also helps attract top talent

in software development, expand business relationships through the credibility of being a listed company, and keep employees motivated. Overall, the Company decided that remaining listed maximizes the value of the entire Canon Group.

(3) Measures to Ensure the Effectiveness of the Governance System of Listed Subsidiary

Canon Marketing Japan Inc. operates independently of the Company. In addition, none of the Company's officers hold officer positions within Canon Marketing Japan Inc. To improve governance, Canon Marketing Japan Inc. established the Nomination and Remuneration Advisory Committee, the majority of whose members are Independent Outside Directors. The Company fully respects the decisions of the committee in the selection and dismissal of Directors and the remuneration determination process.

In addition, in transactions between the Company and Canon Marketing Japan Inc., the Company endeavors not to unduly harm the interests of respective minority shareholders by, for example, applying arms-length rules from the viewpoint of ensuring the appropriateness of transactions. Canon Marketing Japan Inc. has a special committee that deliberate and review the risks of conflicts of interest between controlling shareholders and minority shareholders and strive to mitigate such risks.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of Incorporation	30
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board Update	Chairperson (excluding those concurrently serving as President)
Number of Directors Update	11
Election of Outside Directors	Elected
Number of Outside Directors Update	5
Number of Independent Directors Update	5

Outside Directors' Relationship with the Company (1) Update

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yusuke Kawamura	From another company											
Masayuki Ikegami	From another company											
Masaki Suzuki	From another company											
Akiko Ito	From another company											
Atsumi Arima	From another company							△				

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company

- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2) Update

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yusuke Kawamura	Yes	----	<p>Mr. Yusuke Kawamura has a wealth of experience as an Outside Director along with capacity as an expert with respect to financial and securities systems as well as strategy for managing financial institutions, given that he worked at a securities company and subsequently served in various positions, including as a university professor, a commissioner of councils of Japan's Ministry of Finance and Financial Services Agency, and an Executive Counselor of the Japan Securities Dealers Association. The Company has elected him as an Outside Director in hopes that he will furnish particularly useful advice, drawing on his wealth of experience and high level of expertise regarding finance and securities, especially when taking part in discussions on M&A and ESG-related topics from a shareholder and investor perspective.</p> <p>In addition, he is designated an Independent Director/Audit & Supervisory Board Member, as the Company judged that a conflict of interest with ordinary investors is unlikely, which is in accordance with the guidelines of the stock exchanges in Japan and the Company.</p>
Masayuki Ikegami	Yes	----	<p>Mr. Masayuki Ikegami has been involved in various matters, including corporate cases, in legal professions over many years, having served in important roles at the High Public Prosecutors Office in both Nagoya and Osaka and as a Justice of the Supreme Court for seven years. The Company has elected him as an Outside Director in hopes that he can provide insightful opinions and supervision, particularly regarding internal control systems and corporate governance, including from the perspective of ensuring corporate compliance, based on his abundant experience and advanced knowledge.</p> <p>In addition, he is designated an Independent Director/Audit & Supervisory Board Member, as the Company judged that a conflict of interest with ordinary investors is unlikely, which is in accordance with the guidelines of the stock exchanges in Japan and the Company.</p>

Masaki Suzuki	Yes	-----	<p>Mr. Masaki Suzuki worked for many years at the Ministry of Finance, before transferring to the Ministry of the Environment, where he held important positions such as Vice-Minister. After retiring from the ministry, he also served as the representative director of a private financial institution. The Company has elected him as an Outside Director in hopes that he can provide insightful opinions particularly concerning the areas of corporate finance and environment, in addition to opinions and supervision based on his managerial experience at financial institutions which require a high degree of appropriateness and compliance.</p> <p>In addition, he is designated an Independent Director/Audit & Supervisory Board Member, as the Company judged that a conflict of interest with ordinary investors is unlikely, which is in accordance with the guidelines of the stock exchanges in Japan and the Company.</p>
Akiko Ito	Yes	-----	<p>Ms. Akiko Ito joined the Ministry of Construction (currently the Ministry of Land, Infrastructure, Transport and Tourism) as a technical official, served as Director of Housing Bureau, and was subsequently responsible for policies for regional revitalization, including human resource development and job and town development, before becoming Commissioner of the Consumer Affairs Agency. Since retiring from the Consumer Affairs Agency, she has continued to engage in related fields, while serving as the outside director of a corporation. The Company has elected her as an Outside Director in hopes that she can provide insightful advice and supervision, particularly from the perspective of clients, consumers, and organizational management.</p> <p>In addition, she is designated an Independent Director/Audit & Supervisory Board Member, as the Company judged that a conflict of interest with ordinary investors is unlikely, which is in accordance with the guidelines of the stock exchanges in Japan and the Company.</p>
Atsumi Arima	Yes	<p>Ms. Atsumi Arima previously served as an executive person of Mizuho Bank, Ltd., which is a shareholder of the Company. The bank's shareholding ratio is approximately 2.6% (calculated by subtracting the number of treasury shares from total shares issued), and it is a major lender to the Company. However, eight years have passed since her retirement from Mizuho Bank, Ltd.</p>	<p>Ms. Atsumi Arima has abundant practical experience and specialized knowledge from her time spent working at a major financial institution, where she served critical roles in its corporate advisory and international business departments. She also has plentiful experience as an outside director. The Company has elected her as an Outside Director in hopes that she can leverage this experience and her advanced knowledge of risk management in the field of finance to provide appropriate advice on the Company's management and supervision of business execution.</p> <p>In addition, she is designated an Independent Director/Audit & Supervisory Board Member, as the Company judged that a conflict of interest with ordinary investors is unlikely, which is in accordance with the guidelines of the stock exchanges in Japan and the Company.</p>

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee

Chairperson [Update](#)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Advisory Committee	7	0	1	5	0	1	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	7	0	1	5	0	1	Inside Director

Supplementary Explanation [Update](#)

The Company established the Nomination and Remuneration Advisory Committee, a non-statutory committee, to ensure fairness in the selection of candidates for Directors, Audit & Supervisory Board Members, and Executive Officers and transparency and objectivity in the remuneration determination process. The seven members of the current committee are Vice Chairman & CFO Toshizo Tanaka, Outside Directors Yusuke Kawamura, Masayuki Ikegami, Masaki Suzuki, Akiko Ito, and Atsumi Arima as well as Outside Audit & Supervisory Board Member Yutaka Tanaka. The Secretariat Office of the Company is in charge of the secretariat to provide support for the administration of the committee, including preparation of deliberative materials and preparation of minutes.

Recent activities of the Nomination and Remuneration Advisory Committee are shown below. For other details, please refer to “(iii) Board Policies and Procedures in Determining the Remuneration of Senior Management and Directors,” “(iv) Board Policies and Procedures in the Appointment and Dismissal of Senior Management and the Nomination of Director and Audit & Supervisory Board Member Candidates” of “Principle 3.1 Full Disclosure” under “Disclosure Based on each Principle of the Corporate Governance Code” of “I. 1. Basic Views” as well as “Supplementary Principle 4.10.1 Stance, Authority, Duty etc. Regarding Independence of Nomination Committee and the Remuneration Committee and its Makeup.”

Recent activities of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee met three times in 2025. The attendance of each committee member and what was deliberated are as follows:

Title	Name	Attendance/ # of meetings held	Attendance ratio
Executive Vice President & CFO	Toshizo Tanaka	3/3	100%
Outside Director	Yusuke Kawamura	3/3	100%
Outside Director	Masayuki Ikegami	3/3	100%
Outside Director	Masaki Suzuki	3/3	100%
Outside Director	Akiko Ito	3/3	100%
Outside Audit & Supervisory Board Member	Yutaka Tanaka	3/3	100%

January 17, 2025

Confirmation and deliberation regarding the election of Directors, Audit & Supervisory Board Members and Executive Officers and confirmation and deliberation regarding the individual remuneration amounts of Directors, Audit & Supervisory Board Members, and Executive Officers (Bonus) and the appropriateness of remuneration system operation

March 21, 2025	Confirmation and deliberation regarding the individual remuneration amounts of Directors, Audit & Supervisory Board Members, and Executive Officers (Basic remuneration and stock-type compensation stock options) and the appropriateness of remuneration system operation
August 27, 2025	Confirmation and deliberation regarding the election of Directors
January 15, 2026	Confirmation and deliberation regarding the election of Directors, Audit & Supervisory Board Members and Executive Officers and confirmation and deliberation regarding the individual remuneration amounts of Directors, Audit & Supervisory Board Members, and Executive Officers (Bonus) and the appropriateness of remuneration system operation
March 18, 2026	Confirmation and deliberation regarding the individual remuneration amounts of Directors, Audit & Supervisory Board Members, and Executive Officers (Basic remuneration and stock-type compensation stock options) and the appropriateness of remuneration system operation

Audit and Supervisory Board Member*

*Referred to as "*kansayaku*" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	5

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments Update

The Company conducts a three-way audit, comprising audits by the Audit & Supervisory Board, Accounting Auditors, and Internal Audit Division. Though the scope and objectives of each audit differ through appropriate collaboration and information sharing among these auditing bodies, the Company strives to establish and operate an effective company-wide audit framework.

Cooperation between Audit & Supervisory Board Members and Accounting Auditors

Audit & Supervisory Board Members and the Audit & Supervisory Board, prior to the start of an audit, receive briefs from the Accounting Auditors which include an overview of the audit plan and an explanation of important audit matters, and confirms validity. Additionally, the Audit & Supervisory Board Members and the Audit & Supervisory Board, at least once a month, receive reports from the Accounting Auditors on such matters as the implementation of accounting audits, quarterly reviews, and internal control audits, as well as briefs on the results of audits prior to expressing their opinion. With regard to key audit matters, Audit & Supervisory Board Members and the Audit & Supervisory Board receive reports and exchange opinions on the implementation status of risk assessment procedures on a regular basis.

In addition to accompanying the Accounting Auditors to be present during actual inventory audits, Audit & Supervisory Board Members also hold meetings with the Accounting Auditors in charge of auditing major affiliated companies in an effort to keep track of the status of audits being conducted. As for the Accounting Auditors' system for managing the quality of the audit, detailed explanations are received and information is requested as necessary to confirm the appropriateness of such. Based on Accounting Auditor requirements, confirmation is received in advance that the content of contracts and other documents for non-audit service, including those of affiliated companies, does not conflict with the independence of the Accounting Auditors.

Cooperation between Audit & Supervisory Board Members and Internal Audit Division

To ensure the effectiveness of internal audits, Audit & Supervisory Board Members and the Audit & Supervisory Board receive from the internal auditing division outlines of their internal audit plan before conducting each audit as well as reports about important auditing items. After the internal audit is conducted, the Audit & Supervisory Board Members and the Audit & Supervisory Board hear reports on all audit results and evaluations. Furthermore, close cooperation is being worked for through, for example, the exchanging of opinions and information as necessary.

Cooperation between Accounting Auditors and Internal Audit Division

Every year, the Internal Audit Division prepares an internal audit plan based on the Financial Instruments and Exchange Act and

conducts internal audits in accordance with this plan. Within the scope of audit, an assessment of the status of business process is carried out jointly with the Accounting Auditors. As for the assessment of operational status, this is conducted by the Internal Audit Division and the Accounting Auditors, respectively, and the results are reconciled to ensure appropriate audit results.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

Outside Audit and Supervisory Board Members' Relationship with the Company (1) [Update](#)

Name	Attributes	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Yutaka Tanaka	Lawyer														
Yuka Shigetomi	CPA														
Kaori Asakura	From another company										○				

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business for or a non-executive director of the Company's parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2) [Update](#)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Yutaka Tanaka	Yes	-----	Mr. Yutaka Tanaka had for many years served as a judge in charge of civil cases, and subsequently has been engaging in corporate legal affairs as an attorney and as a law school professor. The Company has elected him as an Outside Audit & Supervisory Board Member as it desires to leverage his considerable experience and high level of expert knowledge about legal affairs to further enhance the Company's auditing system. In addition, he is designated an independent director/audit & supervisory board member, as the Company judged that a conflict of interest

			with ordinary investors is unlikely, which is in accordance with the guidelines of the stock exchanges in Japan and the Company.
Yuka Shigetomi	Yes	-----	Ms. Yuka Shigetomi has obtained practical experience in corporate accounting over many years as a certified public accountant in Japan, the U.S., and Hong Kong, as well as an abundance of international experience through her service at the overseas office of one of the world's largest audit firms. The Company has elected her as an Outside Audit & Supervisory Board Member because it expects that, in addition to her qualifications as an expert in corporate accounting, her wealth of knowledge on topics such as risk management and ESG from a global perspective will help the Company to conduct appropriate audits more effectively. In addition, she is designated an independent director/audit & supervisory board member, as the Company judged that a conflict of interest with ordinary investors is unlikely, which is in accordance with the guidelines of the stock exchanges in Japan and the Company.
Kaori Asakura	Yes	Ms. Kaori Asakura is from The Dai-ichi Life Insurance Company, Limited, which is also a shareholder of the Company, with a shareholding ratio of approximately 1.4% (calculated by subtracting the number of treasury shares from total shares issued). The Company also has transactions with The Dai-ichi Life Insurance Company, Limited, mainly based on insurance contracts, but the annual transaction amount is less than 1% of the annual net sales of the Company and The Dai-ichi Life Insurance Company, Limited.	Ms. Kaori Asakura has been engaged for many years in securities analysis and other roles at a major life insurance company, and possesses highly specialized knowledge relating to economics and finance. She also manages overall business administration, including human resources, at the corporate group's think tank. The Company has elected her as an Outside Audit & Supervisory Board Member to leverage her abundant knowledge and experience to further enhance appropriate auditing of the Company.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members [Update](#)

8

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

All Outside Directors/Audit & Supervisory Board Members that qualify as Independent Directors/Audit & Supervisory Board Members have been designated as Independent Directors/Audit & Supervisory Board Members.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme/Introduction of Stock Options Scheme

Supplementary Explanation for Applicable Items

Introduction of remuneration system tied to performance

As a reward for Director service over a one-year term, Directors receive a bonus once a year for which consolidated income

before income taxes is used as a financial indicator to measure the results of annual group-wide corporate activities. The total amount of the Director's bonus is determined by multiplying such consolidated income with a given predetermined coefficient that corresponds with the Director's position. It is also determined through individual assessment based on the degree to which the Director has contributed in this role.

Bonuses along with dividend and internal reserves are essentially subjects of corporate profit distribution. As such, matters including whether a payment is allowed or the total amount of bonus as calculated above, are deliberated during the general meeting of shareholders every year.

Introduction of Stock Option System

Once a year, stock acquisition rights on the Company's shares are granted in the form of stock-type compensation stock options. The intent is to provide additional incentive for Directors to further contribute to the improvement of medium- and long-term performance and raise corporate value through sharing the benefits and risks of share price fluctuations with the Company's shareholders.

The total amount of the stock acquisition rights of not more than 400 million yen a year, was approved at the Company's Ordinary General Meeting of Shareholders for the 123rd Business Term held on March 28, 2024. The number of stock acquisition rights granted is calculated based on the amount determined by the Director's position, the consolidated income before income taxes in the previous year as well as the degree to which the Director has contributed in this role (The amount of monetary compensation claims granted to Directors for the payment in exchange for the stock acquisition rights), and the stock price level at the time of grant. As remuneration is linked to the achievements throughout one's term in office, the Company has a system in place that allows the exercising of acquisition rights at the time of retirement. As for the grantee, if the Company recognizes any misconduct of duty, act conflicting with the duty of due care, etc., the Company may limit the exercise of all or a portion of the stock acquisition rights.

The payment ratio etc. between remuneration linked to performance and other remuneration

Determining the proportion of basic remuneration, bonus, and stock-type compensation stock options enlists a basic approach of emphasizing the level and stability of basic remuneration given that we believe it is important to engage with management from the medium- to long-term perspective. At the same time, taking into account the need for enhancing performance over the course of a single fiscal year and pursuing shareholder returns, the proportion of total remuneration for Directors is arranged such that basic remunerations, bonuses and stock-type compensation stock options may account for approximately 50%, 30%, and 20% respectively.

Persons Eligible for Stock Options	Inside Directors / Other
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Supplementary Explanation for Applicable Items Update

"Others" mean Executive Officers. Directors, excluding Outside Directors, as well as Executive Officers are in positions where they play a central role in improving corporate performance and raising corporate value. As such we designed them to be grantees. The total amount of stock acquisition rights allocated to Directors and Executive Officers each period are as follows:

- The 118th Business Term: Approximately 218 million yen (33 grantees)
- The 119th Business Term: Approximately 265 million yen (35 grantees)
- The 120th Business Term: Approximately 147 million yen (35 grantees)
- The 121st Business Term: Approximately 97 million yen (35 grantees)
- The 122nd Business Term: Approximately 175 million yen (36 grantees)
- The 123rd Business Term: Approximately 258 million yen (36 grantees)
- The 124th Business Term: Approximately 328 million yen (38 grantees)
- The 125th Business Term: Approximately 542 million yen (40 grantees)

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors
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Supplementary Explanation for Applicable Items

Individual disclosure information for those whose total remuneration is 100 million yen or above is contained in the Company's Annual Securities Report.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The policy on determining the remuneration of Directors is described in "(iii) Board Policies and Procedures in Determining the Remuneration of the Senior Management and Directors," which is a part of "Disclosure Based on each Principle of the Corporate Governance Code" of "Principle 3.1 Full Disclosure" under "I. 1. Basic Views," and "Incentives" within "I. Organizational Composition and Operation," under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight."

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

System to Support Outside Directors

Under the current system, the Secretarial Office serves as a liaison between Outside Directors and relevant departments who provide prior explanations of the Board of Directors meeting agenda, when necessary.

System to Support Outside Audit & Supervisory Board Members

The Company supports the five Audit & Supervisory Board Members, which include Outside Audit & Supervisory Board Members, by staffing full-time workers at the Office of Audit & Supervisory Board Members. Prior explanations of the Board of Directors meeting agendas are provided by a Non-outside Audit & Supervisory Board Member or the person in charge of the related division. In addition, although Outside Audit & Supervisory Board Members are charged with attending meetings to receive reports and explanations regarding conducted audits from the Accounting Auditors and Corporate Audit Center, when an Outside Audit & Supervisory Board Member is not able to attend such meetings, we enable the Outside Audit & Supervisory Board Members to grasp the situation by reviewing audit results and other documents. Furthermore, in addition to meetings of the Audit & Supervisory Board that are held at least once a month, liaison and other meetings are held when needed, for the purpose of sharing information and supplementing the Audit & Supervisory Board Meetings and exchanging information on important items and various audit details.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/CEO ended	Term
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Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc.

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Other Related Matters

There is no system in place for the President & Representative Director or CEO to automatically become an advisor of the

Company after retirement. There are cases when the Company requests a retired director or officer (not limited to President & Representative Director or CEO) whose advice or support is found particularly necessary, to serve as an advisor.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Update

Board of Directors, Representative Directors, Executive Officers

The Board of Directors consists of eleven members: six Directors from inside the Company, including four Representative Directors, and five Independent Outside Directors, two of whom are females. The CEO serves as the chairman of the board. Additionally, there will be 40 Executive Officers as of April 1, 2026, including one female and one non-Japanese.

Activities of the Board of Directors

In 2025, the Board of Directors held 10 meetings. The attendance of each Director and Audit & Supervisory Board Member was as follows:

Position	Name	Attendance/ # of meetings held	Attendance ratio
Chairman & CEO	Fujio Mitarai	10/10	100%
Executive Vice President & CFO	Toshizo Tanaka	10/10	100%
Executive Vice President & CTO	Toshio Homma	10/10	100%
Executive Vice President & Director	Kazuto Ogawa	10/10	100%
Senior Managing Director	Hiroaki Takeshi	10/10	100%
Senior Managing Director	Minoru Asada	10/10	100%
Outside Director	Yusuke Kawamura	10/10	100%
Outside Director	Masayuki Ikegami	10/10	100%
Outside Director	Masaki Suzuki	10/10	100%
Outside Director	Akiko Ito	10/10	100%
Audit & Supervisory Board Member	Chikahiro Okayama	10/10	100%
Audit & Supervisory Board Member	Hideya Hatamochi	3/3	100%
Audit & Supervisory Board Member	Takeshi Morikawa	7/7	100%
Outside Audit & Supervisory Board Member	Yutaka Tanaka	10/10	100%
Outside Audit & Supervisory Board Member	Hiroshi Yoshida	3/3	100%
Outside Audit & Supervisory Board Member	Koichi Kashimoto	10/10	100%
Outside Audit & Supervisory Board Member	Yuka Shigetomi	7/7	100%

Note: At the conclusion of the Ordinary General Meeting of Shareholders for the 124th Business Term held on March 28, 2025, Hideya Hatamochi, who was a full-time Audit & Supervisory Board Member, and Hiroshi Yoshida, who was an Outside Audit & Supervisory Board Member, retired. At the same time, Takeshi Morikawa and Yuka Shigetomi were elected and appointed to their positions as a full-time Audit & Supervisory Board Member and an Outside Audit & Supervisory Board Member, respectively. The difference in "Attendance/# of meetings held," reflects the timing of their respective appointment and retirement.

In 2025, the Board of Directors received reports on the status of the execution of duties, performance (quarterly), and plans for sales and profits of each division of the Company as well as annual reports on the status of the development and operation of the risk management system. Based on these reports, the Board of Directors accordingly discussed the direction of the business strategy and the method of risk management. The Board of Directors also deliberated on and resolved specific important business execution matters stipulated in laws and regulations or the Company's Regulations of the Board of Directors, including the acquisition of treasury stock and making Canon Electronics Inc. a wholly-owned subsidiary, in addition to regular agenda matters, including the evaluation of the effectiveness of the Board of Directors, executive positions and other important human resource matters, important organizational changes, the convening of the Ordinary General Meeting of Shareholders, the examination of strategic share holdings.

Corporate Strategy Committee, Sustainability Committee, Risk Management Committee, and Disclosure Committee

The Company established the Corporate Strategy Committee, consisting of Directors, including Independent Outside Directors, Audit & Supervisory Board Members, and some Executive Officers. Among items to be decided by the CEO, the Committee undertakes prior deliberations on important matters pertaining to Canon Group strategies.

Canon established the Sustainability Committee to share information and conduct preliminary deliberations with the aim of ensuring appropriate and effective judgment by the CEO or Board of Directors regarding the sustainability-related matters that the Canon Group should respond to or address.

Based on a resolution passed by the Board of Directors, Canon set up the Risk Management Committee, which formulates policy and action proposals regarding improvement of the Canon Group risk management system. The Risk Management Committee consists of three entities: the Financial Risk Management Subcommittee, which is tasked with improving systems to ensure reliability of financial reporting; the Compliance Subcommittee, which is tasked with promoting corporate ethics and improving legal compliance systems; and the Business Risk Management Subcommittee, which is charged with developing a management system for risks to business operations. The Risk Management Committee verifies the risk management system's improvement and implementation and reports the status to the CEO and the Board of Directors.

In addition, the Disclosure Committee was established to undertake deliberations pertaining to information disclosure, including content and timing, to ensure important corporate information will be disclosed in a timely and accurate manner.

Audit & Supervisory Board Members, Audit & Supervisory Board

The Company is a "Company with an Audit & Supervisory Board." There are five Audit & Supervisory Board Members of which three are Outside Audit & Supervisory Board Members, designated as Independent Directors and Audit & Supervisory Board Members. In accordance with auditing policies and plans decided at Audit & Supervisory Board meetings, the Audit & Supervisory Board Members attend Board of Directors' meetings and other important gatherings such as Corporate Strategy Committee meetings. They are also able to listen to reports from Directors and employees, review documents related to important decisions, and conduct audits by investigating etc. the situation of businesses and property of the Company and affiliated companies. Additionally, the Office of Audit & Supervisory Board Members is independent from the control of the Directors etc., and it has a dedicated staff. The Audit & Supervisory Board Members can order headquarter management and other operations to conduct investigations in cases of necessity. In this way, the Audit & Supervisory Board plays a role in monitoring management, conducting strict audits of directors' execution of duty, including the status of development of the internal control system. Furthermore, the Audit & Supervisory Board Members cooperate closely with the Accounting Auditors and the Company's internal auditing arm, and such cooperation services to improve each monitoring function.

Activities of the Audit & Supervisory Board

In 2025, the Audit & Supervisory Board held 10 meetings. The attendance of each Audit & Supervisory Board Member was as follows:

Position	Name	Attendance/ # of meetings held	Attendance ratio
Audit & Supervisory Board Member	Chikahiro Okayama	18/18	100%
Audit & Supervisory Board Member	Hideya Hatamochi	6/6	100%
Audit & Supervisory Board Member	Takeshi Morikawa	12/12	100%
Outside Audit & Supervisory Board Member	Yutaka Tanaka	18/18	100%
Outside Audit & Supervisory Board Member	Hiroshi Yoshida	6/6	100%
Outside Audit & Supervisory Board Member	Koichi Kashimoto	18/18	100%
Outside Audit & Supervisory Board Member	Yuka Shigetomi	12/12	100%

Note: At the conclusion of the Ordinary General Meeting of Shareholders for the 124th Business Term held on March 28, 2025, Hideya Hatamochi, who was a full-time Audit & Supervisory Board Member, and Hiroshi Yoshida, who was an Outside Audit & Supervisory Board Member, retired. At the same time, Takeshi Morikawa and Yuka Shigetomi were elected and appointed to their positions as a full-time Audit & Supervisory Board Member and an Outside Audit & Supervisory Board Member, respectively. The difference in "Attendance/# of meetings held," reflects the timing of their respective appointment and retirement.

The main agenda items of the Audit & Supervisory Board for fiscal year 2025 were as follows:

Formulation of audit policies and audit plans, etc., preparation of audit reports, confirmation of the adequacy of Accounting Audits, confirmation of the status of development and operation of the internal control system, confirmation of agenda items for the General Meeting of Shareholders, decisions on appointment / dismissal reappointment / non-reappointment of accounting auditors, confirmation of resolutions and matters reported at important meetings, confirmation of the status of audits by Audit & Supervisory Board Members, prior approval of non-assurance services by the accounting auditor, and other matters specified by laws and regulations

Function, Role, and Appointment of Outside Directors and Outside Audit & Supervisory Board Members

The Company established the “Independence Standards for Independent Directors/Audit and Supervisory Board Members” resolved by the Board of Directors with the consent of all Audit & Supervisory Board Members, in order to clarify the standards for ensuring independence of Independent Directors/Audit & 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. The standards are posted on the Company’s website at (<https://global.canon/en/ir/strategies/pdf/standard.pdf>). All of the Company’s Outside Directors and Outside Audit & Supervisory Board Members satisfy the standards for independence and assume roles that contribute to the maintenance and improvement of Board of Directors’ transparency and accountability. In addition, the Company has submitted notifications to the Tokyo Stock Exchange, Nagoya Stock Exchange, Fukuoka Stock Exchange and Sapporo Securities Exchange that all Outside Directors and Outside Audit & Supervisory Board Members are Independent Directors/Audit & Supervisory Board Members as stipulated by the exchanges.

Internal Audit Division

The Company established the Corporate Audit Center as its internal auditing division, which audits each division and subsidiary of the Company on overall operations and management as well as on various topics such as finance, procurement, asset management, contracts, health and safety, quality, etc., and makes recommendations for improvements as necessary. Audit results are reported not only to the CEO, COO, and CFO, but also to the Audit & Supervisory Board Members and the Audit & Supervisory Board as described in “Cooperation between Audit & Supervisory Board Members and Internal Auditing,” above. In addition, the Company established a system in which reports are also regularly given to Outside Directors and those Outside Directors can request submission of proposals to the Board of Directors, as necessary.

Accounting Auditors

The Company has an auditing service contract with Deloitte Touche Tohmatsu LLC to audit its financial statements.

The names and other details of the certified public accountants that carried out accounting audit work for the Company for the 125th Business Term.

Certified Public Accountant			Auditing Firm	Number of years of consecutive audit
Designated Partner	Engagement Partner	Shuichi Morishige	Deloitte Touche Tohmatsu LLC	1 year
Designated Partner	Engagement Partner	Susumu Nakamura	Deloitte Touche Tohmatsu LLC	6 years
Designated Partner	Engagement Partner	Hideaki Takagi	Deloitte Touche Tohmatsu LLC	6 years
Designated Partner	Engagement Partner	Masayoshi Nakai	Deloitte Touche Tohmatsu LLC	2 years

Auditing assistants that carried out audit work for the Company: (Certified Public Accountants: 32; Others: 100)

The Policy and Process of Nominating Director and Audit & Supervisory Board Member Candidates and Determining the Remuneration of Senior Officers

Encapsulated in “(iii) Board Policies and Procedures in Determining the Remuneration of the Senior Management and Directors,” and “(iv) Board Policies and Procedures in the Appointment and Dismissal of Senior Management and the Nomination of Director

and Audit & Supervisory Board Member Candidates,” under “Principle 3.1 Full Disclosure,” a part of “Disclosure based on each Principle of the Corporate Governance Code,” which is included in sub-segment “1. Basic Views,” of segment “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information” and “Directors,” and “Incentives,” of sub-segment “1. Organizational Composition and Operation,” under “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight.”

Contracts for Limitation of Liability with Directors and Audit & Supervisory Board members

Pursuant to the provision of Article 427, Paragraph 1 of the Corporation Law and the Articles of Incorporation, the Company entered into contracts with Outside Directors and Outside Audit & Supervisory Board Members which sets forth the limitation on their damage compensation liabilities resulting from negligence of their respective duties, provided that the amount of the limitation on the damage compensation liabilities under the said contracts shall be the amount provided by laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

It is described in “Disclosure based on each Principle of the Corporate Governance Code,” under “I. 1. Basic Views,” and “II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System).”

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights Update

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company sent its Notice of Convocation of the Ordinary General Meeting of Shareholders on March 3, 2026, 24 days prior to its latest Ordinary General Meeting of Shareholders, which was held on March 27, 2026.
Electronic Exercise of Voting Rights	Exercise of voting rights through the internet is possible.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	A platform for the electronic exercising of voting rights has been adopted.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares English translations of its Notice of Convocation of the Ordinary General Meeting of Shareholders and makes this information available to the Tokyo Stock Exchange and on its website.
Other	For the Company’s latest Ordinary General Meeting of Shareholders, the Company started to take Measures for Electronic Provision of the information that includes the contents of Reference Documents for the General Meeting of Shareholders. The information was posted on the Company’s website and the website of the Tokyo Stock Exchange on February 25, 2026, six days prior to sending out its Notice of Convocation of the Ordinary General Meeting of Shareholders, which was mailed on March 3, 2026.

2. Status of IR-related Activities Update

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company strives to build long-term trust with shareholders and investors, by actively disclosing information and engaging in constructive dialogue, promoting IR activities that contribute to the enhancement of corporate value. As for information disclosure, the Company complies with	

	<p>relevant laws and regulations as well as stock exchange disclosure rules, ensuring that disclosures are made in a timely, fair, and impartial manner. Additionally, the Company will disclose information that it deems useful for shareholders and investors to deepen their understanding of the Company, even if it is not required by laws or regulations.</p> <p>For details, please refer to the Company's Disclosure Policy at the address provided below.</p> <p>https://global.canon/en/ir/irpolicy.html</p>	
<p>Regular Investor Briefings held for Analysts and Institutional Investors</p>	<p>The Chairman & CEO hosts the Company's Corporate Strategy Conference on a regular basis. Additionally, on the day quarterly financial results are announced the Vice Chairman & CFO hosts conferences for analysts and institutional investors in Japan. The Company, with directors in charge of certain businesses or business functions, Outside Directors etc., holds small group meetings as well as individual business strategy conferences on areas of high interest to analysts and institutional investors.</p>	<p>Held</p>
<p>Regular Investor Briefings held for Overseas Investors</p>	<p>Along with the Chairman & CEO or the Vice Chairman & CFO holding meetings with overseas investors to explain the Company's management and business strategies, the Company posts English language documents from explanatory meetings held by Directors to its website for overseas investors.</p>	<p>Held</p>
<p>Online Disclosure of IR Information</p>	<p>In addition to posting mandatory disclosure material such as Annual Securities Reports and Earnings Reports, we also present information that is considered useful to shareholders, investors and analysts such as presentation materials from explanatory meetings and integrated reports, including both financial and non-financial information. Additionally, the Company is working to provide disclosure in an easily understood manner, including pages on basic business strategies, ESG initiatives, and company introductions for individual investors.</p> <p>Japanese website: https://global.canon/ja/ir/ English website: https://global.canon/en/ir/ Integrated Report: https://global.canon/en/ir/library/integrated.html</p>	
<p>Establishment of Department and/or Placement of a Manager in Charge of IR</p>	<p>The IR Promotion Division, which is a part of the Public Relations and IR Center within the Public Affairs Headquarters, is in charge of investor relations. The Director in charge of investor relations is the Vice Chairman & CFO. The person in charge of investor relations on a day-to-day basis is the General Manager of the IR Promotion Division.</p>	

3. Status of Measures to Ensure Due Respect for Stakeholders **Update**

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Under its corporate philosophy of <i>kyosei</i> — living and working together for the common good — the Company works to fulfill its social responsibilities, fostering good relations, not only with its customers, the communities in which the Company operates, and shareholders, but also with nations and the environment. These objectives are outlined in the Canon Group Code of Conduct, which Canon Directors and employees adhere to when conducting business activities.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>Responding to environmental issues is one very important management issue. Based on the Company's environmental assurance philosophy of "maximizing resource efficiency," we are working to achieve net-zero Greenhouse Gas (GHG) emissions for the entire product life cycle by 2050. In 2023, Canon's GHG emission reduction targets set to be achieved by 2030 were approved by the SBTi (Science Based Targets initiative). Canon is working to reduce emissions across the entire Group in line with SBTi criteria to achieve the targets for SBTi certification. From 2024, a working group under the Sustainability Committee investigated climate change risks and opportunities in the value chain that is aligned with the TCFD framework, started to conduct scenario analyses and develop countermeasures with regards to their short- and long-term financial impact, which were disclosed in 2025. Additionally, as part of efforts to contribute to a circular economy, we are engaged in such activities as reuse, recycling, and the use of recycled materials, and for chemical substances, we are thoroughly managing their inclusion in products and their use in production processes. Furthermore, we are promoting various activities to conserve biodiversity such as limiting the amount of water that is used.</p> <p>As for social initiatives, Canon respects the human rights of all stakeholders involved in its business activities, including employees and business partners. Canon has established the "Canon Group Human Rights Policy" in which the Company made its position clear. The Company conducts human rights due diligence throughout the entire Group and carries out activities to educate employees throughout the entire Group both in Japan and overseas through methods such as e-learning. Additionally, the Company established a hotline for specific human rights concerns and putting in place a grievance mechanism to investigate, rectify and prevent recurrence. Furthermore, the Company is a member of the Responsible Business Alliance (RBA), a corporate alliance that promotes social responsibility in global supply chains, and is working to identify and mitigate risks</p> <p>Specific initiatives, including those listed above, are reported annually in the Company's Sustainability Report or Integrated Report and updated information is disclosed on the Company's website as appropriate.</p> <p>Sustainability Report: https://global.canon/en/sustainability/report/ Integrated Report: https://global.canon/en/ir/library/integrated.html Sustainability website: https://global.canon/en/sustainability</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	As for information-disclosure policies, the Company has drawn up its own guidelines, which it adheres to when disclosing information. In addition, the Company established the Disclosure Committee in 2005 to ensure that important management information is disclosed in an accurate, comprehensive, and fair manner.
Other	<p><u>Status of employee related measures</u></p> <p>The current status and measures regarding the appointment of women, non-Japanese, mid-career employees etc. as well as stance that deals with investing</p>

in human capital, are described in “Supplementary Principle 2.4.1 Ensuring Diversity in the Appointment etc. of Core Human Resources” and “2. (1) Investing in Human Capital” of “Supplementary Principle 3.1.3 Measures etc. Regarding Sustainability,” in the above “Disclosure Based on each Principle of the Corporate Governance Code.”

For other employee related measures, please refer to the Company’s Annual Securities Report at the address provided below.

<https://global.canon/en/ir/library/yuuhou.html>

Advances in Job-Type Human Resources Management

In 2001, Canon introduced a job-based “position-based pay system” in order to select outstanding human resources and provide fair and just treatment regardless of age or gender. Canon supports independent career development and achieving the right combination of talent and job position by drafting job descriptions for each position and clarifying the knowledge and skills required for the job. In recent years, Canon has increased recruitment according to job type based on role and career recruitment through an internal recruitment system, among other methods, and has been enhancing job-type human resource management.

Fostering a Creative Organizational Culture

Canon engages in organizational development to foster an open and supportive workplace culture that creates innovation. The company implements “Canon Knowledge-intensive staff Innovation” (CKI) activities which tackle problem-solving through talks with workplace members under the support of specialized internal consultants.

Improving Employee Engagement

Canon periodically conducts employee awareness surveys to clarify issues such as employees’ attitudes toward work and workplace culture and is simultaneously working to make improvements by giving feedback to managers. In the 2025 employee awareness survey, the response rate reached a high level of 98.5%, and the percentage of positive responses increased in most categories compared with the previous survey, including “Self-Development” and “Overall Perception of the Company.” Scores for people in their twenties improved significantly, reflecting the impact of initiatives such as the introduction of “motivation diagnosis” and “pulse surveys” aimed at strengthening engagement among younger employees. Canon is also working to establish a working environment where employees can work with shortened working hours or flexibly according to their life stage in order to enhance work-life balance. As a result of these initiatives, the annual hours worked per Canon Inc. employee in 2025 was 1,708 hours, significantly shorter than the national average (1,917 hours).

Promotion of Health Management

Since its foundation, Canon has been systematically promoting health support measures based on one of its guiding principles of “Health First.” Beginning in 2026, the Company set CHANGE 8* as the Canon Group’s Health Action Goals, establishing targets and implementing measures across eight areas: mental health, cancer prevention, physical activity, nutrition, weight management, sleep, alcohol consumption, and smoking cessation. As a result

of these efforts, since 2017, Canon has been selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for nine consecutive years as a “Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) (White 500).”

*Canon Health ActioN Goals 8

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development Update

The content of the resolution of the Board of Directors regarding the systems necessary to ensure the properness of the Company’s operations (basic policy) as well as the outline of activities for the aforementioned systems, are as follows:

Basic Policy Regarding Systems Necessary to Ensure the Properness of Operations (the “Internal Control System”)

Content of Basic Policy Resolution

To ensure the properness of operations and to work for continuous improvement in corporate value, Canon Inc. (the “Company”) and the enterprises consisting of the Company and its subsidiaries (the “Canon Group”), shall foster a sound corporate culture based on the Spirit of “Three Selves” (Self-motivation, Self-management, and Self-awareness) - guiding principles dating back to the founding of the Company. The Canon Group shall also work to foster a law-abiding awareness through the “Canon Group Code of Conduct.” Furthermore, the Canon Group shall firmly strive to ensure management transparency through clearly defined approval processes and authorities of the CEO and Chief/Group Executives of the Company as well as executive officers of each subsidiary of the Company.

- (1). System for Compliance (Article 362, Paragraph 4, Item 6 of the Corporation Law of Japan, and Article 100, Paragraph 1, Item 4 of the Enforcement Regulations of the Corporation Law of Japan)

Content of Basic Policy Resolution

- (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 important Canon Group 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 Board of Directors 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,” prescribed by the Board of Directors 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 the execution of duties by Officers and employees, 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 Canon Group, employees have the ability to anonymously report such fact to any director or officer, including Outside Directors and Outside Audit & Supervisory Board Members by means of a whistleblowing system. Additionally, the Company shall prohibit any disadvantageous treatment of any whistleblower.

Outline of Activities

- (1). During this business term (the 125th Business Term), 10 Board of Directors meetings were held. At these meetings, in addition to deliberating and deciding on important matters, the Board of Directors received reports from Officers in charge of major divisions concerning the execution of business.
- (2). In addition to implementing compliance training that follows the Canon Group Code of Conduct, the Company established “Compliance Week,” an event to provide an opportunity for discussion on familiar risks of law-and-regulation violations by each respective workplace.
- (3). The activity is described in item (1) of Outline of Activities in (2) below.

(4). Supported by about 60 personnel, the internal audit division conducts audits of each division and subsidiary, including in its scope of inquiry not only compliance but also the usefulness and efficiency of operations. When necessary, proposals for improvement are given, and then the results of these audits are reported to the CEO and CFO. In addition, a summary of audit results is also periodically reported to the Outside Directors, Audit & Supervisory Board Members and Audit & Supervisory Board.

(5). The regulations of the whistleblowing system and the rules on its use, including the explicit prohibition of the disadvantageous treatment of whistleblowers, are disseminated via the intranets of the Company, along with information on the contact counter for reporting internal problems. In the current business term, there were no whistleblower reports relating to serious violations of laws and regulations, or the like.

- (2). System for Risk Management (Article 100, Paragraph 1, Item 2 of the Enforcement Regulations of the Corporation Law of Japan)

Content of Basic Policy Resolution

(1). The Company established the Risk Management Committee as a deliberation body that is in direct control of the CEO, in accordance with the “Regulations of Risk Management” prescribed by the Board of Directors. This Committee shall develop various measures with regard to improving the risk management system. 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 Canon Group may face in the course of business, and all measures shall be approved by the CEO and the Board of Directors. Additionally, this Committee shall evaluate the status of improvement and implementation of the risk management system that are autonomously carried out by each organization such as business divisions and subsidiaries, and report its findings to the CEO and the Board of Directors.

(2). The Company established the Corporate Strategy Committee in accordance with the “Regulations of the Corporate Strategy Committee” prescribed by the Board of Directors. Even if the authority to decide certain items is delegated from the Board of the Directors to the CEO, the Committee shall carefully deliberate those items in cases that are considered particularly important.

Outline of Activities

(1). Established under the Risk Management Committee are the following three subcommittees: the Financial Risk Management Subcommittee, which is in charge of improving systems to ensure the reliability of financial reporting, the Compliance Subcommittee, which is in charge of improving systems to ensure compliance of corporate ethics and major laws and regulations, and the Business Risk Management Subcommittee, which is in charge of improving systems to manage risks in association with business operations, such as changes in the market competitive environment. These subcommittees carried out evaluation based on their respective roles of the status of improvement and implementation of risk management system by each organization in 2025. The result of such evaluation did not discover any major flaws in the system and the Risk Management Committee reported this to the CEO and the Board of Directors.

(2). The Corporate Strategy Committee was held 8 times in the current business term. In addition to the Officers in charge of executing business operations, the Outside Directors and full-time Audit & Supervisory Board Members also attended, as necessary, and provided opinions.

- (3). System for Efficient Execution of Duties (Article 100, Paragraph 1, Item 3 of the Enforcement Regulations of the Corporation Law of Japan)

Content of Basic Policy Resolution

(1). Based on regulations regarding the division of duties and administrative authorities prescribed by the Board of Directors, the CEO and other Officers shall execute shared duties under the supervision and direction of the CEO.

(2). The CEO shall formulate 5-year management goals (the “Excellent Global Corporation Plan”) and 3-year priority measures, contained in mid-term management plans. Based upon these plans, the CEO shall manage operations from a unified group approach.

Outline of Activities

(1). The CEO and other Officers execute the duties allocated to them in accordance with the related regulations. The Company has established a framework for engaging in business activities whereby the Representative Directors and Executive Officers other than the CEO assume responsibility for the four industry-oriented business groups of “Printing,”

“Medical,” “Imaging,” and “Industrial” as well as sales subsidiaries that engage in oversight of sales in respective major regions worldwide. They are accordingly assigned such duties under the command and supervision of the CEO.

(2). The CEO decides on a mid-term management plan, which is decided based on close discussions with Officers of the Company and the executive officers of the major subsidiaries in Japan and overseas, and ensures the cohesion of the Group’s corporate management.

- (4). System for Group Management (Article 100, Paragraph 1, Item 5 of the Enforcement Regulations of the Corporation Law of Japan)

Content of Basic Policy Resolution

The Company strengthens the internal control system of the Canon Group by requiring subsidiaries to follow the respective items:

- (a). to obtain prior approval from the Company or report to the Company on important decisions in accordance with the “Regulations of Group Companies Management,” prescribed by the Board of Directors of the Company,
- (b). to grasp significant risks that the subsidiary 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 of 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 subsidiaries’ articles of incorporation in the course of daily business and prepare a compliance education system as a part of the subsidiary’s risk management system, and
- (e). to establish a whistleblowing system and prohibit any disadvantageous treatment of any whistleblower.

Outline of Activities

- (a). The Company received reports from subsidiaries and provided prior approval to subsidiaries in accordance with the “Regulations of Group Companies Management.”
- (b). In order to conduct evaluation of the status of improvement and implementation of the risk management system described in item (1) of Content of Basic Policy Resolution in (2) above, the subsidiaries being evaluated implemented evaluation of the respective targeted risks.
- (c). Each subsidiary performs, as appropriate, a review of the appropriateness of organizational design, and approval criteria and processes in accordance with the applicable laws and regulations and the nature of business and other factors.
- (d). Each subsidiary performed an inspection of the compliance system in the process of evaluating improvement and implementation of the risk management system (as described in item (1) of Outline of Activities in (2) above), and furthermore fosters a culture of compliance through training and other such means as necessary.
- (e). Each company has established a whistleblowing system and totally prohibits any disadvantageous treatment of any whistleblower.

- (5). System for Storing and Managing Information (Article 100, Paragraph 1, Item 1 of the Enforcement Regulations of the Corporation Law of Japan)

Content of Basic Policy Resolution

Information related to the execution of duties of the CEO and other 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, Audit & Supervisory Board Members, and members of the internal audit division have the ability to inspect this information at any time.

Outline of Activities

Whenever deemed necessary, Directors, Audit & Supervisory Board Members and members of the internal audit division peruse or obtain copies of meeting minutes of the Board of Directors and the Corporate Strategy Committee, and other records such as settlement documents of the CEO.

- (6). System for Auditing by Audit & Supervisory Board Members (Article 100, Paragraph 3 of the Enforcement Regulations of the Corporation Law of Japan)

Content of Basic Policy Resolution

- (1). The Company established and assigns dedicated full-time employees of an appropriate number to the Office of Audit & Supervisory Board Members. The Office of Audit & Supervisory Board Members is established as an independent entity that is outside the control of Officers. Any change in dedicated full-time employee personnel shall require the prior consent of the Audit & Supervisory Board.
- (2). Audit & Supervisory Board Members shall grasp the execution of duties by Officers, attending not only meetings of the Board of Directors, but also other important meetings such as meetings of the Corporate Strategy Committee and Risk 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 have accounting auditors periodically give reports.
- (5). Audit & Supervisory Board Members shall hold periodic meetings with counterparts of domestic subsidiaries of the Company 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 Officers of subsidiaries, sharing responsibility for the auditing of major subsidiaries in Japan and overseas.
- (6). The Company prohibits any disadvantageous treatment of any person that reports to Audit & Supervisory Board Members. The Company also seeks its subsidiaries to prohibit any disadvantageous treatment.
- (7). The Audit & Supervisory Board shall draw up an annual audit plan and an annual budget covering the audit of the Company and its subsidiaries. And the Company shall secure necessary funds for the annual budget. When an outlay outside the budget is incurred, due to a special audit etc., the expense shall be reimbursed by the Company.

Outline of Activities

- (1). The Company established the Office of Audit & Supervisory Board Members to be independent from the directives and commands of Officers and it assigns dedicated full-time employee(s) of an appropriate number to the Office of Audit & Supervisory Board Members.
- (2). Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, attend all the Board of Directors meetings, and full-time Audit & Supervisory Board Members attend all meetings of the Corporate Strategy Committee and the Risk Management Committee, overseeing the execution of duties by Officers.
- (3). Audit & Supervisory Board Members and the Audit & Supervisory Board periodically receive reports from the internal audit division on the results of audits. In addition, full-time Audit & Supervisory Board Members periodically receive reports from the managers in charge of the administrative divisions of the headquarters on the execution of duties.
- (4). Audit & Supervisory Board Members receive reports from the Accounting Auditor on the status of audits at least once a month and receive reports from the Accounting Auditor on the results of the audit of the business term in accordance with laws and regulations.
- (5). Audit & Supervisory Board Members periodically hold meetings with Audit & Supervisory Board Members of domestic subsidiaries and share information. In addition, at the time of audits at subsidiaries, Audit & Supervisory Board Members receive reports from the Directors of subsidiaries and share information with Audit & Supervisory Board Members of the subsidiaries, overseeing the execution of duties by Officers of subsidiaries.
- (6). Information is disseminated in the Company and its subsidiaries concerning the prohibition of disadvantageous treatment of any person that reports to Audit & Supervisory Board Members.
- (7). In the current business term, there were no shortfalls in the budget allocated for the implementation of audits in accordance with the audit plan.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

1. Basic Policy

The Company has established a basic policy that the Company and all of its Group companies will take a firm attitude against and cut off relation with antisocial forces which bring threats to order and safety of civil society.

2. Overview of Implementation

- (1). In the Company's Employment Regulation, provisions have been made with regard to barring relations with antisocial forces and the Company strives to ensure that these provisions are thoroughly adhered to by relevant employees.
- (2). The Company establishes divisions in charge of supervising the countermeasures of the Group against antisocial forces, and such divisions endeavor to prevent transactions, etc. with antisocial forces by sharing information regarding antisocial forces and countermeasures against them.
- (3). In the Group department that responds to antisocial forces, individuals charged with preventing undue claims are deployed, and efforts are made to prepare and respond systematically to potential threats in line with the Company's manual.
- (4). The Company establishes a cooperation structure with external institutions such as the National Center for the Elimination of Violent Groups, police departments with jurisdiction, neighboring companies, and lawyers etc.
- (5). Regarding payments for auspices, the Company reviews them in advance in order to check that there is not any issue based on legal and corporate ethical perspective.

V. Other

1. Adoption of Anti-Takeover Measures

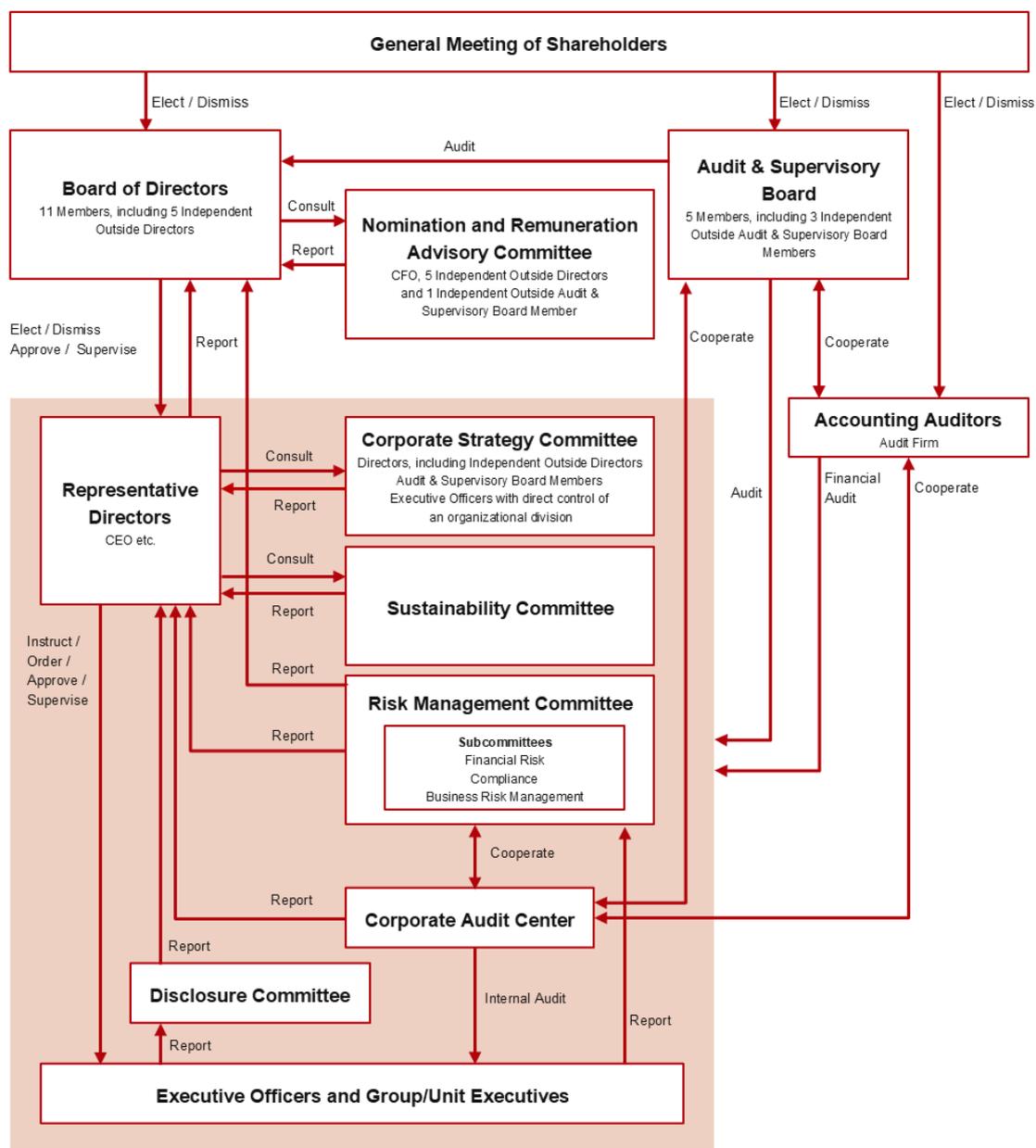
Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System Update

A schematic diagram of the Company's corporate governance structure and an overview of the Company's timely disclosure system are as attached:



Overview of Timely Disclosure System

Internal system for timely disclosure of corporate information

In order to disclose necessary information in a fair, equitable, and timely manner for important corporate information considered for timely disclosure, the Company's Disclosure Committee, which is chaired by top management, receives reports from the division in charge regarding the relevant information, and determines whether disclosure is necessary or not.

For matters that have been reported, the Disclosure Committee which is made up of members from finance & accounting, legal affairs, corporate communications as well as persons in charge of the relevant information, is charged with making prompt necessary decisions on timely disclosure such as the necessity of timely disclosure, the timing of disclosure, disclosure content, disclosure method.

Furthermore, the Disclosure Committee is also charged with constructing and maintaining a disclosure system which includes the assessment of disclosure management of important corporate information.

Regarding information on decisions made by the Company, considered important corporate information, the Company has a system in place whereby information is promptly disclosed after decisions are made by necessary internal organizations.

END