

1

Canon Inc.

	Company thinking
<input type="checkbox"/> Background and purpose for accounting	<ul style="list-style-type: none"> • Under the "Canon Environmental Vision" Canon is addressing to reduce the environmental burdens at all stages of product lifecycle; namely Produce, Use and Recycle. We are utilizing LCA method in order to visualize and accelerate our efforts to reduce environmental burdens.
<input type="checkbox"/> Utilization of accounting results	<ul style="list-style-type: none"> • Based on the evaluation results, we internally prioritize our efforts for reduction of greenhouse gas (GHG) emissions in the Scope 3 categories. • The results are disclosed through our Sustainability Report, and we demonstrate our efforts externally by responding to corporate assessments, such as CDP and environmental management survey.
<input type="checkbox"/> Advantages of accounting	<ul style="list-style-type: none"> • Even if GHG emissions generated in our internal operations fluctuate because of changing ratio of in-house production vs. outsourcing, we will be able to measure the improvements in emissions through product lifecycle by having an overall view of our value chain. • We will be able to compare emissions for the various categories and determine the direction of our reduction efforts.
<input type="checkbox"/> Internal accounting organization	<ul style="list-style-type: none"> • Data is collected from the various internal related departments, and the data is calculated at the department for evaluation. • We are currently creating an organizational structure for evaluation on regular basis.

Company thinking	
<p><input type="checkbox"/> To reduce supply chain emissions</p>	<ul style="list-style-type: none"> • We are making various efforts, such as reducing the size and weight of our products, saving energy, improving our various manufacturing operations, improving our logistics, etc.
<p><input type="checkbox"/> Tasks to account for supply chain emissions</p>	<ul style="list-style-type: none"> • It is difficult to comprehend all of the primary data due to a wide range and long supply chain. • With respect to data from suppliers, it is difficult to ensure that it is reliable enough to compare with other data. • As for downstream logistics, it is difficult to comprehend logistics after product ownership changes (i.e. from Canon to distributors and retailers). • There is an issue to be addressed how to expand data for the entire group in categories in which we can collect limited data for some of our group companies. • Whether or not is appropriate to judge that a category is not applicable.
<p><input type="checkbox"/> For those starting to account for supply chain emissions</p>	<ul style="list-style-type: none"> • The proportion of GHG emissions for each category is likely to differ depending on the industry. Therefore, it is necessary to gain an understanding of the overall situation, even if it is an estimate, before determining the categories to be prioritized in which to make improvement efforts.

3

Canon Inc.

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Raw materials + waste by material that make up products (which equals the raw material procurement volume) 	<ul style="list-style-type: none"> Emission factor by raw material
Category 2: Capital goods	<ul style="list-style-type: none"> Procurement amount for capital goods 	<ul style="list-style-type: none"> Average emission factor per price of capital goods by field
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Fuel and gas purchase volume, and electricity, steam and other energy usage 	<ul style="list-style-type: none"> Emission factor per fuel and energy volume
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Transport from suppliers, and subcontracted transport related to production and sales (for the cargo owner) 	<ul style="list-style-type: none"> Emission factor per unit weight and distance
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Emissions by treatment method and by waste material 	<ul style="list-style-type: none"> Emission factor by treatment and by waste material
Category 6: Business travel	<ul style="list-style-type: none"> Transportation expenses paid by means of transportation 	<ul style="list-style-type: none"> Emission factor per transportation expenses paid
Category 7: Employee commuting	<ul style="list-style-type: none"> Transportation expenses paid by means of transportation 	<ul style="list-style-type: none"> Emission factor per commuting expenses paid
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Including Scope 1 and 2 	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Product weight and average shipment distance from retailer logistics bases to consumers per region 	<ul style="list-style-type: none"> Emission factor per unit weight and distance
Category 10: Processing of sold products	<ul style="list-style-type: none"> Intermediate product weight 	<ul style="list-style-type: none"> Parts assembly emission factor
Category 11: Use of sold products	<ul style="list-style-type: none"> Electricity consumption for product life 	<ul style="list-style-type: none"> Electricity emission factor
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Quantity by raw materials and processes that make up products 	<ul style="list-style-type: none"> Emission factor by treatment and by waste material
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Including Category 11 	
Category 14: Franchises	<ul style="list-style-type: none"> Not relevant because there are no franchises 	
Category 15: Investments	<ul style="list-style-type: none"> Excluded because although stocks and bonds are owned, we are not an investment company. 	