

INDEPENDENT VERIFICATION STATEMENT

To the Management and Stakeholders of Canon Australia Pty Ltd:

Canon Australia Pty Ltd (Canon) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent verification of the information presented within the Canon Oceania Sustainability Report 2008 Update (the 'Report'). The Report presents the sustainability performance of Canon Australia, Canon New Zealand, CiSRA and Canon Finance over the period 1st January 2008 to 31st December 2008. Canon was responsible for the preparation of the Report. The verification statement represents Net Balance's independent opinion on the reliability of information presented within the Report. As an independent verification provider, Net Balance is responsible to the management of Canon alone in accordance with the terms of reference agreed with them.

Verification Objective

The objective of the verification engagement is to provide Canon and its stakeholders with an independent opinion on the accuracy of the information presented within the Report. This is confirmed by verifying the claims made from reviewing the underlying systems, processes, information and data used to support the sustainability performance disclosures presented.

Verification Methodology and Level

The verification engagement was undertaken in March 2009. The level of verification provided is moderate as defined by the methodology of the verification engagement. A detailed description of the verification methodology can be viewed in the full statement available on the Canon website www.canon.com.au.

Independence and Credentials

Net Balance was not responsible for preparation of any part of the Report. Net Balance has not undertaken any commissions for Canon in the reporting period concerning reporting or data collection. The verification team comprised individuals with expertise in environmental and social performance measurement. The verification team has collectively undertaken over 80 verification or assurance engagements in Australia over the past 10 years and is led by a Lead Sustainability Assurance Practitioner (Lead CSAP) accredited by the Independent Register of Certified Auditors (IRCA UK).

Reliability of Performance Information

Based on the verification procedures undertaken, the following represents Net Balance's opinion:

- The findings of the verification engagement provide confidence in the systems and processes used for managing and reporting sustainability performance information.
- The level of accuracy of sustainability performance information was found to be within acceptable limits. However, additional improvements to the process of collecting and managing data are recommended to reduce the potential for minor anomalies and inaccuracies in data.
- Occasionally, data was missing and estimations were used. These instances have been articulated in the Report.
- The sustainability performance assertions presented in the Report appropriately reflect environmental, social and economic performance achieved during the period.

Overall, it is Net Balance's opinion that the information presented within the Report is fair and accurate and that the Report is a reliable account of Canon's sustainability performance during the reporting period.

Findings and Recommendations

Based on the findings of the verification engagement, Net Balance has identified the following key findings and recommendations:

- Data trails for the environment section could generally be identified and traced. However, suitable supporting evidence was not always available in the first instance. Net Balance recommends that Canon develops a data process manual. A data process manual will help Canon clearly define the type of data to be collected, the boundaries, assumptions and methods of collection and the roles and responsibilities of data owners. The manual will be add value to existing systems and will help to provide greater transparency in data collection and improve the accuracy and reliability of data reported. This will also provide data owners with greater ownership in effectively managing data.
- Net Balance found a range of errors that were easily avoidable. Consequently, Net Balance recommends the internal audit group play a larger role in auditing sustainability data prior to reporting, which will minimise avoidable anomalies in data.

- Canon's human resource data relating to New Zealand could not be verified by Net Balance due to inconsistent databases being used to capture the data. Net Balance recommends improved data capture, management systems and procedures are implemented to improve the robustness and accuracy of the information reported.
- Net Balance recommends employees involved in writing and/or providing data for sustainability reporting attend a verification awareness session. Such a session would improve employees' knowledge and understanding of the verification process, the type of information required to verify data and statements and methods for keeping robust data trails. This will ensure employees are well-prepared for future verification engagements and that these engagements are efficient.
- While the process for the 2008 report involved verification of information included within the Report, Net Balance recommends that in future years Canon moves to an assurance process such as the AA1000AS (2008), which also involves evaluation of the nature and extent to which a report adheres to the principles of Inclusivity, Materiality and Responsiveness.

Net Balance has provided additional suggestions for reporting improvement in some areas outlined in a more detailed report presented to Canon's management. This statement represents a summary of the verification engagement. To read the complete statement please refer to the Canon website www.canon.com.au

On behalf of the verification team
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Melbourne, Australia



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