

## **Canon Europa NV, Canon Europe Ltd, and Canon UK Ltd Modern Slavery Act Statement for Year Ended the 31st of December 2022.**

Canon Europa NV, located in Amstelveen (The Netherlands), Canon Europe Ltd, located in Uxbridge (UK), together referred to as Canon Europe, and Canon (UK) Ltd, situated in Uxbridge (UK), make this statement pursuant to the United Kingdom Modern Slavery Act (2015). This statement aims to provide transparency on our policies and due diligence strategy to prevent the occurrence of modern slavery in our operations and supply chains for the fiscal year-end on the 31st of December 2022.

### **OUR BUSINESS**

Canon Inc. is a Japanese corporation established in 1937. Its headquarters is in Tokyo, Japan. Canon Inc. is the parent company of the Canon Group, which develops, manufactures, and sells office multifunction devices (MFDs), plain paper copying machines, laser printers, cameras, inkjet printers, diagnostic equipment, lithography equipment, and other products.

Canon Europe is a subsidiary of Canon Inc. Canon Europe is one of Canon's regional headquarters looking after its strategy creation, marketing, service and support for its markets in Europe, the Middle East, and Africa (EMEA region).

Canon UK is a UK marketing and sales operation subsidiary of Canon Europa NV. On the 31st of December 2022, Canon UK employed 1,295 people in various locations, including the head office in Uxbridge and offices in London, Elstree, Birmingham.

As of the 31st of December 2022, Canon Inc.'s global consolidated net sales were 4031.4 billion yen, and the Canon Group had approximately 181,000 employees. In Europe, Canon totalled sales of 1031.4 billion yen and had a workforce of approximately 12,762 employees over the same period. Further details about our corporate activities can be found on the Canon website: <https://global.canon/en/>

### **OUR SUPPLIERS**

Unlike many manufacturers, Canon does not fully outsource assembly operations or other production processes to outside contractors. Canon places great importance on manufacturing and engaging in product assembly as well as production of certain components, parts and materials in house at Canon Inc.'s own plants, factories and Canon group manufacturing companies.

Group manufacturing companies such as those located in Japan, China, Taiwan, Malaysia, Thailand, the Philippines, Vietnam, the United States and Europe are responsible for supplying Canon products to Canon Inc. and Group marketing subsidiaries and affiliates. As the head of the Canon Group, Canon Inc. administrates Group manufacturing companies that directly employ large numbers of people.

Canon Group offices, plants and manufacturing companies are engaged in partnerships with several thousand suppliers unaffiliated with the Canon Group, from whom they purchase considerable numbers of components such as electronic parts, mechanical parts, units and materials.

#### Canon's Supply Chain

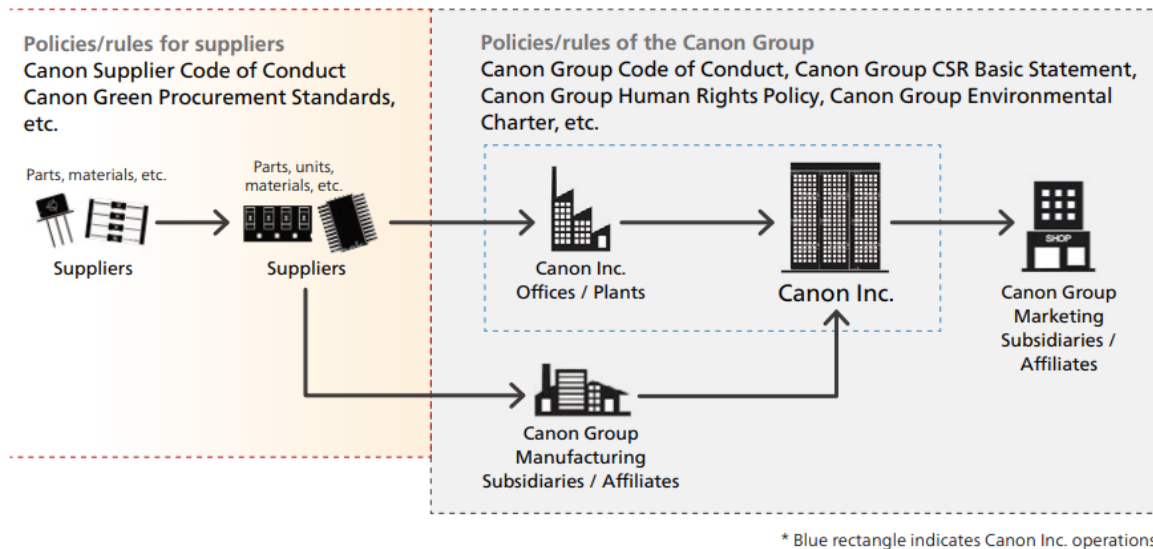


Figure 1: Canon Supply Chain

Canon Europe and Canon UK directly obtain almost all their commercial products from Canon Inc. In Europe and UK, we source printing paper, packaging, and relatively small numbers of non-canon commercial products, mostly from regional suppliers. We also source various services from suppliers across the EMEA region and beyond, including warehousing and distribution, real estate and facility management, ICT, marketing and communication, finance, travel, etc.

## OUR POLICIES & OUR CODES OF CONDUCT

Canon's corporate philosophy is *kyosei*, which means "living and working together for the common good." Kyosei philosophy supports a society in which all people, regardless of race, language, or culture, harmoniously live and work together for the common good. Canon believes that respect for human rights is fundamental to our business and corporate management.

Further details on: <https://global.canon/en/vision/philosophy.html>

### Canon Group Human Rights Policy

The Canon Group Human Rights Policy expresses Canon Group's commitment to respect human rights and take measures to protect human rights under the corporate philosophy stated above. This policy specifies that Canon commits to respect international initiatives such as the Universal Declaration of Human Rights, the United Nations' Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organization for Economic Co-operation

and Development (OECD) Guidelines for Multinational Enterprises. This policy was established in 2021 and signed by Canon Inc.'s Chairman and CEO.

A copy of the policy is available to the public via our website: [Canon Group Human Rights Policy \(bigcontent.io\)](https://www.bigcontent.io/canon-group-human-rights-policy)

### *Our CSR Statements*

Respect for human rights is fundamental to our CSR strategy. The Canon Group CSR Basic Statement issued in 2017 and reviewed in 2021 is available via [Canon Group CSR Basic Statement \(global. Canon\)](https://www.global.canon.com/press-releases/2021/03/2021-03-01-canon-group-csr-basic-statement)

### *Our Code of Conduct*

The Canon Group Code of Conduct, established in 2001, sets the standards to which executives and employees of the Canon Group are required to conduct their duties. Based on the Code of Conduct, the Group has formulated a range of policies, covering matters such as human rights, labour, the environment, legal compliance, procurement, and security, to govern its business activities.

The Canon Supplier Code of Conduct, reviewed and updated in 2021, adopts the Code of Conduct of the Responsible Business Alliance (RBA). This document acts as the basis for fulfilling social responsibilities in the supply chain.

For more details: [Canon Supplier Code of Conduct \(global. canon\)](https://www.global.canon.com/press-releases/2021/03/2021-03-01-canon-supplier-code-of-conduct)

Canon Europe and Canon UK introduced a Supplier Code of Conduct in 2013 that applies to all suppliers. It is embedded in Canon Europe and Canon UK General Purchase Terms and Conditions and procurement contracts. We expect all our suppliers to operate according to this Code and follow the principles contained within the International Bill of Human Rights principles, the Covenants of the ILO, and other relevant international treaties and covenants. This Supplier Code of Conduct requires suppliers to “ensure not to use or facilitate any forced or compulsory labour, including debt bondage, trafficking and other forms of modern slavery.”

### *Our Procurement Policy*

Our Procurement Policy sets out the Canon Group's basic approach to procurement. We request all suppliers to ensure that they understand and cooperate with the policy. Canon holds business briefings for suppliers at each Canon Inc. operational site and each Group production site, seeking suppliers understanding of procurement policies. We aim to share information with suppliers, strengthen collaboration, and grow together through such communication.

### *Our Whistle-blower Policy*

Canon Europe and Canon UK have local grievance mechanisms in place for employees (permanent and temporary workers as well as contractors) to raise their concerns on any

conduct or compliance issue, including modern slavery. We ensure that there is protection and non-retaliation in place for employees who have made disclosures.

In 2021 our local whistle-blower policy was reviewed, updated, and rebranded as the “Speak Up Policy”. In January 2022, the Speak Up Policy and the reporting tool went live. In line with this update, in 2022 we also updated the content of our local refresher modern slavery training. This aligns the training with our updated grievance mechanism.

Canon Inc. has established whistle-blowing routes at almost all group companies in Japan and overseas. In addition, Canon Group has a hotline to allow reports of any specific concerns or information relating to child labour, forced labour, or other problems in human rights and occupational health and safety. The portal can be accessed by anyone inside or outside the company via the Canon global website. For more details: [Responsible Business Conduct Hotline | Canon Global](#)

The confidentiality of reporters is strictly maintained, users are guaranteed not to suffer any unfair treatment. This process is detailed in the Canon Supplier Code of Conduct and publicised.

In 2022, the number of reports received in relation to human right was 110. This number is not limited to Canon Global online portal (link above), it is a combined figure from all available routes for raising concerns. Reports ranged from discrimination, harassment, wages and working hours. All reports received have been investigated by Canon Inc, 21 out of 110 cases in question were identified requiring taking appropriate steps to rectify and prevent recurrence. The investigations on corrective actions for these 21 cases were completed by the end of 2022.

Apart from routes established by Canon, an industry association of which Canon is a member (RBA – the Responsible Business Alliance) also provides grievance mechanisms through which Canon stakeholders can also report their specific human rights concerns.

In response to the risks associated with conflict minerals, Canon established a “Procedure for submitting concerns regarding Mineral Risk” on its website in 2015.

[Procedure for the Submission of Concerns Regarding Minerals Risk \(global. Canon\)](#)

Parties can contact Canon through this page with specific concerns and/or information regarding the circumstances of extraction, trade, handling and export of minerals (tantalum, tin, gold and tungsten) in conflict-affected and high-risk areas, as they pertain to Canon product supply chains (such as facts indicating that those minerals are the source of funds for armed groups in conflict-affected areas and human rights violations).

## **Industry Coalition**

### *Responsible Business Alliance*

Canon Inc. became a member of the RBA in December 2019. The RBA is a non-profit organisation which was founded in 2004. It supports the rights and well-being of workers and communities worldwide affected by the global supply chain. Canon conducts self-inspections using RBA's Self-Assessment Questionnaire at its domestic and overseas production sites to confirm that there is no risk of forced labour or unreasonable restrictions on movement. In 2022, 57 production sites in major business areas were assessed using RBA's SAQ and 16 sites in Japan and abroad underwent external audits by RBA. The audits results concluded non-conformance due to differences between requirements of RBA code of conduct and local laws and company policies. "Nonconformances" were corrected by revising relevant policies and procedures at Canon Inc. A number of group companies adopted their policies according to the headquarters revision, following best practice. Canon will continue to monitor issues raised.

Canon is committed to comply with the RBA Code of Conduct by utilizing a range of RBA training and assessment tools to further improve its corporate social responsibility within the supply chain.

### *Responsible Mineral Initiative*

Since April 2015, Canon has supported the Responsible Mineral Initiative (RMI) activities and an international program focused on addressing the issue of conflict minerals.

### *UN Global Compact*

Canon Europe has been a signatory to the UN Global Compact since January 2014, thereby fully supporting the Compact's ten principles, including eliminating all forms of forced and compulsory labour (Principle 4). Canon Europe is committed to ensuring that the principles are consistently followed across our business operations and supply chains. For more details and access to our "Communication on Progress" report, please visit <https://www.unglobalcompact.org/what-is-gc/participants/30671>.

We are committed to complete and submit our CoP during the universal submission period, which takes place from March through end of June 2023.

## **OUR SUPPLY CHAIN RISKS AND DUE DILIGENCE**

### *Suppliers*

When beginning dealings with a new supplier, Canon Inc. and Canon Group manufacturing companies conduct an assessment to ascertain whether the supplier meets Canon's standards in areas such as corporate ethics, global environmental conservation, production structure and finance. Corporate ethics covers legal compliance, human rights, labour, Health & Safety and management of confidential information. Only suppliers who meet these standards are registered on the supplier list.

Canon conducts an annual survey of suppliers registered on the list and makes a comprehensive evaluation based on the survey result.

We conduct on-site audits of suppliers with low evaluation results and provide guidance and instruction for improvement. Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labour and the environment.

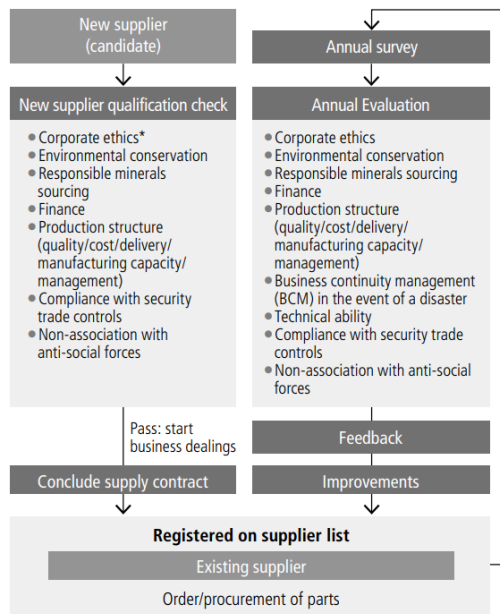


Figure 2: Supplier Evaluation System

In 2021, 326 major suppliers confirmed adherence to the RBA Code of Conduct via a letter of agreement. In 2022, requests to adhere to RBA code of conduct were made to 340 major suppliers, 328 agreements were received (96.5%). Canon requests the second-tier suppliers to understand and adhere to Canon Supplier Code of Conduct through the first-tier suppliers.

As a member of RBA, Canon Inc. continues to use the RBA questionnaire to assess major business suppliers. In 2020, 271 suppliers were surveyed, with 249 responses received. In 2021 this number was expanded to 346 major suppliers with 330 responses received. In 2022, 340 suppliers of production material and 331 companies (491 sites) were assessed with RBA’s self-assessment questionnaire (SAQ). None of the major suppliers were identified as “high risk”, but the results of each category such as health and safety, environment and ethics were fed back to the major suppliers to identify weaknesses and apply them to future improvements.

In 2022 risk assessments were conducted at main contractors used for Canon Inc. premises such as security, cleaning, cafeteria operators, facilities & dormitory management companies, and staffing agencies. None of the business partners were identified as “high risk” in the risk assessment, but Canon Inc. requested them to monitor regulations and risks and to submit a corrective plan.

More details on Canon’s supply chain management can be found on:

<https://global.canon/en/csr/management/supply-chain.html>

### *Entire Canon Group*

At Canon, the sustainability, legal, and human resources divisions of Canon Inc. serve as the promotion secretariats pursuing human rights measures.

In 2021, based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, Canon implemented human rights risk assessments throughout the entire Group. RBA's human rights country/region risk index has been used as the basis of the risk assessment program.

In 2022, each Canon division and Group company continued to work within the framework set by the Risk Management Committee to identify and evaluate the potential negative human rights impacts in their respective business activities, including the supply chain.

In 2022 Canon Inc. held discussions with the Canon Workers' Union, which represents employees in Japan. The participants have exchanged views on a wide range of issues in relation to human right risks including recognition of discrimination on basis of race, gender and religion. Changes in work styles due to the widespread use of telework and the content of parental leave for men have been point of discussions. These conversations have been reflected in identifying salient human rights risks for Canon.

### *Conflict Minerals*

Canon investigates the countries of origin of minerals and exercises due diligence, following the 5-step framework recommended by the Organisation for Economic Co-operation and Development (OECD) in its Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) (Third Edition). Canon undergoes audits by independent private sector experts to gain assurance on whether the Group's initiatives on conflict minerals investigation conform to international standards in the form of the OECD Guidance. An independent assurance report is attached to the Conflict Minerals Report filed with the U.S. SEC (Securities and Exchange Commission).

### *Canon Europe & Canon UK*

Canon Europe and Canon UK have also assessed modern slavery and human trafficking risks within their regional supply chains since 2016. In general, industries with a higher risk of modern slavery incidences include warehousing, distribution, facility management services, manufacturing, and forestry. Canon UK is a member of Tech UK, through industry association it has been brought to our attention that the waste sector has more MS related prosecutions than any other sector in the UK. On this basis we are adding "waste contractors" to our list of high-risk contractors.

Adhering to Canon's policies and complying with our Code of Conduct has been fully embedded as part of supplier selection in Canon UK's procurement process.

Following the due diligence revision program that started in 2020, Canon UK and Canon Europe's supply chain assessment platform went under further improvement throughout

2021 and 2022. We continue to work on a robust assessment process enabling us to increase traceability, document management, mapping and reporting accuracy along our supply chain.

In addition to local improvements, in 2022, Canon UK and Canon Europe took part in the Canon Group Risk Assessment program. This program has been running consistently since 2021.

Please refer to our latest official Sustainability Report on our website for further details on the Canon Group Risk Assessment program and its results. Our 2022 Sustainability report will be published in June 2023.

## **TRAINING AND CAPACITY BUILDING**

To ensure Canon UK's new recruits have an adequate level of understanding of "Modern Slavery" as well as the possible risks in our operations, a bespoke and mandatory Modern Slavery training programme is assigned to new starters.

In 2020, Canon UK and Canon Europe developed and launched an interactive refresher training course accessible to all employees. In 2022 we updated the refresher course with the latest information available to Canon UK & Canon Europe, as result of this update the refresher course has been relaunched and re-introduced to colleagues. The course aims to refresh employees' understanding of this important subject and encourage and educate them on raising concerns or suspicions about modern slavery issues in any parts of our business or supply chain via our Speak Up Portal.

At Canon Inc., in conjunction with the establishment of the Canon Group Human Rights Policy in 2021, an e-learning program was launched. The aim has been to instil basic knowledge about business and human rights and raise awareness of Canon's human rights initiatives. A total of 23,313 Canon Inc. employees completed the training in 2021 (92.5% participation rate). In 2022, this program was rolled out further to group companies in Japan, 33,100 employees completed the program (98.2% participation rate).

## **SIGNATURE**

This statement is made pursuant to Section 54 of the Modern Slavery Act (2015) in respect of the financial year ended on the 31st of December 2021. The Boards of Directors of Canon Europa NV / Canon Europe Ltd/ Canon (UK) Ltd have reviewed and approved it on the 1<sup>st</sup> of June 2023.



Yuichi Ishizuka

CEO & President Canon Europa NV and Canon Europe Ltd



Yusuke Mizoguchi

Managing Director Canon UK Ltd