

Canon Inc.

TICKER:
NYSE: CAJ

MARKET CAPITALIZATION:
US\$ 36 billion

HEADQUARTERS:
Japan

18 OUT OF 20
Company’s Overall Ranking

12 OUT OF 100
Company’s Overall Score

Canon Inc. (Canon) demonstrates limited disclosure of policies and programs aimed at mitigating forced labor risks in its supply chain. The company discloses very limited information on its work with suppliers, underperforming across all themes compared to its peers and ranking eighteenth on the benchmark overall. Canon discloses some information on its commitment to the issue and its supply chain traceability initiatives. To improve its transparency and performance, Canon is encouraged to strengthen its overall approach to mitigating the risk of forced labor and disclose its approach publicly. Canon may consider adopting a Supplier Code of Conduct that formalizes its requirements of suppliers, including in relation to forced labor. In addition, it may also consider establishing responsible purchasing practices and designing a remedy program for suppliers who are found to be violating the company’s standards.

THEME LEVEL SCORE

Commitment and Governance	14 out of 100
Traceability and Risk Assessment	50 out of 100
Purchasing Practices	13 out of 100
Recruitment	0 out of 100
Worker Voice	5 out of 100
Monitoring	0 out of 100
Remedy	0 out of 100

LEADING PRACTICES

None.

NOTABLE FINDINGS

Traceability and Risk Assessment: Canon has a process to trace its supply chain through online surveys, which assists the company in understanding a supplier’s risk level with respect to human rights and labor issues. Canon also discloses some information with respect to reporting on conflict minerals, specifically reporting the names and locations of refiners and smelters in its supply chain.

Cascading Standards Through the Supply Chain: The company encourages its suppliers to ensure their suppliers implement supply chain standards.



OPPORTUNITIES FOR IMPROVEMENT

Supply Chain Standards: The company may consider adopting and disclosing a formal code of conduct that requires suppliers throughout its supply chain to uphold workers' fundamental rights and freedoms (especially those articulated in the ILO Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor.

Purchasing Practices: The company has an opportunity to further enhance its performance by adopting and publicly disclosing an approach to responsible purchasing that addresses human trafficking and forced labor risks. This may include assessing a suppliers' capacity to meet fluctuating demands and identifying forced labor risks in their operations prior to establishing contractual agreements with suppliers. Furthermore, the company is encouraged to integrate supply chain standards, including those related to forced labor, into supplier contracts.

Remedy: Canon may consider establishing and reporting a process for creating corrective action plans with suppliers that are found to be in violation of workers' fundamental rights and freedoms (especially those articulated in the ILO Declaration on Fundamental Principles and Rights at Work). It may also consider designing a procedure to provide remedy to suppliers' workers in cases of human trafficking and forced labor and ensuring that its grievance mechanism is made available and accessible to workers in the supply chain.

COMPANY PROVIDED ADDITIONAL DISCLOSURE:

Provided [link](#) to relevant disclosure.

