

KnowTheChain 2022 ICT Benchmark

Additional Disclosure

Company Name: Canon Inc.

Date: September 7, 2022

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

(1)-1 Respect for Freedom of Association and the Right to Collective Bargaining

As stated in the Canon Group Human Rights Policy, Canon respects freedom of association and the right to collective bargaining in accordance with the local laws and regulations of each country and region. We also strive to address various labor issues by promoting dialogue between labor and management. For example, the labor agreement between Canon Inc. and the Canon Workers' Union commits both sides to work in good faith to peacefully resolve issues in a timely manner.

(1)-2 7) Freedom of Association

In conformance with local law, participants shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

(1)-3 Supply Chain-related Policies

Canon has established the Canon Group Code of Conduct as the set of standards which executives and employees of the Canon Group are required to observe in the conduct of their duties. Based on the Code of Conduct, the Group has formulated a range of policies, covering matters such as human rights, labor, the environment, legal compliance, procurement, and security, to govern its business activities. These policies include the Canon Group CSR Basic Statement, the Canon Group Environmental Charter, and the Canon Group Human Rights Policy. Meanwhile, 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. We have also formulated the Canon Supplier Code of Conduct, based on the RBA Code of Conduct, as the basis for fulfilling social responsibilities in the supply chain. We are working with suppliers to develop a socially responsible global supply chain on issues such as labor, occupational health and safety, the environment, corporate ethics and management systems. We also request from second-tier suppliers understanding and adherence to the Canon Supplier Code of Conduct through first-tier suppliers. We publish the code on our corporate website to make it widely known to stakeholders while making it known to suppliers globally through an annual survey

■ Sources

(1)-1,3 Canon (2022), "Sustainability Report 2022," Respect for Freedom of Association and the Right to Collective Bargaining p. 81

Supply Chain-related Policies p120

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>,

(1) -2Canon (January 2021), "Supplier Code of Conduct,"

<https://global.canon/en/procurement/pdf/coc-e.pdf>. Accessed 14 June 2022.

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

(2)-1Cooperation with Suppliers

Canon is enhancing its cooperative relationships with suppliers through implementation of the EQCD concept*, which stipulates the timely delivery of high-quality products at reasonable prices to customers worldwide, while taking the environment into consideration. We hold business briefings for suppliers at each Canon Inc. operational site and each Group production site, seeking their understanding of procurement policies and their cooperation with business plans. The Group Executive in charge of Procurement Headquarters at Canon Inc. also requests major suppliers worldwide to comply with the Canon Supplier Code of Conduct, which includes items related to the environment and human rights. Procurement annual meeting, which explains procurement policies and reports on activities, are also held to strengthen links with suppliers. Through such communication, we aim to share information with suppliers, strengthen collaboration, and grow together.

(2)-2Hotline for Risks in the Supply Chain

Canon has set up a hotline to allow anyone inside or outside the company to freely report any concerns about the supply chain. This enables whistleblowers to share any specific concerns or information relating to issues such as child labor, forced labor, or other problems in the areas of human rights and occupational

health and safety. This process is detailed in the Canon Supplier Code of Conduct and publicized.

(2)-3Responsible Business Conduct Hotline

This hotline is made to receive information on specific concerns and risks regarding human rights and other responsible business conduct of the Canon Group. Please use the form below to contact us.

Response to the reports

- The personal information of the informant and the content of the report will be kept confidential and will not be used for purposes other than responding to the report.
- Anonymous report is acceptable, but please note that it may be difficult to track and confirm the facts.
- Canon will not retaliate against anyone for reporting a concern honestly and in good faith.
- Canon will take an immediate action to conduct factual investigation on reported cases. If the investigation results in finding specific problem, Canon will work to remedy the problem.

■ Sources

(2)-1,2 Canon (2022), "Sustainability Report 2022," Cooperation with Suppliers p. 123.

Hotline for Risks in the Supply Chain p123

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>,

(2)-3Responsible Business Conduct Hotline

<https://global.canon/en/contact/csr/csr-form-e.html>

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

(1)-1Promotion System

At Canon, the Executive Vice President holds the responsibility as the executive of human rights, while the sustainability, legal, and human resources divisions of Canon Inc. serve as the promotion

secretariat, pursuing human rights initiatives in cooperation with the procurement divisions. The promotion secretariat formulates an overall plan for human rights initiatives, establishes and operates grievance mechanism, conducts stakeholder engagement, and reports important matters to the executive in charge. From 2022, potential human rights violation risks have been identified as a significant risk by the Risk Management Committee established by resolution of the Board of Directors. Each Canon Inc. division and Group company is implementing initiatives to prevent and mitigate human rights risks. The results are evaluated annually by the Risk Management Committee and reported to the CEO and Board of Directors.

(1)-2Respect for Human Rights in the Supply Chain

In 2021, Canon established the Canon Supplier Code of Conduct, which adopts the RBA Code of Conduct, and is promoting its procurement activities taking labor, health and safety, environment, and management systems into account. We have collected a letter of agreement confirming adherence to the RBA Code of Conduct from our major suppliers. In addition, to prevent child labor, forced labor, unreasonable restrictions on movement, and excessive overtime work and to ensure occupational health and safety at suppliers, we conduct yearly self-assessments using the RBA's Self-Assessment Questionnaire.

Canon is also working with suppliers and industry bodies on responsible mineral sourcing initiatives.

■ Sources

(1) Canon, "Supply Chain Management," <https://global.canon/en/csr/management/supply-chain.html>. Accessed 15 June 2022.

<https://global.canon/en/csr/people-and-society/labor/human-rights.html>

(1)-1,2*Canon (2022), "Sustainability Report 2022,"

Basic Approach p.78

Respect for Human Rights in the Supply Chain P81

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

(2)-1Human Rights Awareness Training

In conjunction with the establishment of the Canon Group Human Rights Policy, we carried out an e-learning program for employees with the aim of instilling basic knowledge about business and human rights and widely informing Canon's human rights initiatives. In 2021, a total of 23,313

Canon Inc. employees completed the program (92.5% participation rate), which was open to all staff.

■ Sources

(2)-1 *Canon, "CSR Management," <https://global.canon/en/csr/policy/index.html>. Accessed 15 June 2022.

(2)-1 *Canon (2022), "Sustainability Report 2022,"

Human Rights Awareness Training p. 80

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>,

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

(2)-1Promotion System

At Canon, the Executive Vice President holds the responsibility as the executive of human rights, while the sustainability, legal, and human resources divisions of Canon Inc. serve as the promotion secretariat, pursuing human rights initiatives in cooperation with the procurement divisions. The promotion secretariat formulates an overall plan for human rights initiatives, establishes and operates grievance mechanism, conducts stakeholder engagement, and reports important matters to the executive in charge. From 2022, potential human rights violation risks have been identified as a significant risk by the Risk Management Committee established by resolution of the Board of Directors. Each Canon Inc. division and Group company is implementing initiatives to prevent and mitigate human rights risks. The results are evaluated annually by the Risk Management Committee and reported to the CEO and Board of Directors.

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(2)-1*Canon (2022), "Sustainability Report 2022,"

Promotion System p.78

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

(1)-1 Stakeholder Engagement

The OECD Due Diligence Guidance for Responsible Business Conduct states that it is important for companies to engage with stakeholders at the time they identify the actual or potential adverse impact caused by their corporate activities. In 2021, to identify salient human rights risks for Canon as part of human rights due diligence, we held dialogues with the Canon Workers' Union that represents our employees in Japan. In the dialogue, we confirmed the recognition of the workers' union on discrimination based on such factors as race, gender, or religion, harassment, excessive overtime work, occupational health and safety, and protection of privacy, which are considered to be human rights risks for employees in particular. We also widely exchanged opinions on human rights risks, and the results were reflected in identifying salient human rights risks for Canon. The workers' union also presented specific examples of flexible work styles during the COVID-19 pandemic. As a result of the dialogue, we were able to deepen mutual understanding, and confirmed our commitment to continue the dialogue

(1)-2 Initiatives with Suppliers

Before starting business dealings with a new supplier, Canon conducts an assessment based on the Canon Supplier Code of Conduct and other reference standards of whether the company fulfills all requisite standards in terms of corporate ethics (legal compliance, product safety, management of confidential information, human rights, labor, health and safety, intellectual property rights protection, etc.), environmental conservation (chemical substance management, prevention of air pollution and water pollution, proper disposal of waste, initiatives aimed at conserving energy and resources, reduction of GHG, and biodiversity conservation), finance, and production structure (quality, cost, delivery, manufacturing capacity, and management). (See "Supplier Evaluation System" on P121.) Only those suppliers who meet these criteria are accepted onto the Supplier List. Canon conducts an annual survey of suppliers registered on the list (see figure below, Supplier Evaluation System) and makes a comprehensive evaluation based on the survey results, performance as a supplier, and other factors. The results are then reflected in the supplier list, enabling us to preferentially deal with suppliers with high evaluations. We conduct on-site audits of suppliers with low evaluations and provide guidance and instruction for improvement. In

particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment.

■ Sources

(1) -1,2Canon (2022), "Sustainability Report 2022,"

Stakeholder Engagement p. 80

Initiatives with Suppliers P120-121.

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

4.2 details on forced labour risks identified in different tiers of its supply chains; and

(2)-1Respect for Human Rights in the Supply Chain

In 2021, Canon established the Canon Supplier Code of Conduct, which adopts the RBA Code of Conduct, and is promoting its procurement activities taking labor, health and safety, environment, and management systems into account. We have collected a letter of agreement confirming adherence to the RBA Code of Conduct from our major suppliers. In addition, to prevent child labor, forced labor, unreasonable restrictions on movement, and excessive overtime work and to ensure occupational health and safety at suppliers, we conduct yearly self-assessments using the RBA's Self-Assessment Questionnaire. Canon is also working with suppliers and industry bodies on responsible mineral sourcing initiatives

(2)-2Initiatives with Suppliers

Canon is also working to identify risks using the RBA SAQ. In 2021, we sent out the questionnaire to 346 suppliers related to major business operations ("major suppliers") and received responses from 330 companies (representing 491 sites). No High Risk businesses were identified among these suppliers, but we provided feedback on the results of labor, health and safety, the environment and ethics to our major suppliers and requested that they identify weaknesses and improve on them. We also request major suppliers to sign an agreement concerning the RBA Code of Conduct. Out of 346 requests, consent was obtained from 326 (94.2%) major suppliers

■ Sources

(2) -1,2Canon (2022), "Sustainability Report 2022," Respect for Human Rights in the Supply Chain p.81

Initiatives with Suppliers P120-121

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

(3)-1Stakeholder Engagement

The OECD Due Diligence Guidance for Responsible Business Conduct states that it is important for companies to engage with stakeholders at the time they identify the actual or potential adverse impact caused by their corporate activities. In 2021, to identify salient human rights risks for Canon as part of human rights due diligence, we held dialogues with the Canon Workers' Union that represents our employees in Japan. In the dialogue, we confirmed the recognition of the workers' union on discrimination based on such factors as race, gender, or religion, harassment, excessive overtime work, occupational health and safety, and protection of privacy, which are considered to be human rights risks for employees in particular. We also widely exchanged opinions on human rights risks, and the results were reflected in identifying salient human rights risks for Canon. The workers' union also presented specific examples of flexible work styles during the COVID-19 pandemic. As a result of the dialogue, we were able to deepen mutual understanding, and confirmed our commitment to continue the dialogue

(3)-2Initiatives with Suppliers

Canon conducts an annual survey of suppliers registered on the list (see figure below, Supplier Evaluation System) and makes a comprehensive evaluation based on the survey results, performance as a supplier, and other factors. The results are then reflected in the supplier list, enabling us to preferentially deal with suppliers with high evaluations. We conduct on-site audits of suppliers with low evaluations and provide guidance and instruction for improvement. In particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment. Canon is also working to identify risks using the RBA SAQ. In 2021, we sent out the questionnaire to 346 suppliers related to major business operations ("major suppliers") and received responses from 330 companies (representing 491 sites). No High Risk businesses were identified among these suppliers, but we provided feedback on the results of labor, health and safety, the environment and ethics to our major suppliers and requested that they identify weaknesses and improve on them.

■ Sources

(3) -1,2Canon (2022), "Sustainability Report 2022," Stakeholder Engagement p. 80
Initiatives with Suppliers p. 120-121.

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

(1)-1 Initiatives with Suppliers

Before starting business dealings with a new supplier, Canon conducts an assessment based on the Canon Supplier Code of Conduct and other reference standards of whether the company fulfills all requisite standards in terms of corporate ethics (legal compliance, product safety, management of confidential information, human rights, labor, health and safety, intellectual property rights protection, etc.), environmental conservation (chemical substance management, prevention of air pollution and water pollution, proper disposal of waste, initiatives aimed at conserving energy and resources, reduction of GHG, and biodiversity conservation), finance, and production structure. Only those suppliers who meet these criteria are accepted onto the Supplier List. Canon conducts an annual survey of suppliers registered on the list (see figure below, Supplier Evaluation System) and makes a comprehensive evaluation based on the survey results, performance as a supplier, and other factors. The results are then reflected in the supplier list, enabling us to preferentially deal with suppliers with high evaluations. We conduct on-site audits of suppliers with low evaluations and provide guidance and instruction for improvement. In particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment.

■ Sources

(1)-1 Canon (2022), "Sustainability Report 2022," Initiatives with Suppliers p. 120-121.

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>,

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

(3)-1 Initiatives with Suppliers

Canon is also working to identify risks using the RBA SAQ. In 2021, we sent out the questionnaire to 346 suppliers related to major business operations ("major suppliers") and received responses

from 330 companies (representing 491 sites). No High Risk businesses were identified among these suppliers, but we provided feedback on the results of labor, health and safety, the environment and ethics to our major suppliers and requested that they identify weaknesses and improve on them. We also request major suppliers to sign an agreement concerning the RBA Code of Conduct. Out of 346 requests, consent was obtained from 326 (94.2%) major suppliers.

(3)- 2 Respect for Human Rights in the Supply Chain

In 2021, Canon established the Canon Supplier Code of Conduct, which adopts the RBA Code of Conduct, and is promoting its procurement activities taking labor, health and safety, environment, and management systems into account. We have collected a letter of agreement confirming adherence to the RBA Code of Conduct from our major suppliers. In addition, to prevent child labor, forced labor, unreasonable restrictions on movement, and excessive overtime work and to ensure occupational health and safety at suppliers, we conduct yearly self-assessments using the RBA's Self-Assessment Questionnaire. Canon is also working with suppliers and industry bodies on responsible mineral sourcing initiatives.

■ Sources

(3)-1,2 Canon (2022), "Sustainability Report 2022,"

Respect for Human Rights in the Supply Chain p.81,

Initiatives with Suppliers P120-121.

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>,

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

(1)-1 Respect for Freedom of Association and the Right to Collective Bargaining

As stated in the Canon Group Human Rights Policy, Canon respects freedom of association and the right to collective bargaining in accordance with the local laws and regulations of each country and region. We also strive to address various labor issues by promoting dialogue between labor and management. For example, the labor agreement between Canon Inc. and the Canon Workers' Union commits both sides to work in good faith to peacefully resolve issues in a timely manner.

(1)-2 7) Freedom of Association

In conformance with local law, participants shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

■ Sources

(1)-1 Canon, "Respecting Human Rights," <https://global.canon/en/csr/people-and-society/labor/human-rights.html>.

**(1)- 2 Canon (January 2021), "Supplier Code of Conduct," 7) Freedom of Association
<https://global.canon/en/procurement/pdf/coc-e.pdf>.**

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

(1)-1 Prevention of Harassment

In line with the principle of respect for humanity that Canon has followed since its foundation, Canon not only prohibits discrimination on such factors as gender or occupation, but also maintains a zero-tolerance policy on harassment, which it communicates to all management executives and employees. In addition to sexual harassment and abuse of authority (power harassment), Canon Inc.'s employment rules and Harassment Prevention Provisions prohibit other forms of harassment, including maternity harassment. These provisions have been disseminated throughout Group companies in Japan, and many have instituted similar rules based on them. In a further effort to maintain a comfortable workplace environment, Canon Inc. and its many Group companies in Japan have established a Harassment Hotline. Confidentiality surrounding employee consultations is strictly maintained and a firm guarantee against unfair treatment is provided to victims and informants. In terms of preventing harassment, regular liaison meetings are held for persons responsible at Canon Inc. operational sites and Group companies in Japan, enabling the operational status of hotlines to be monitored and shared. Meeting participants review procedure manuals and share knowledge on how to respond to reports of harassment.

(1)-2 Hotline for Risks in the Supply Chain

Canon has set up a hotline to allow anyone inside or outside the company to freely report any concerns about the supply chain. This enables whistleblowers to share any specific concerns or information relating to issues such as child labor, forced labor, or other problems in the areas of human rights and occupational health and safety. This process is detailed in the Canon Supplier Code of Conduct and publicized. Reference: Inquiries about CSR Activities

<https://global.canon/en/contact/csr/csr-form-e.html>

(1)-3 Responsible Business Conduct Hotline

This hotline is made to receive information on specific concerns and risks regarding human rights and other responsible business conduct of the Canon Group. Please use the form below to contact us.

Response to the reports

- The personal information of the informant and the content of the report will be kept confidential and will not be used for purposes other than responding to the report.
- Anonymous report is acceptable, but please note that it may be difficult to track and confirm the facts.

- Canon will not retaliate against anyone for reporting a concern honestly and in good faith.
- Canon will take an immediate action to conduct factual investigation on reported cases. If the investigation results in finding specific problem, Canon will work to remedy the problem.

■ Sources

(2)-1,2 *Canon (2022), "Sustainability Report 2022,"

Grievance Mechanism p. 80

Compliance Hotline System for Internal and External Whistleblowers P.115.

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

(1)-3*Canon, "Inquiries about CSR Activities," <https://global.canon/en/contact/csr/csr-form-e.html>.

"Supplier Code of Conduct," <https://global.canon/en/procurement/pdf/coc-e.pdf>.

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

(2)- 1 Grievance Mechanism

Canon has established an internal reporting system at nearly all Group companies worldwide through which employees can report specific human rights concerns in the local language. We also strive to make the reporting system known through the company intranet and training programs. In 2021, we received 103 reports related to human rights (discrimination/harassment, wages, working hours, etc.) through the internal reporting system. Of those with an investigation completed as of the end of 2021, 21 cases were identified that needed to be addressed or resolved. For these cases, the necessary corrective action is taken along with measures to prevent recurrence. In addition, we have established a point of contact in our website for external stakeholders to report specific human rights concerns in Canon's corporate activities. In both internal and external contact points maintain the privacy of informants and allow them to report anonymously to ensure that they do not suffer unfair treatment as a result. Canon takes appropriate steps to remedy the situation following an investigation of the facts in each case. The RBA, of which Canon is a member, offers a grievance mechanism called the Worker Voice Platform through which Canon's stakeholders can report specific human rights concerns.

(2)-2 Compliance Hotline System for Internal and External Whistleblowers

Canon Inc. has established a compliance hotline system to handle reports of compliance issues, including violations of laws, bribery and other forms of corruption, and other breaches of the

Canon Group Code of Conduct. The confidentiality of informants is strictly maintained and protection against workplace retaliation is guaranteed. We also encourage appropriate use of the system by promoting awareness of it through such means as the intranet compliance website and compliance training. Reports can also be made anonymously. When a report is received of a possible compliance violation, an investigation is launched to establish the facts and a final decision is made as to whether infringement has taken place. If a compliance violation is determined to have occurred, the necessary corrective action is taken along with measures to prevent recurrence. An internal reporting system has also been established at nearly all Group companies worldwide. Canon Inc. receives biannual reports from Group companies on the operational status of their respective compliance hotline systems. These biannual reports from each company include not only the number of cases filed but also a summary of each case, investigation results and response, and measures to prevent recurrences. Reports made to Canon Inc. and Group companies are analyzed statistically to record the number of completed investigations by type of case, including those where a compliance violation is determined to have occurred. The analysis results are reported on a yearly basis to the Risk Management Committee and fed back to each Group company. Canon has also set up hotlines for external stakeholders, which they can use to report specific human rights-related concerns and information in connection with Canon's corporate activity or other specific concerns relating to various risks in the supply chain. When a report is received, an investigation is launched to establish the facts and, based on the results, appropriate corrective procedures are introduced. Due care is taken to protect the privacy of informants and to ensure that they do not suffer disadvantageous treatment as a result, including the option of anonymous reporting. The number of reports received in 2021 by the entire Group with its 184,034 employees was 248, mainly from Asia (including Japan) and the Americas. Of those with an investigation completed as of the end of 2021, compliance violations were confirmed in 47 cases. The reports received in 2021 included no serious compliance violations

■ Sources

(2)-1,2 *Canon (2022), "Sustainability Report 2022,"

Grievance Mechanism p. 80

Compliance Hotline System for Internal and External Whistleblowers P.115.

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

(3)-1 Grievance Mechanism

The RBA, of which Canon is a member, offers a grievance mechanism called the Worker Voice Platform through which Canon's stakeholders can report specific human rights concerns

■ Sources

(3)-1*Canon (2022), "Sustainability Report 2022,"

Grievance Mechanism P80

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

INDICATOR 11: MONITORING	
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11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

(1)-1 Initiatives with Suppliers

Before starting business dealings with a new supplier, Canon conducts an assessment based on the Canon Supplier Code of Conduct and other reference standards of whether the company fulfills all requisite standards in terms of corporate ethics (legal compliance, product safety, management of confidential information, human rights, labor, health and safety, intellectual property rights protection, etc.), environmental conservation (chemical substance management, prevention of air pollution and water pollution, proper disposal of waste, initiatives aimed at conserving energy and resources, reduction of GHG, and biodiversity conservation), finance, and production structure. Only those suppliers who meet these criteria are accepted onto the Supplier List. Canon conducts an annual survey of suppliers registered on the list (see figure below, Supplier Evaluation System) and makes a comprehensive evaluation based on the survey results, performance as a supplier, and other factors. The results are then reflected in the supplier list, enabling us to preferentially deal with suppliers with high evaluations. We conduct on-site audits of suppliers with low evaluations and provide guidance and instruction for improvement. In particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment.

■ Sources

(1) -1 Canon (2022), "Sustainability Report 2022、 Initiatives with Suppliers P120-121.

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

(3)-1 Grievance Mechanism

The RBA, of which Canon is a member, offers a grievance mechanism called the Worker Voice Platform through which Canon's stakeholders can report specific human rights concerns

(3)-2 Hotline for Risks in the Supply Chain

Canon has set up a hotline to allow anyone inside or outside the company to freely report any concerns about the supply chain. This enables whistleblowers to share any specific concerns or information relating to issues such as child labor, forced labor, or other problems in the areas of human rights and occupational health and safety. This process is detailed in the Canon Supplier Code of Conduct and publicized. Reference: Inquiries about CSR Activities

<https://global.canon/en/contact/csr/csr-form-e.html>

■ Sources

(3)-1,2*Canon (2022), "Sustainability Report 2022,"

Grievance Mechanism P80

Hotline for Risks in the Supply Chain P123

<https://global.canon/en/csr/report/pdf/canon-sus-2022-e.pdf>

(Responsible Business Conduct Hotline)

<https://global.canon/en/contact/csr/csr-form-e.html>

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

(1)-1Responsible Business Conduct Hotline

This hotline is made to receive information on specific concerns and risks regarding human rights and other responsible business conduct of the Canon Group. Please use the form below to contact us.

Response to the reports

- **The personal information of the informant and the content of the report will be kept confidential and will not be used for purposes other than responding to the report.**
- **Anonymous report is acceptable, but please note that it may be difficult to track and confirm the facts.**
- **Canon will not retaliate against anyone for reporting a concern honestly and in good faith.**
- **Canon will take an immediate action to conduct factual investigation on reported cases. If the investigation results in finding specific problem, Canon will work to remedy the problem.**

■ Sources

(1) -1Responsible Business Conduct Hotline" <https://global.canon/en/contact/csr/csr-form-e.html>

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

In addition, where an allegation is identified in a company's supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

NON-SCORED RESEARCH

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

【Canon Comment】 The latest report have been published in June 2022.

Please see the following website:

https://canon.a.bigcontent.io/v1/static/2021_ms_statement-signed

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

【Canon Comment】 The latest report will be available at the follwing website:

<https://www.canon.com.au/-/media/files/about-canon/canon-oceania-modern-slavery-statement--jan---dec-2021.ashx?la=en>

High Risk Sourcing

Please indicate whether your company sources from China or Malaysia. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.