

Canon Europa NV, Canon Europe Ltd, and Canon UK Ltd Modern Slavery Act Statement for Year Ended 31 December 2020

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 31 December 2020.

OUR BUSINESS

Canon Europe is a subsidiary of Canon Inc, a world-leading innovator and provider of digital imaging technologies for people, businesses, and industry. Canon Inc. is a Japanese corporation established in 1937 and headquartered 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 one of Canon's three 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 the UK marketing and sales operation and a subsidiary of Canon Europa NV. On 31 December 2020, Canon UK employed 1,440 people in various locations, including the head office in Uxbridge, offices in London, Surrey, Birmingham, Livingston (Scotland), and Belfast.

As of 31 December 2020, Canon Inc.'s global consolidated net sales were 3,160.2 billion yen, and the Canon Group had approximately 182,000 employees. In Europe, over the same period, Canon totalled sales of 795.6 billion yen and had a workforce of approximately 13711 employees. Further details about our corporate activities can be found on the Canon website: <https://global.canon/en/>

OUR SUPPLIERS

Most Canon-branded products are assembled by Canon Group manufacturing companies instead of outsourcing or subcontracting their production. Canon Europe and Canon UK obtain almost all of their commercial products from Canon Inc, manufactured by Canon Group manufacturing companies located in Japan, China, Thailand, the Philippines, Vietnam, Malaysia, Taiwan, Hong Kong, Germany, France, and the Netherlands.

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 such components as electronic parts, mechanical parts, units, and materials.

Canon's Supply Chain

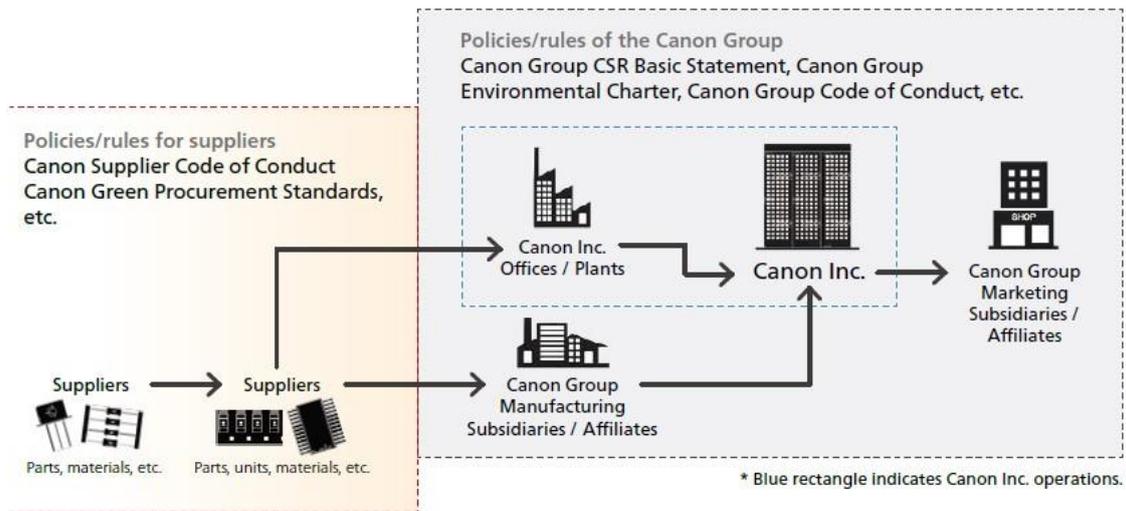


Figure 1: Canon Supply Chain

In Europe, 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* is the aspiration to create a society in which all people, regardless of race, language, or culture, harmoniously live and work together for the common good into the future. As such, 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>

Our CSR Statements

Respect for human rights is fundamental to our CSR strategy. The Canon Group CSR Basic Statement issued in 2017 specifies that the Canon Group will "prohibit child labour and forced labour (including human trafficking)." It stipulates a "request that business partners take steps to address basic social responsibility for such issues as the environment, human rights, labour and compliance within the supply chain, and confirm the implementation of said steps."

The Basic Statement specifies that Canon respects and complies with 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.

The Canon Supplier Code of Conduct issued in January 2020 adopts the Code of Conduct of the Responsible Business Alliance (RBA), an industrial coalition that promotes social responsibility

across the global supply chain. The code respects internationally-recognised standards and includes policies regarding human rights.

Canon Inc. and Canon Group manufacturing companies request its major suppliers to sign an agreement of the RBA Code of Conduct. In 2020, the agreement requests were sent to 271 major suppliers, of which 257 suppliers responded positively in agreement (95% response rate).

Our Code of Conduct

The Canon Group Code of Conduct, established in 2001, defines the management stance of the Canon Group and sets specific standards of conduct that all executives and employees of the Group must comply with within the performance of their duties.

Canon Europe and Canon UK introduced a Supplier Code of Conduct in 2013 that applies to all our suppliers and is embedded in our General Purchase Terms and Conditions and our procurement contracts. We expect all of 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 Whistle-blower Policy

Canon Europe and Canon UK have local grievance mechanisms, including a whistle-blower policy, 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 2020, a refresher modern slavery training course was developed and launched that was accessible to all employees of Canon UK and Canon Europe. One of the training modules educates employees on the whistle-blower policy - guiding them on where to find it, and how to use the tool for reporting.

In addition, Canon Inc. and nearly all Canon Group companies worldwide have established a Compliance Hotline system to receive information related to compliance issues. The confidentiality of reporters is strictly maintained, and they are guaranteed not to suffer any unfair treatment for using the system.

Canon Inc. also operates a hotline for stakeholders, including suppliers on Canon Inc.'s website. Stakeholders can report specific concerns or information regarding human rights, labour, health and safety, and other compliance issues in Canon's supply chain, including but not limited to the occurrence of child labour or forced labour.

Stakeholders, including suppliers, can contact Canon using the "Feedback on CSR Activities" page on Canon Inc.'s website. Canon performs investigations based on the information.

Industry Coalition

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 is committed to further improving its corporate social responsibility within the supply chain by supporting the RBA Code of Conduct and utilising a range of RBA training and assessment tools.

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, please visit: <https://www.unglobalcompact.org/what-is-gc/participants/30671>

OUR SUPPLY CHAIN RISKS AND DUE DILIGENCE

Surveying of Canon Group manufacturing companies began in 2013. Since 2019, Canon Group manufacturing companies complete the RBA's Self Assessment Questionnaire (SAQ). This self assessment includes confirmations related to human rights and labour practices.

In 2020, the self assessment was conducted at 37 production sites. Despite not identifying any significant CSR risks, the following areas for improvement were highlighted: development of policies that are required by the RBA and documentation of management procedures; request to non-goods production service providers (for example, labour agencies) for compliance with the RBA Code of Conduct. Furthermore, audits were conducted by third parties at two Group companies in Asia. There were no significant findings.

Canon Inc. has established a due diligence programme to review suppliers' approaches to human rights and labour conditions, and compliance (among other matters). This has been conducted through supplier inspections since 2014.

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 such areas as finance, production structure, corporate ethics (legal compliance, management of confidential information, human rights, labour, health and safety) and global environmental conservation. Only suppliers who meet these standards are registered on its supplier list.

Canon Inc. and Canon Group manufacturing companies also conduct an annual survey of all companies registered on their supplier list. The survey covers a wide range of initiatives, including social and environmental aspects. Canon Inc. undertakes a comprehensive evaluation of those suppliers based on the survey results and transaction performance and reflects the results in the supplier list, giving preference to high-scoring suppliers while providing guidance and education to low-scoring suppliers to aid improvement.

In 2020, 271 major Canon Group suppliers were surveyed using RBA's SAQ, of which 249 suppliers responded.

More details on Canon's supply chain management can be found on: <https://global.canon/en/csr/management/supply-chain.html>

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.

As a result of this ongoing assessment programme, new supplier contracts in these industry segments contain strict requirements on modern slavery prevention. Adhering to Canon's policies and complying with our Code of Conduct has been fully embedded in Canon UK's procurement process.

In 2020, Canon Europe and Canon UK revised the supply chain due diligence programme and launched a new online supply chain assessment platform. This platform enables us to drastically increase traceability, documentation management, mapping and reporting accuracy. We have also benefited from seeking external experts' feedback regarding our assessment questionnaire. This led to further improvements in our due diligence programme.

In 2021 we aim to solidify our new due diligence system to create a robust assessment process.

TRAINING AND CAPACITY BUILDING

To ensure Canon UK's new recruits have an adequate level of understanding for "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 that is accessible to all employees. The course aims to refresh employees understanding of this important subject, and to encourage and educate them on raising concerns or suspicions about modern slavery issues in any parts of our business or supply chain via our Whistle-blower portal.

Specialist teams such as procurement staff receive additional training based on their job requirements.

SIGNATURE

This statement is made pursuant to Section 54 of the Modern Slavery Act (2015) in respect of the financial year ended 31 December 2020. It has been reviewed and approved by the Board of Directors of Canon Europa NV / Canon Europe Ltd/ Canon (UK) Ltd on 8th of June 2021.

Dated 8th June 2021



Yuichi Ishizuka
CEO & President Canon Europa NV and Canon Europe Ltd



Yusuke Mizoguchi
Managing Director Canon UK Ltd