Canon Europa NV, Canon Europe Ltd and Canon UK Ltd Modern Slavery Act Statement for Year Ended 31 December 2019

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 located in Reigate (UK), make this statement pursuant to the United Kingdom Modern Slavery Act (2015). This statement aims at providing 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 2019.

OUR BUSINESS

Canon Europe is a part 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 own 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 2019, Canon UK employed 1,834 people in various locations including the head offices in Uxbridge and Reigate, offices in London, Surrey, Birmingham, Livingston (Scotland) and Belfast.

As of 31 December 2019, Canon Inc.’s global consolidated net sales were 3,593.3 billion yen and the Canon Group had approximately 187,000 employees. In Europe, over the same time period, Canon totalled sales of 882.5 billion yen and had a workforce of approximately 23,000 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.

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 a variety of 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),” and 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 CSR Guidelines issued in 2018 sets out various requirements on suppliers who supply production materials and parts to Canon Inc. and Canon Group manufacturing companies regarding social responsibilities including respect for human rights and prohibition of child labour or forced labour (including human trafficking) in order to promote sustainable procurement across its global supply chain. Since 2018, Canon Inc. has held briefings for its major suppliers in Japan and explained the Canon Supplier CSR Guidelines.

Our Code of Conduct

The Canon Group Code of Conduct, established in 2001, defines the management stance of the Canon Group and establishes specific standards of conduct that all executives and employees of the Group must comply with in 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, 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 Whistleblower Policy

Canon Europe and Canon UK have local grievance mechanisms, including a Whistleblower 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 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 Responsible Business Alliance (RBA) in December 2019. The RBA is a non-profit organisation supporting the rights and well-being of workers and communities worldwide affected by the global supply chain. Canon is committed to the further improvement of its corporate social responsibility within the supply chain and supports the RBA Code of Conduct.

Canon Europe has been a signatory to the UN Global Compact since January 2014, thereby fully supporting the Compact’s ten principles, which include the elimination of 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](https://www.unglobalcompact.org/what-is-gc/participants/30671)

**OUR SUPPLY CHAIN RISKS AND DUE DILIGENCE**

Canon Inc. surveyed all Canon Group manufacturing companies in 2019 using the RBA’s self-assessment questionnaire (SAQ), that includes confirmations related to human rights and labour practices. This builds on previous surveying of Canon Group manufacturing companies which began in 2013.

Canon Inc. has established a due diligence programme to review suppliers’ approach 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. reviews 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 so forth) 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 our supplier list. The survey covers a wide range of initiatives, including social and environmental aspects with reference to ILO standards and RBA guidance. Canon Inc. undertakes a comprehensive evaluation of those suppliers based on the survey results and transaction performance, and reflect the results in the supplier list, giving preference to high-scoring suppliers while providing guidance and education to low-scoring suppliers to aid improvement.

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. In general, industries with higher risk of modern slavery incidences in our regional supply chains include warehousing, distribution, facility management services, manufacturing and forestry. New supplier contracts in these industry segments contain strict requirements on modern slavery prevention.

Since 2018, Canon Europe has advanced its supplier assessment programme on modern slavery in these industry segments. Under this programme Canon Europe has assessed suppliers representing 80% of its spend on warehousing and distribution, and media. We completed our assessment of real estate and facility management service suppliers in 2017. So far, the supplier assessment has not revealed any practices among regional suppliers that are non-compliant with our policies.

At Canon Europe and Canon UK, we will undertake a revised assessment of our supply chain in 2020 to re-establish and confirm our areas of risk using the knowledge and experience gained through the work we have carried out so far. This will allow us to further assess and focus on high risk parts of our supply chain and set up a timeline for assessment of other low risk suppliers.

Canon UK has contacted its highest risk suppliers and requested confirmation that they fully comply with and adhere to our policies and that they comply with the Modern Slavery Act (2015). The request for confirmation with our policies has been fully embedded in Canon UK’s procurement process. All new suppliers are required to sign our code of conduct and comply with our policy on modern slavery.

**TRAINING AND CAPACITY BUILDING**

To ensure an adequate level of understanding of the risks of modern slavery and our due diligence strategy to prevent its occurrence in operations and procurement of products and services, Canon UK employees have received our bespoke Modern Slavery training and it is assigned as mandatory training to new starters. This training aims to familiarize and educate the employees with the key issues, encouraging all staff to raise any concerns or suspicions.
about modern slavery in any parts of our business or supply chain. Specialist teams such as procurement staff receive 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 2019. It has been reviewed and approved by the Board of Directors of Canon Europa NV / Canon Europe Ltd/ Canon (UK) Ltd on 8th June 2020.

Dated 8th June 2020

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

Yusuke Mizoguchi  
Managing Director Canon UK Ltd