

**Report on Forced Labour and Child Labour in the Supply Chain**

**Canon Canada Inc.**

**Fiscal Year 2023**

## **1. Introduction**

*The Fighting Against Forced Labour and Child Labour in the Supply Chains Act* (the “Act”) requires certain private-sector entities to report on the measures taken to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains. This is the inaugural report on Forced Labour and Child Labour in the Supply Chain prepared by Canon Canada Inc. (“Canon Canada”), an Ontario corporation, headquartered at 8000 Mississauga Road, Brampton, Ontario L6Y 5Z7.

## **2. Structure, Activities and Supply Chains**

Canon Canada is a wholly owned subsidiary of Canon U.S.A., Inc., that in turn is a wholly owned subsidiary of Canon Inc. Canon Inc. is a Japanese corporation established in 1937 and headquartered in Tokyo, Japan. Canon Inc. and its subsidiaries and affiliates (“the Canon Group” or “the Group”) form a group of which Canon Inc. is the parent company.

Canon Canada is the local sales and marketing arm of Canon U.S.A., Inc. who in turn is the sales and marketing arm of Canon Inc. in the Americas. For more than 50 years, Canon Canada has dedicated itself to providing innovative imaging products to Canadian consumers, businesses and industry professionals.

Canon Canada does not manufacture any products in Canada. Our business is comprised of a direct sales model as well as having channel partners such as dealers, resellers and retailers.

We have branch offices in British Columbia (Richmond), Alberta (Calgary, Edmonton), Ontario (Brampton, Mississauga, Toronto, Hamilton, Ottawa) and Quebec (Quebec City, Saint-Laurent).

Canon Inc. places great importance on manufacturing, engaging in product assembly as well as the production of certain components, parts and materials at its own plants, factories and Canon Group manufacturing companies that bear the Canon name and are owned by Canon Inc. directly or indirectly. Manufacturing companies in the Canon Group are located in such countries and regions as Japan, China, Taiwan, Malaysia, Thailand, the Philippines, Vietnam, the United States and Europe. They supply Canon products to Canon Inc. and companies including the Canon Group marketing subsidiaries and affiliates. These manufacturing companies directly employ considerable numbers of employees and are administered by Canon Inc., which acts as the head of the Canon Group. Canon Group offices, plants and manufacturing companies are engaged in partnerships with suppliers worldwide unaffiliated with the Canon Group, from whom they purchase components such as electronic parts, mechanical parts, units and materials.

Canon Canada engages with suppliers across various industries in a number of categories. Our largest supplier of products and services is Canon Inc. from whom we purchase imaging products, components and consumables such as toner and ink for resale.

### 3. Policies and Due Diligence Processes in relation to Forced Labour and Child Labour

#### a) Policies

Canon Inc.'s corporate philosophy is *Kyosei*, which means "living and working together for a common good." This philosophy aims to support the development of a society in which all people, regardless of culture, language or race, harmoniously live and work together in happiness into the future. As such, the Canon Group believes that respect for human rights is fundamental to our business and corporate management. Further details can be found at: <https://global.canon/en/corporate/philosophy/>

The Canon Group Human Rights Policy, established in 2021, expresses the commitment to respect human rights and take measures to protect human rights under the corporate philosophy *Kyosei*, which we embed in our operational policies and procedures. This policy specifies that the Canon Group commits to respect international human 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. It stipulates that the Canon Group will conduct human rights due diligence, establish and operate a grievance mechanism, conduct awareness training, and engage in dialogue with stakeholders in addition to respecting internationally recognized human rights, including the prevention of child labour, forced labour, unreasonable restrictions on movement and excessive overtime work, and also the respect for freedom of association and the right to collective bargaining. The Human Rights Policy is published in Japanese and English and is communicated to employees and stakeholders in each country and region via our website. Reference: Canon Group Human Rights <https://global.canon/en/csr/people-and-society/pdf/hr-policy-e.pdf>

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

In addition, Canon U.S.A., Inc. has a Code of Conduct Statement on Forced Labor published in 2023, which applies to it and its subsidiaries including Canon Canada. The statement states it is committed to promoting the respect of human rights, it complies with applicable laws and establishes internal controls. Specifically, the statement commits to the prevention of involuntary labour and illegal child labour. For more details see: Code of Conduct Statement on Forced Labor <https://s7d1.scene7.com/is/content/canon/Code-Statement-Forced-Labor-2024.pdf>

## ***b) Due Diligence***

In 2021, based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, Canon Inc. implemented human rights due diligence across the Group.

To implement human rights due diligence, each Canon Inc. division and Group company worked within the framework of the Risk Management Committee to first identify and evaluate the potential adverse human rights impacts in their respective business activities, including the supply chain, and identified the salient human rights risks. Subsequently, the promotion secretariat aggregated, analyzed and evaluated those risks, and through stakeholder engagement, identified salient human risks at the Canon Group companies. In assessing human rights risk, we also referred to the human rights risk country/region index provided by the Responsible Business Alliance (RBA).

The salient risks related to modern slavery that were identified through this process related to the Canon Group suppliers and contractors and included risks of the occurrence of child labour, forced labour and unpaid wages/low wages, excessive overtime work, and occupational health and safety.

In addition, in response to Canon Inc.'s commitment to membership in the RBA, Canon Inc. started a detailed survey of Canon Inc.'s plants and Canon Group manufacturing companies in 2019 using the RBA's self-assessment questionnaire (SAQ) that includes confirmations related to human rights and labour practices, in addition to the survey to Canon Group manufacturing companies starting in 2013.

Before starting a business relationship with a new supplier, Canon Inc. conducts an assessment based on the Canon Supplier Code of Conduct and other reference standards of whether suppliers meet standards in such areas as corporate ethics (legal compliance, product safety, management of confidential information, human rights, labour, 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). Only those suppliers who meet these criteria are accepted onto the Supplier List. Canon Inc. conducts an annual survey of suppliers registered on the list 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. Canon Inc. also provides guidance and education, through on-site audits for example, to low-scoring suppliers to aid improvement. In particular, any of the Canon Group companies may choose to terminate business with suppliers if they fail to abide by laws and the terms of international agreements covering such areas as human rights, labour and the environment.

With the aim of further improving CSR in the supply chain, Canon Inc. asks major suppliers to sign an agreement requesting their understanding of the RBA Code of Conduct and their cooperation in promoting sustainable business activities.

#### **4. Risk of Force Labour and Child Labour in the Supply Chain & Steps Taken to Assess and Manage the Risk**

##### ***a) Risks***

Most Canon branded products, which are sold by Canon Canada, are assembled by Canon Group manufacturing companies, including Canon Inc., instead of outsourcing their production.

Nevertheless, products manufactured and sold by the Canon Group contain materials that originate from a variety of minerals and that, based on the mapping of supply chains, are sourced through diverse supply chains from their places of origin throughout the world. Therefore, due to the long supply chain, there seems to be certain risks that suppliers located upstream may be involved in forced labor or child labour.

##### ***b) Steps Taken to Assess and Manage the Risk***

Canon Inc. manufacturing companies ascertain the conditions at suppliers who supply production materials to the Canon Group through supplier inspections and operational exchanges. Such interactions contribute to keeping low the risks of human trafficking and forced labour occurring at our suppliers.

Whistle-blower routes have been established at almost all Canon group companies in Japan and oversees including Canon Canada. In addition, Canon Inc. has a hotline to allow reports of any specific concern of information related 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 see Responsible Business Conduct Hotline: <https://global.canon/en/contact/csr/csr-form-e.html>. The confidentiality of reporters is strictly maintained, and users are guaranteed not to suffer any unfair treatment. This process is detailed in the Canon Supplier Code of Conduct and publicised.

In response to risks associated with conflict minerals, Canon Inc. established a page entitled “Procedure for the Submission of Concerns Regarding Minerals Risk” on its official website to recognize such risks in the early stage. Parties with specific concerns and/or information regarding circumstances of extraction, trade, handling and export of minerals 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) can contact Canon Inc. through this page. Procedure for the Submission of Concerns Regarding Minerals Risk (global. Canon).

In December 2019, Canon Inc. joined the Responsible Business Alliance (RBA), a non-profit organization supporting the rights and well-being of workers and communities worldwide affected by the global supply chain. Canon Inc. promotes its business activities that consider the global environment, people, and society by respecting the vision and mission, and complying with the Code of Conduct of the RBA.

- Vision: A global electronics industry that creates sustainable value for workers, the environment and business.

- Mission: Members, suppliers and stakeholders collaborate to improve working conditions and environmental conditions through leading standards and practices.

Canon Inc. conducts self-inspections using RBA's Self-Assessment Questionnaire at its domestic and overseas production sites. Based on the survey responses, we confirm there is no evidence of child or forced labour or any unreasonable restrictions on workers' movements on the site or while at work. Canon Inc. strives to improve its corporate social responsibility within the supply chain by supporting the RBA Code of Conduct and utilizing a range of RBA training and assessment tools.

Canon Inc. has a comprehensive due diligence program to identify conflict-affected/high-risk regions and avoid the use of materials supplied from business operations disrespecting human rights or environmental conservation in those regions. Under the system, Canon investigates the countries of origin of minerals and exercises due diligence, following the 5-step framework recommended by the Organization 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).

Within the Canon Group, the sustainability, legal, and human resources divisions of Canon Inc. serve as the promotion secretariat pursuing human rights measures with the cooperation of procurement departments. 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 of Canon Inc.

#### **5. Measures Taken to Remediate Any Forced Labour or Child Labour**

Canon Canada is not aware of any incidents or significant risks of forced or child labour in its supply chain and thus the question of remediation is not applicable. Canon Canada will nevertheless remain vigilant in this regard and will continue to act in accordance with Canon Canada's commitment to respect human rights and avoid forced and child labour in its supply chains.

#### **6. Measures Taken to Remediate the Loss of Income to the Most Vulnerable Families that Results From Any Measure Taken to Eliminate The Use of Forced Labour or Child Labour in its Activities and Supply Chains**

Canon Canada is not aware of any incidents or significant risks of forced or child labour in its supply chain and thus the question of remediation is not applicable and has therefore concluded that there was no loss of income for vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour within its supply chains.

#### **7. Training Provided to Employees on Forced Labour and Child Labour**

In 2023, Canon Canada introduced a mandatory course for all employees on preventing and recognizing Modern Slavery. It is Canon Inc.'s belief as well as Canon Canada Inc.'s that all employees can play a role in preventing modern slavery in our business interactions—in large ways

and small. Canon Inc. is committed to supporting human rights and is one way we maintain our values and our global corporate social responsibility. The course covers the following topics:

- a. How to recognize the warning signs of modern slavery,
- b. How to identify the risk of modern slavery within our industry and regions we work in,
- c. What types of questions to ask of suppliers and third-party agencies to help identify risks,
- d. How to recognize drivers that may encourage modern slavery,
- e. Where to report concerns of unethical or illegal behavior, and
- f. Make a commitment to preventing global modern slavery in our business.

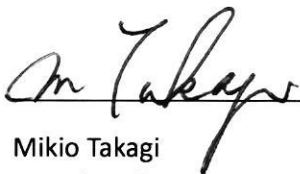
**8. Assessing the Effectiveness in Ensuring that Forced labour and Child Labour Are Not Being Used in our Business and Supply Chains**

Canon Canada's policies and procedures are subject to continuous internal review to assess the effectiveness of its actions and to further advance its commitment to prevent and reduce the risk of forced labour and child labour in our business and supply chains.

**9. Attestation**

This report was approved pursuant to paragraph (4)(a) of the Act by the Board of Directors of Canon Canada Inc. in respect of the financial year ended December 31, 2023.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable due diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the report year listed above.



Mikio Takagi  
President & CEO  
Canon Canada Inc.

May 22, 2024

I have the authority to bind Canon Canada Inc.