

Human Rights and Labor



A local trainer provides instruction at Canon Hi-Tech (Thailand)

Management Approach

Canon respects the diversity of employees, and aims to create workplaces in which employees can express their individuality and work with a sense of worth and achievement.

Canon's Approach

With the global spread of economic activities, finding ways for individual employees of diverse backgrounds and values to utilize their individuality has become an important factor for sustainable development of corporations. In the international community, the United Nations "Guiding Principles on Business and Human Rights" and the International Labor Organization (ILO) "International Labor Standards" have been established, and the United Nations' Sustainable Development Goals (SDGs) are encouraging companies to respect human rights as well.

Based on *kyosei*, Canon strives to create a workplace environment that fosters mutual respect among its ethnically and culturally diverse workforce.

In addition to working to ensure full compliance with laws and regulations in each country and region and to respect human rights as part of the development of global business activities, under Phase V of the Excellent

GRI102-11

GRI102-15

GRI103-1

GRI103-2

Global Corporation Plan, Canon has set the cultivation of globally competent human resources that think and act with a global mindset as one of its key strategies. We are stepping up efforts to develop human resources that can provide leadership on the international stage. Moreover, alongside ensuring workplaces to support the health and safety of employees, Canon also provides varied types of training to assist employees with skills improvement.

Related SDGs

Canon's efforts to address issues related to human rights and labor are contributing to the achievement of the following SDGs.



Respecting Human Rights

We respect the rights of every employee and work to ensure that our workplaces are free of all forms of discrimination and harassment.

Prohibiting Discrimination

The Canon Group Code of Conduct (→P33) prohibits all Group executives and employees, irrespective of their position or duties, from engaging in discrimination based on race, religion, nationality, gender, age or other unfair grounds.

The Code of Conduct has been translated into many languages and given out to Group executives and employees inside and outside Japan.

Preventing Harassment

Canon maintains a zero-tolerance policy on harassment, which it communicates to all management executives and employees.

In addition to sexual harassment and power harassment, Canon Inc.'s employment rules and Harassment Prevention Provisions prohibit other forms of harassment, including maternity harassment, which was added to legislation in Japan in 2017. These provisions have been disseminated throughout the Canon 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 to provide consultation services, and information is shared at liaison meetings of the consultation staff. Confidentiality is strictly maintained and a firm guarantee against detrimental treatment is provided to victims and informants. The number of harassment complaints has remained mostly unchanged in recent years.

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. Reviews of procedure manuals are conducted at such meetings, and guidance on how to respond to reports of harassment is also provided on an ongoing basis.

In addition, we periodically conduct employee awareness surveys that enable us to evaluate trends while gathering the opinions of employees. Based on this information, we then act to improve the workplace environment by instituting corrective measures as necessary.

Educating Employees on Harassment Prevention

Canon conducts a variety of training programs and poster campaigns to raise awareness of harassment issues among employees.

Canon Inc. conducts harassment-prevention training for executives, managers and managerial candidates. The aim is to develop measures to address decreased productivity due to deteriorating workplace conditions, mental health issues, occupational injuries, lawsuit risks and corporate legal responsibilities. In 2018, the number of participants in Japan totaled 314. Additionally, training was provided for 29 executives and managers returning from overseas postings.

The same training program will be held for staff in charge of Harassment Hotlines at Group companies, who will in turn assist with training employees at their respective companies.

Eliminating Child Labor and Forced Labor

All Canon Group companies manage human resources in compliance with the laws and regulations of each country and region in which they operate, as well as Canon's own regulations.

With regard to child labor and forced labor, we carry out investigations every year at our main overseas manufacturing companies*, primarily in Asia, to confirm their compliance with laws pertaining to minimum working age and health considerations.

To date, no Canon Group company has violated laws relating to child labor or forced labor.

* The investigations cover more than 88% of employees at all our overseas manufacturing companies (As of the end of 2018).

Respecting Basic Workers' Rights, Including Freedom of Association

Canon respects workers' basic rights, including freedom of association and collective bargaining. We also strive to address various 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.

In addition, in the Canon Group CSR Basic Statement (→P41), we clarify our intent to comply with the laws and regulations of various countries and regions.

Hiring and Treatment of Human Resources

We strive to create an attractive, motivational workplace environment for employees.

Basic Policy

Canon believes that in order to become a truly excellent global corporation, each employee must be an “excellent person.”

In line with its human resource measures, Canon is building a corporate culture that encourages an enterprising spirit by guaranteeing respect for the values of ambition, responsibility and mission, as well as fair and impartial assignments, evaluations, and treatment based on merit. At the same time, we are focused on developing our next generation of leaders.

Guiding Principle of the Three Selves Spirit

The *San-ji* (Three Selves) Spirit has been a central guiding principle for Canon since its founding. The three “selves” refer to 1) self-motivation: proactively taking the initiative; 2) self-management: conducting oneself responsibly and with accountability; and 3) self-awareness: knowing one’s position, roles and circumstances.

Canon encourages all Group employees to embrace the *San-ji* Spirit as they pursue their work with a positive and forward-looking attitude, and promotes this approach at Group companies worldwide.

Guiding Principles

Three Selves	Adhere to the principles of self-motivation, self-management and self-awareness in day-to-day activities
Meritocracy.....	Make vitality (V), specialty (S), originality (O), and personality (P) daily pursuits
Internationalism...	Strive to become a culturally sensitive, internationally minded, sincere and active person
Familism	Strengthen trust and understanding of others and work together in a spirit of harmony
Health First	Live by the motto “healthy and happy” and work to cultivate character

Hiring and Retaining Talent

Canon seeks to hire and retain talent that can drive globalization and innovation in its businesses with the ultimate goal of sustainable growth. With this in mind, we follow a uniform policy for hiring, job placement and human resource development.

In 2018, Canon Inc. and Group companies in Japan embarked on a vigorous recruitment program, resulting in the hiring of 1,153 employees in total. Canon also has established various programs and systems, such as a career matching system (→P108) to support the continued employment of each and every employee so that they remain motivated and can maximize their skills and abilities over the long term. We regularly conduct employee surveys and work to improve employee satisfaction. Thanks to these initiatives, Canon Inc. boasts one of the highest retention rates in the industry. As part of maintaining high job satisfaction, regular employee surveys are conducted by Canon U.S.A., Canon Europe and Canon Group sales companies based in Asia.

Promoting Globalization of Executive Management

As part of promoting the development of globalized management, Canon appoints appropriate personnel, regardless of nationality, as presidents, executive officers, and managers of subsidiaries in each country and region where it operates.

Canon China actively promotes local employees to managerial positions as part of developing business operations. Local appointees occupied 76% of all managerial positions across the region in 2018, up from 38% in 2013.

Creating Local Employment Opportunities at Production Bases

In order to help stimulate local communities and economies through job creation, we focus on local employment when establishing or expanding production bases.

For example, Canon Prachinburi (Thailand), which started operations in 2013, has hired approximately 4,900 people locally, and Canon Business Machines (Philippines) employs approximately 5,600 local residents (as of December 31, 2018).

In addition, our production bases in Asia have created over 60,000 local jobs since 2007.

Canon ensures that its employees are paid substantially more than the local minimum wage.

Fair and Impartial Compensation System Salary Linked to Duties and Performance

Canon Inc. has introduced a position-based pay system to evaluate and compensate individuals fairly and impartially, regardless of gender or age.

In this system, remuneration is based on duties and performance. Basic pay scales incorporate the level of position in the company based on responsibilities and other factors. An employee's achievements as well as work-related processes and performance during the year are evaluated to determine annual remuneration. Bonuses reflect individual achievements and company performance.

This system is being applied across the Group worldwide, and has already been adopted by the majority of Group companies in Japan and manufacturing subsidiaries in Asia. Systems for determining compensation based on duties and performance have already been established at Canon U.S.A. and Canon Europe, along with other Group companies in those regions.

Regarding basic salary amounts and increases as well as calculation and payment of bonuses, a committee meets with the Canon Workers' Union three or four times a year to check whether remuneration is being paid in accordance with the rules of the labor agreement. The minutes of these meetings are made available to all employees. The committee also facilitates discussions between labor and management on the implementation and improvement of the compensation system.

Employee Benefit Programs

Canon offers various employee benefit programs, covering each stage of life from hiring to retirement, enabling employees to lead comfortable and enjoyable lives.

For example, as well as providing staff canteens and sporting facilities, Canon funds or subsidizes programs and clubs that bring together people with shared interests to foster better workplace communication. We host various events for employees and family members that incorporate the local culture and customs of each region. In addition, employee benefit programs have been developed in line with each Group company's needs.

With a view to securing their futures, in addition to national social insurance programs, employees of Canon Inc. and Canon Group companies in Japan are eligible for added benefits that include a corporate pension plan as well as membership in our welfare association and

health insurance society. Canon Inc. also offers a voluntary employee stock ownership plan, a savings plan and group life insurance policies, among other benefits.

Corporate Pension Plan

At Canon Inc., we offer employees the defined-benefit Canon Corporate Pension as a form of performance-based pay—a role- and grade-based retirement system—to supplement their public pension and contribute to a more comfortable retirement. A company-run pension fund manages pension assets so employees do not need to provide any additional funds. Other Group companies in Japan have also set up their own corporate pension plans.

Canon Inc. also offers a defined-contribution pension plan with matching contributions, which, coupled with the defined-benefit pension plan, provides solid financial security.

Reducing Total Work Hours

Canon works diligently to ensure that employee work hours comply with the laws of each country and region where it operates, targeting reductions in hours where appropriate.

For example, at Canon Inc., we encourage workplaces to ban overtime in principle and to review work practices. We have also taken measures such as encouraging employees to take paid leave. Annual hours worked per employee were 1,737 in 2018, a reduction of 62 hours compared with the equivalent figure of 1,799 hours in 2010 when we initiated efforts to reduce working hours.

Flexible Work Styles

We promote flexible work styles in line with national and regional employment customs.

For instance, in 2005, Canon Inc. formulated an action plan following the guidelines of Japan's Ministry of Health, Labour and Welfare. Based on this plan, we are encouraging the adoption of flexible work styles while helping employees achieve work-life balance, and taking steps to aid the development of the next generation.

Promoting Flexible Work Styles

Canon Inc. has a number of leave programs that enable employees to take time off flexibly to respond to their personal circumstances. These include a time-unit leave program in 30-minute increments that is available for reasons such as childcare, injury or illness, as well as an open vacation program in which employees can take five consecutive days of vacation once per year. Such programs are designed to promote a flexible approach to working.

In April 2018, we launched the sixth phase of the action plan outlined in the table on the following page. This phase spans the three-year period to March 2021.

Supporting Working Parents/Care Givers

To enable employees to focus on childcare responsibilities with peace of mind, Canon Inc. offers an array of programs that go beyond the legally stipulated minimum requirements, including a childcare leave program that enables employees to take leave until their child reaches the age of three, and a system for reducing work hours to support childcare, making it possible for employees to reduce their workday by up to two hours until their child has finished the third grade of primary school.

In addition, to support the work-life balance of those in our local community, Canon Inc. established Poppins Nursery School Tamagawa. Located on our property adjacent to the Shimomaruko headquarters, the school is certified by the Tokyo Metropolitan Government and open to local residents. Approximately 40 children are enrolled at the school.

We provide various support systems to help employees caring for aged relatives, including nursing care leave, sympathy money, and a system for reduced work hours to support nursing care, enabling employees to reduce their workday by up to two hours a day to fulfill family care responsibilities.

Action Plan Phase VI (from April 2018 to March 2021)

Action Plan	Measures	Results as of the End of 2018
(1) Promote use of work-life balance programs with aim of raising participation rate.	<ul style="list-style-type: none"> Regularly check the performance of employees using work-life balance programs, and have VIVID*1 and the Workstyle Innovation Committee work together to consider and implement specific measures before March 2021. 	<ul style="list-style-type: none"> Confirmed that, in addition to female employees, who have made up the majority of those taking advantage of these programs, the trend for use of these programs by male employees is on the upswing.
(2) Promote workstyle reform further by encouraging workstyles that do not rely on overtime work, continuing efforts to promote use of paid leave, and maintaining an appropriate level of total work hours.	<ul style="list-style-type: none"> Using total work hours as an indicator for work-life balance, bolster measures to encourage use of paid leave and maintain an appropriate level. 	<ul style="list-style-type: none"> Prohibited overtime work, in principle, throughout the year. Implemented earlier work hours from July–September in a campaign to promote work-life balance, and continued efforts to promote workstyle reform. Provided employee benefits program for encouraging self-development during the earlier work hours. Total work hours company-wide decreased by 62 hours compared to 2010*2.
(3) Continuing from Phase V, carry out community contribution activities open to participation by children—who are the future of our communities—through social contribution activities.	<ul style="list-style-type: none"> Continue reaching out to local regions and communities and implement appropriate initiatives from April 2018 to March 2021. 	<ul style="list-style-type: none"> Continuously conducted throughout Japan the following community contribution activities for children <ol style="list-style-type: none"> Unique tutorial program for children, including lessons on lens-crafting and environmental education outreach programs Junior Photographers photography classes Support for girls soccer (Canon Girls-eight, Canon Girls-Camp) Tag rugby lessons and rugby lessons, etc.

*1 VIVID: Vital workforce and Value Innovation through Diversity, a company-wide horizontally integrated organization for promoting diversity (→P103).

*2 The year that activities to reduce total work hours commenced.

Hotlines have been set up at each of our operational sites to handle employee inquiries about these systems.

In addition, Canon Inc. conducts surveys on flexible workstyles to assess the circumstances and needs of employees, aiming to create a flexible workplace environment.

Supporting Employees' Volunteer Activities

In recognition of the growing interest in volunteer activities, Canon Inc. established a volunteer leave system in 1994.

Under this system, employees wishing to participate in volunteer activities certified by the company may take up to one year of leave (two years and four months in the case of JICA Japan Overseas Cooperation Volunteers).

Worker-Management Relations

At Canon Inc. and Canon Group companies in Japan, worker-management relations are founded on the principle of prior consultation, that is, finding solutions through thorough discussion. Candid discussions between management and the labor union are held whenever policies that affect wages, working hours, safety and health, and benefit programs are to be implemented.

Every month, Canon Inc. convenes a Central Worker/Management Conference with the Canon Workers' Union* to exchange opinions and information spanning a range of subjects. The CEO and senior management attend the monthly conferences.

Additionally, special committees have been established to consider wages, working hours, safety and health issues, and benefit programs. Based on these conferences, new systems are established and policies enacted. As of the end of 2018, combined employee membership in the Canon Workers' Union totaled 27,103, representing 81% of Canon Inc.'s workforce.

Group companies in Japan hold a similar conference, which they refer to as the Canon Group Workers' Union Conference (Canon Inc. representatives also attend). This conference brings together 19 Group workers' unions and executives from 21 Group companies. In 2018, reports on the current situation of both labor and management throughout the Group as a whole were presented. As of the end of 2018, there were approximately 55,000 employees in unions that belonged to the Canon Group Workers' Union Conference.

In accordance with the labor laws of each country and region in which we operate, Canon continuously maintains proper labor relations based on thorough dialogue between labor and management at Group companies outside Japan.

Canon will continue to implement changes based on mutual understanding and trust with the Canon Workers' Union in its pursuit of continuous development.

* The Canon Workers' Union consists of employees from Canon Inc., Canon Marketing Japan, Fukushima Canon and Ueno Canon Materials.

Minimum Notification Period for Changes in Work Duties

Canon Inc. has established a minimum notification period clause within its labor agreement to ensure that personnel transfers do not negatively impact the lives of employees.

Employees receive official notice of personnel transfers at least two weeks in advance for temporary assignments and at least one week for other types of transfers. Employees who need to relocate due to the transfer are officially notified up to four weeks in advance.

Additionally, Canon Group companies inside and outside Japan have established minimum notification periods in accordance with the laws and regulations of the countries and regions where they operate.

Diversity and Inclusion

We aspire to be a company that grows by openly accepting and working with people having different characteristics and perspectives.

Policy on Respecting Diversity

Guided by its corporate philosophy of *kyosei*, Canon respects diversity such as culture, customs, language, and ethnicity, and actively encourages the fair hiring and promotion of employees, regardless of gender, age, or disability.

In 2012, Canon Inc. established Vital workforce and Value Innovation through Diversity (VIVID), a company-wide, horizontally integrated organization to promote diversity, headed by the Executive Vice President.

Policies

- Respecting diversity as an important issue, promote the introduction of new systems across the Canon Group, seeking to replace existing systems, and strive to change employees' thinking and awareness of diversity issues.
- Revise HR policies and workplace conditions to avoid any limitations or restrictions being placed on the career opportunities afforded to talented people with the ambition to succeed.
- Promote internal/external dissemination of information on diversity promotion activities to help identify/develop role models and encourage wider adoption of optimal workplace conditions.

Promoting the Active Participation of Women

As part of promoting diversity, Canon strives to create a workplace environment in which female employees can more actively participate.

At Canon Inc., we have implemented a number of initiatives to deepen understanding of diversity, including exploring issues using employee surveys and roundtable discussions as well as hosting lectures by outside experts.

Additionally, we are using our company intranet to post interviews with various people, including employees who have remained active in balancing their work with various life events, managers who support their activities, and male employees who have taken childcare leave.

Other initiatives include roundtables where female managers talk about their own life experiences, and back-to-work seminars where employees who have

returned after childcare leave review case studies with their managers.

Career Support for Women

Canon is committed to providing equal opportunities according to ability and fair treatment for all, irrespective of gender.

At Canon Inc., we organize leadership training for women as part of efforts to develop female candidates for managerial positions. Using the theme of developing a new business proposal, the training provides an opportunity to develop leadership skills, including awareness, agenda setting and persuasiveness. Since its launch in 2012, a total of 154 women have completed the leadership training and are playing active roles in their workplaces, including at overseas locations. Partly as a result of these measures, the number of female managers had risen to 111 in 2018, compared with 58 in 2011.

We also provide lectures and interviews with female executives to create opportunities for raising awareness around working with passion and balancing work with life events.

Meanwhile, Group companies in Japan are also promoting a range of initiatives to encourage active roles for women, including seminars to support women's career development, roundtable discussions and surveys to gauge awareness, and career training and courses for women who have returned from childcare leave.

In addition, to support higher levels of male participation in key life events, we publish interviews with, and organize seminars by, men who have taken paternity leave. Handbooks on related programs have also been distributed.

Each group company shares its activity plans and outcomes at meetings of company presidents, which have been held annually since 2016. For example, at Canon Finetech Nisca Inc., a manufacturing cell comprising only employees on reduced work hours has been established in response to feedback from a roundtable meeting of executives and female employees. In this manufacturing cell, innovative approaches to information sharing and multi-skill development have advanced, and a culture has emerged in which workers on reduced hours help one another, helping to boost motivation.

Meanwhile overseas, Canon U.S.A. for example has launched a project called Women in Leadership Levels (WiLL) to support the participation of women through a variety of opportunities, including networking events, lectures and mentoring. Moreover, Canon India has held a series of “Ladies Power Lunch” events since 2016, to enable female employees from various divisions to discuss issues with the CEO. These events enabled direct communication of the company’s expectations of female employees, boosting their motivation, while enabling management to grasp the kind of support required for female career development, resulting in various revisions to maternity leave system regulations.

LGBTQ+ Inclusion

The Canon Group Code of Conduct emphasizes respect for the individual and prohibits discrimination based on race, religion, nationality, gender, age, sexual orientation, or gender identity. Our initiatives also cover sexual minorities, including lesbian, gay, bisexual and trans (LGBT) persons. With the goal of eliminating all forms of discrimination from the workplace, training for managers includes education on preventing discrimination. In addition, we make use of various opportunities to educate employees, such as departmental staff meetings and compliance meetings.

With regard to provisions for employees who identify as a sexual minority, Canon provides such amenities as gender-neutral washrooms. We also have an internal hotline for employees wishing to speak with a specialist counselor.

In other initiatives, in 2018 Canon invited a guest speaker to address a diversity seminar aimed at promoting understanding around various sexualities and expanded insight into communicating with members of sexual minorities. Over 100 employees attended.

Utilizing the Abilities of Veteran Employees

Canon Inc. makes full use of the wealth of knowledge and skills of its veteran staff. In 1977, Canon Inc. was one of the first companies in Japan to set its retirement age at 60. In 1982, we introduced a system for re-employing retired employees until the age of 63.

In 2000, we partially revised our system for re-employment after retirement and introduced a system of open recruitment internally for re-employment posts. Further, we raised the age limit for re-employment to 65 in 2007. As of the end of December 2018, there were 1,207 rehired employees in total.

Proactive Support for the Participation of People with Disabilities in Society

Respecting the ideal of normalization*¹ advocated by the United Nations, Canon proactively employs persons with disabilities at Canon Inc. and Canon Group companies in Japan.

For example, at Canon Inc., we have been proactive in employing persons with disabilities for many years. We are doing our utmost to make workplaces more comfortable and accessible for people with disabilities by improving our facilities, including providing greater barrier-free access. Additionally, we are working to expand the range and nature of jobs for people with disabilities, while also ensuring that they are settling into and becoming active members of their assigned workplaces. Canon has incorporated workplace experience and observation sessions into the selection process in some cases to ensure that new hires can contribute quickly after they are hired and assigned to a workplace. Canon Wind*² primarily hires people with intellectual disabilities. In addition to maintaining a high employee retention rate, this employment helps us realize our corporate philosophy of *kyosei*.

Canon Inc. and Group companies in Japan have set up onsite hotlines after the 2016 amendment of the Promotion of Employment of Disabled Persons Law prohibiting discrimination and mandating reasonable consideration for people with disabilities. Canon’s measures to prevent discrimination against disabled people and ensure reasonable consideration at each site include providing individual consultations and personalized assistance or instruction during evacuation training drills and disaster preparedness training. In 2018, Canon Inc. established a dedicated internal unit and took other measures to bolster support for helping employees with disabilities to settle into their workplaces.

Since 2004, Canon Inc. and Canon Group companies in Japan have organized training courses and created e-learning modules to ensure workplaces are attentive to the needs of the hearing impaired. The training includes providing knowledge of hearing disorders and introducing sign language to help promote a smooth work flow. A total of 693 people participated in this training up to and including 2018.

*¹ The principle of normalization: According to the World Programme of Action concerning Disabled Persons adopted by the United Nations in 1982, society is made up of many different types of people and it is normal for people with and without disabilities to coexist in all settings. Therefore, we should create an environment in which all people can live and work together.

*² Canon Wind: A subsidiary of Oita Canon formed in 2008 as a joint venture with the Social Welfare Corporation Gyouon Welfare Association with the aim of promoting employment for persons with intellectual disabilities.

Occupational Safety and Health Support

We pursue initiatives aimed at improving occupational safety and health so employees can feel safe and secure in their work environment.

Policy and Structure

At Canon, the safety and health of employees form the foundation of our business activities. Adhering to the principle of “management without safety is not management,” labor and management work hand in hand to support safety and health. In line with this principle, we have established detailed rules and regulations regarding occupational safety and health (OSH), which are also reflected in agreements with labor unions.

Canon has established the Central Safety and Health Committee as its highest body overseeing safety and health. Chaired by the senior executive in charge of OSH, the committee establishes policies and plans regarding safety and health primarily at Group companies within Japan, while also promoting the elimination of occupational accidents, the maintenance and improvement of health, traffic safety, fire and disaster prevention, and the creation of pleasant workplaces. Overseas, mostly at production bases in Asia, we conduct safety and health activities with consideration given to specific circumstances in each region and at each company.

Occupational Safety

Creating Workplaces Where Employees Feel Safe and Secure

Canon Inc. and Group companies in Japan strive to create workplaces that are safe and secure. Currently, we are working on the following priority initiatives.

Priority Initiatives for 2018

1. Entrench the Canon Group Occupational Safety and Health Management System
2. Promote greater machine safety
3. Prevent accidents through enhanced promotion of risk assessment

Entrenching the Canon Group Occupational Safety and Health Management System

We are expanding the Canon Group Occupational Safety and Health Management System in an effort to promote autonomous safety and health activities at each of our operational sites in Japan. System requirements are based on the Occupational Safety and Health Management System (OSHMS) of the Japan Industrial

Safety and Health Association (JISHA) and reflect Canon’s standards and rules.

Canon Group companies in Japan that employ the system are working to cultivate best practices across all sites based on reciprocal supervision as well as develop measures to tackle a variety of issues.

Promoting Greater Machine Safety

We carefully conduct risk assessments, centered primarily on production bases in Japan, according to Canon’s uniform standards. Based on the results, we conduct follow-up checks with the aim of reducing residual risk. We are particularly focused on eliminating serious machinery-related accidents.

OSH representatives also conduct a training program for machinery and equipment technology to deepen employee understanding of production machinery and encourage workplaces to promote safer practices together. In addition, we take measures to mitigate accident risks, such as mechanical countermeasures and conducting orientation training.

Preventing Accidents Through Enhanced Promotion of Risk Assessment

Canon’s repeated risk assessments centered on its production bases in Japan enables us to identify operations with a high risk of injury, illness or accident. By taking appropriate measures to mitigate risk and manage residual risks, Canon endeavors to prevent occupational accidents.

To ensure that risk assessments are carried out properly, workplace managers and people in charge of operations and risk assessments undergo training to learn and enhance their understanding of assessment methods according to Canon’s uniform standards. By making regular visits to worksites and reviewing assessments, we work to maintain and enhance the risk management system.

To prevent the risk of illness arising from work that involves exposure to chemical substances, we have established specific procedures for handling chemicals in routine manufacturing operations. We have also introduced a system that achieves uniform standards across the Group for the management of chemical substances, and we strive to ensure they are managed properly at all times.

In addition, for tasks involving heavy manual labor, we have rules for worker safety that place limits on maximum permitted physical loads.

Initiatives to Improve Safety and Health at Overseas Group Companies

Canon is working to implement an occupational safety and health management system overseas, mainly at its production bases, on the same level as in Japan.

Three companies—Canon Zhuhai, Inc., Canon Hi-Tech (Thailand) Ltd., and Canon Opto (Malaysia) Sdn. Bhd.— have adopted an occupational safety and health management system based on the international standard OHSAS* 18001.

* OHSAS: Occupational Health and Safety Assessment Series

Health Support

Health Management Based on the “Health First” Principle

Canon believes that initiatives based on the “health first” principle can help individual members of the workforce reach their full potential. We therefore consider such initiatives a driving force for generating positive results, and systematically promote physical health-support measures.

We conduct various types of medical check-ups and stress checks in line with government regulations. We have established the Group’s internal standards for post-examination measures, and conduct individual follow-up checks as well. To prevent overwork, we coordinate with the health support department and human resources department on appropriate management of working hours. All employees with potential health issues have consultations with and receive instruction from a doctor according to certain standards, and we strive to prevent health issues or respond to them as soon as possible when they occur.

Employees of Canon Inc. and Canon Group companies in Japan have access to a website that brings together a range of health-related information. We also actively collaborate with the Health Insurance Union on effective measures to deal with medical fees, with a focus on preventing progression of lifestyle diseases.

Canon Inc. and Group companies in Japan are working on the following priority initiatives.

Four Key Items of Our Medium-Term Plan

1. Education and awareness activities for all employees by age group
2. Mental health-related measures
3. Measures against lifestyle diseases
4. Cancer-related measures (early detection and treatment of cancer, regular review of diagnostic systems to ensure effectiveness)

Education and Awareness Activities for All Employees by Age Group

As an awareness-raising and educational activity tailored to different age groups, Canon Inc. provides health-related information every month on the company intranet for all employees. The information includes e-learning and individual mails to raise awareness, and is targeted at specific age groups. We also conduct campaigns to promote nutrition, exercise, and rest.

Measures for Achieving Mental Health Through Self-Care

To promote comprehensive mental health measures in Japan, Canon conducts a variety of programs. These incorporate four care guidelines: self-care, care from workplace supervisors, care from occupational health staff, and care from organizations outside Canon. The programs also promote three prevention guidelines: primary prevention, (preventing illness and improving health), secondary prevention (early detection and appropriate treatment), and tertiary prevention (support for return to work, prevention of recurrence). In recent years, we have conducted stress checks and focused attention on employee and manager education and the training of occupational healthcare staff, including human resource staff members.

Measures to Prevent Lifestyle Diseases or Prevent Their Progression

Canon Inc. and Canon Group companies in Japan carry out lifestyle interviews during regular annual medical examinations with the aim of preventing lifestyle diseases. Based on the results of these checks, we have set improvement targets for each company in order to help employees improve their health and prevent the progression of lifestyle diseases that may already be present.

Cancer-Related Measures in Cooperation with Canon Health Insurance Union

Canon works together with the Canon Health Insurance Union based on the three prevention guidelines and strives to raise awareness of cancer screening and to maintain an environment that makes it easy for employees to undergo screening.

Expansion of Health Management Programs at Group Companies Outside Japan

Canon conducts various health management programs at its Group companies outside Japan as part of its health promotion initiatives for employees. Each Group company also actively conducts its own initiatives suited to its characteristics and needs.

Human Resource Development and Personal Growth

We provide all employees the opportunity to build and advance their career.

Human Resource Development System

One of the key strategies in Phase V of the Excellent Global Corporation Plan is to cultivate globally competent human resources that think and act with a global mindset. Under this key strategy, Canon is developing human resources that can contribute to its global operations in various fields, such as management, technology development, and manufacturing.

Developing Globally Minded Personnel

With 387 operational sites* worldwide as of the end of 2018, the globalization of Canon's operations is proceeding apace. Against this backdrop, we are stepping up training to develop human resources with leadership abilities that can be utilized on the international stage.

* Number of operational sites includes consolidated subsidiaries and equity-method affiliates.

Enhancing Senior Leadership at Group Companies Outside Japan

Canon offers Global Leadership Training to senior management of Group companies outside Japan in order to share the company's management philosophy and develop leaders that can spur innovation in a global environment.

Vitalizing Human Resources Through International Assignments

Canon established the Canon Global Assignment Policy (CGAP) as an international assignment system for its Group companies worldwide to stimulate international personnel exchanges, not only from Japan to other countries, but also from other countries to Japan, and internationally between the United States and Asia, for example. The goal of this program is to promote global business cooperation and the development of human resources capable of functioning at the global level.

CGAP is an international personnel dispatch policy shared by our Group companies, and personnel assignment policies in each respective region are based on it. Combining these policies allows us to further promote personnel exchanges and to share basic philosophies and structures, while providing for flexibility in dealing with the special characteristics of each region, such as laws and culture.

For example, in Europe and the United States we have the US/Europe Exchange Program, which enables

employees with at least three years of service to participate in a personnel exchange for a period of one year, and in Asia we have the ASIA CGAP, which is a one-year training program in Europe and the United States for developing executive management candidates from Asia.

As of the end of 2018, a total of 1,262 employees were deployed on international assignments under these programs.

Global Training for Young Employees

In order to help employees acquire language and international business skills, Canon Inc. has established a system to allow employees to gain overseas work experience early in their careers.

For example, the Asia Trainee Program enables recruits who are 30 years old or younger to engage in practical study at local companies in Asia. The program started in 1995, and by the end of 2018, a total of 113 employees had taken part. The program sends trainees to countries and regions where languages other than English are used on a regular basis in professional settings where they engage in about six months of language training at a local university, then spend about one year gaining practical experience at Asian affiliates. Meanwhile, the Europe-US Trainee Program dispatches young employees to Europe and the United States. Started in 2012, the program had thus far provided training to a total of 60 employees, up to the end of 2018. For employees dispatched to non-English speaking areas, we offer language education and practical training similar to the Asia Trainee Program.

The Overseas Study Program for Technicians is intended to develop engineers and technicians who can function internationally, as well as enable them to acquire skills that they can use to contribute to Canon's core businesses in the future. This program began in 1984, and up to the end of 2018, a total of 116 employees had participated in the program, studying at universities abroad. In line with our strategy to improve our R&D organization in the United States and Europe, we plan to select several employees each year for overseas study.

Fostering Experts in Various Fields

Development of Human Resources in Engineering

Canon promotes the retention and development of engineering human resources in order to continually generate innovation as a manufacturer.

For example, Canon Inc. has training systems in place for each of its specializations, including machinery, electronics, optics, materials, and software, to support the development of next-generation human resources in engineering.

A committee for the development of engineering human resources has been set up for each of the five core specializations noted above. These committees develop rank-based training programs, from new hires to junior engineers and all the way up to veteran leaders, as well as conduct courses and carry out other initiatives. We also offer training in specialized areas not represented by these committees, such as analytical technology.

In 2018, a total of 179 programs were held in these specializations, with 5,192 engineers from Group companies in Japan taking part.

Furthermore, in 2018 Canon Inc. established the Canon Institute of Software Technology (CIST) to cultivate software engineers. The institute makes it possible to undertake systematic and continuous human resource development, from increasing the skills of the engineers in charge of developing software for our products to providing foundational training for new employees and those seeking to work in a new field.



The newly established Canon Institute of Software Technology

Development of Global Human Resources in Manufacturing

At Canon, we are focusing on developing human resources who support production activities, mainly through the Monozukuri Advancement Center of Canon Inc.

In 2018, a total of 630 employees working at 10 overseas production bases took part in 74 training programs organized by the Monozukuri Advancement Center.

In order to promote training at overseas sites, Canon also focuses on instructor-development training that seeks to develop instructors for technological and technical skills training as well as workplace management training. In 2018, instructor-development training was held on 23 occasions, with a total of 89 employees participating.

A technical skills testing program, following the same standards as in Japan, has also been established at overseas sites. In 2018, testing was carried out for seven types of work skills, including injection molding, board mounting, and pressing, at a total of nine sites in Thailand, Vietnam, China, and Malaysia, with 392 employees participating.

Canon's Human Resource Development System

To motivate employees and enhance skill specialization, Canon Inc. maintains an educational system for rank-based, elective and self-development training.

Rank-based training enhances knowledge and skills required for carrying out the duties of each job grade, and fosters awareness of required actions defined by our guiding principles. Furthermore, as a supplement to rank-based training, elective training that includes e-learning programs and other programs to support self-development is available. These training programs also cover such issues as harassment prevention and compliance.

For the development of management personnel, we assess candidates at each level of management for suitability prior to promotion and provide training before and after promotion under the Canon Leadership Development Program (LEAD). This program is designed to help candidates switch to a management-oriented mindset and develop their leadership abilities while also reinforcing other strategic and practical capabilities. Our goal is to further reinforce efforts to systematically cultivate the next generation at Canon, concentrating on the development of management personnel as well as personnel for global, technological, and manufacturing roles.

On average, Canon Inc. employees spent about 19 hours in training in 2018. Related training costs per employee incurred by Canon amounted to ¥184,000.

Canon Inc.'s Career Development Support Programs

■ Regular Performance and Career Reviews

Since we evaluate the conduct and performance of employees under our position-based pay system, supervisors have meetings with their team members individually three times a year, at the start, interim, and end, to confirm duties and targets, monitor progress, and discuss career development.

When discussing the evaluation, supervisors offer advice and guidance on improving results and the employee's conduct. This enables employees to objectively understand their own strengths and weaknesses, which aids them in achieving further growth. Supervisors also use this information in future development plans for the employee.

■ Career Matching System

Canon Inc. has also established an internal career matching system to support its employees in pursuing satisfying careers. The system matches the right people to the right jobs, promotes internal mobility of human resources, and brings greater vitality to the company. In 2018, 160 employees were transferred through this system.

Since 2016, we have been providing a trainee-style career matching system featuring a combination of training and internal recruitment. Employees who wish to take on new work challenges in a field where they have no experience can receive training opportunities to gain requisite skills, and take up a position based on their skill level.

■ Other Career Development Support

To support career development for employees who are highly motivated for self-development, Canon Inc. provides a full complement of training, events, and e-learning programs. Some were held at weekends and others were held after work during the campaign period to promote work-life balance*. In 2018, participants in these programs exceeded 3,600.

* Campaign period to promote work-life balance: As part of a drive to reform work styles, from July to September, we set our work hours forward to enable workers to finish earlier.

■ Post-Retirement Career and Life-Plan Training

Canon holds Creative Life Seminars for employees when they reach the ages of 50 and 54 in order to help them plan for their retirement years. By providing employees with an opportunity to think about their life plan and career plan at an early stage, we help them to systematically plan and prepare for life after the age of 60.

Various Certification and Award Programs

Canon has established certification and award programs to honor Group employees for their outstanding achievements.

At the Canon Summit Awards, Canon honors Group companies, divisions, teams and individual employees who have made a major contribution to the development of the company in terms of activities or products. Canon recognizes employees with numerous other accolades: the Invention Award, the Quality Award, and the Production Innovation Award for outstanding activities; the Canon Meister Certification/ Commendation for contributions to advancements in manufacturing using a wide range of skills; the Canon Master Craftsman certification for outstanding skills that Canon should pass down; the Environment Award for excellent environmental practices; and the Procurement Innovation Award for activities that greatly contribute to enhancing procurement functions.

Canon Inc.'s Human Resource Development System

Position		Rank-Based Training	Invitational Programs	Elective Training (incl. e-learning)	Self-Development Support
Group Executive			Canon Management School		
Senior General Manager/ Plant Manager	Principal Staff Engineer	LEAD III	Global Leadership Training Training for Group company presidents	Global skills training (language, preparation for overseas transfer, TOEIC, etc.)	
General Manager	Senior Staff Manager	LEAD II	Training for production managers	PC training (MS-Office, OS/HTML, security, etc.)	
Manager	Staff Manager	LEAD I	Training for overseas managers	External training, lectures, etc.	
Assistant Manager/ Foreman	Senior Engineer/ Associate Staff Manager	Training for newly appointed assistant managers and foremen Training for newly appointed G4 level employees	Production-related department training	Manufacturing training	Interpersonal skills and conceptual skills training
General employee		Training for newly appointed G3 level employees	Training for global staff	Specialized technical training	PC training
		Training for newly appointed G2 level employees	Asia/Europe-US Trainee Program		Language training
		Training for newly appointed G1 level employees	Overseas Study Program for Technicians		Correspondence course
		Training for newly hired employees Training for mid-career hires			
Unofficial graduate hires		Training course for provisional hires			

Data Summary (As of December 31, 2018)

Number of Canon Group Employees

	2014	2015	2016	2017	2018
Japan	69,201	68,325	72,913	73,665	73,460
Europe	22,356	24,826	25,511	25,623	25,281
Americas	18,029	17,635	19,160	18,448	18,361
Asia and Oceania	82,303	78,785	80,089	80,040	77,954
Total	191,889	189,571	197,673	197,776	195,056

Breakdown of Employees (Canon Inc.)

	2014	2015	2016	2017	2018	
Total Number of Employees	26,409	26,360	26,246	26,075	25,891	
By Gender	Male	22,430	22,370	22,261	22,027	21,794
	Female	3,979	3,990	3,985	4,048	4,097
By Age Group	Under 30	3,404	3,193	2,922	2,853	2,938
	30s	7,764	7,508	7,253	6,924	6,462
	40s	8,072	7,843	7,772	7,419	7,218
	50s	6,409	6,919	7,280	7,747	7,991
	60 and over	760	897	1,019	1,132	1,282
By Classification or Contract Type	Regular Employees	26,384	26,335	26,227	26,002	25,779
	Non-regular Employees*	25	25	19	73	112

* Non-regular employees: Contract workers and part-time workers

Number of New Hires and Employees Leaving the Company (Canon Inc.)

	2014	2015	2016	2017	2018	
Newly Hired Employees	Male	377	368	316	472	520
	Female	86	81	70	106	142
	Total	463	449	386	578	662
Employees Leaving the Company/Turnover Rate	Employees Leaving the Company	228	291	281	369	442
	Turnover Rate (%)	0.9	1.1	1.1	1.5	1.8

Breakdown of Executives (Canon Inc.)

	2014	2015	2016	2017	2018	
By Gender	Male	41	43	46	48	46
	Female	0	1	2	2	2

Composition of Executives by Age (Canon Inc.)

	50s	60s	70s	80s	
By Gender	Male	21	20	4	1
	Female	2	0	0	0

Percentage of Employee Membership in the Canon Workers' Union*¹

	(%)				
	2014	2015	2016	2017	2018
Canon Inc.	83	81	81	80	81
Key Group Companies in Japan* ²	89	87	91	87	85

*¹ Figures for Canon Inc. are as of the end of the year. Figures for the key Group companies in Japan are as of the end of August.

*² Key Group Companies in Japan: Member unions of the Canon Group Workers' Union Conference (19 companies).

Ratio of Internationalization in Canon Group Companies Outside Japan

	(%)		
	Americas	Europe	Asia (excluding Japan)
Presidents	35	93	25
Managers	90	97	93

* Share of non-Japanese appointed as presidents and managers.

Comparison of Canon's Minimum Wage to Local Minimum Wage

		Japan	U.S.	China
Local Minimum Monthly Wage		147,750 yen	1,257 dollars	1,770 renminbi
Canon	Standard Minimum Monthly Wage	167,900 yen	1,924 dollars	2,508 renminbi
	Ratio Compared to Local Minimum Wage	114%	153%	142%

* Figures represent wages for leading manufacturing companies in each region, not average wages.

Base Salary and Total Salary per Employee by Gender (Canon Inc.)

		Female : Male
Base Pay	Management	100 : 106
	Non-Management Employees	100 : 117
Total Pay	Management	100 : 106
	Non-Management Employees	100 : 121

* The compensation system is the same for men and women. Differences are due to such factors as age and grade level.

Annual Hours Worked per Employee (Canon Inc.)

	(hrs)				
	2014	2015	2016	2017	2018
Total Hours Worked, Canon Inc.*	1,751	1,762	1,721	1,735	1,737

* Regular/post-retirement employee survey data (Canon Inc.).

Number of Employees Taking Childcare and Nursing Care Leave (Canon Inc.)*^{1*2}

	2014	2015	2016	2017	2018
Taking Childcare Leave	168 (22)	184 (30)	186 (43)	186 (43)	216 (78)
Using Reduced Work Hours for Childcare	144 (7)	142 (10)	132 (4)	122 (11)	130 (9)
Taking Maternity Leave	27	34	30	21	29
Working Reduced Hours due to Pregnancy	6	7	5	2	4
Taking Nursing Care Leave	13	9	15	11	14
Using Reduced Work Hours for Nursing Care	6	6	4	4	5
Applications for Childbirth Support* ³	222	260	248	255	208

*¹ Number of employees in that year using the system for the first time.

*² () Number of male employees.

*³ Childbirth support includes leave and financial support for fertility treatment.

Return/Retention Rates and Number of Employees Returning from Childcare/Nursing Care Leave (Canon Inc.)

		2014	2015	2016	2017	2018
Returning from Childcare Leave	Number of Returning Employees	132 (22)	169 (30)	185 (37)	164 (38)	210 (79)
	Return Rate (%)	100	100	97.3	98.2	98.6
	Retention Rate (%)	98.4	99.4	98.8	97.3	98.2
Returning from Nursing Care Leave	Number of Returning Employees	13	9	18	6	14
	Return Rate (%)	100	100	100	100	87.5

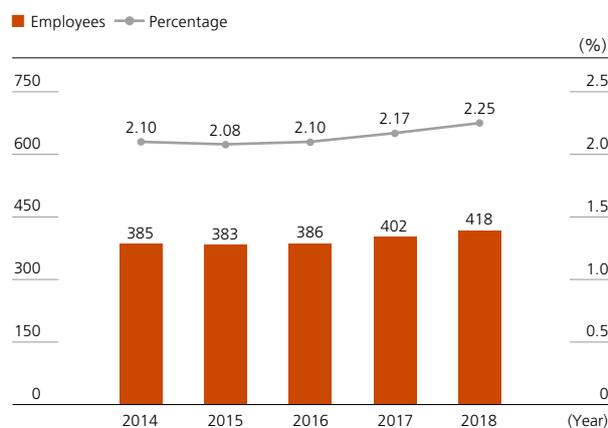
* () Number of male employees.

* Retention rate: (The total number of employees who are registered as of 12 months after returning from childcare leave) ÷ (The total number of employees who returned to work from childcare leave during a previous report period) × 100.

Percentage of Women by Position (Canon Inc.)

	2014	2015	2016	2017	2018
Employees	15.1	15.1	15.2	15.5	15.8
Managers	1.9	2.0	2.2	2.6	2.6
Executives	0.0	2.3	4.2	4.0	4.2

Number and Percentage of Employees with Disabilities at Canon Inc.



Numbers and Frequency of Occupational Accidents (Canon Inc., Key Group Companies in Japan)

	2014	2015	2016	2017	2018
Accidents Requiring Time off Work	19	25	18	22	24
Accidents not Requiring Time off Work	133	110	112	101	106
Frequency Rate* ¹ (%)	0.20	0.25	0.18	0.22	0.24
Severity Rate* ² (%)	0.108	0.007	0.006	0.006	0.009
Frequency Rate for the Manufacturing Industry (%)	1.06	1.06	1.15	1.02	— ^{*3}
Severity Rate for the Manufacturing Industry (%)	0.09	0.06	0.07	0.08	— ^{*3}

*¹ Frequency rate indicates the prevalence of occupational fatalities and injuries per 1 million working hours.

*² Severity rate indicates the degree of the disaster with the labor loss days per 1,000 total of working hours.

*³ The frequency rate and severity rate for the manufacturing industry for the year ended March 2019 has not been published as of April 2019.