

Initiatives for Society

Canon has identified two social material topics by considering the positive and negative, direct and indirect impacts of Group activities in the social domain. We are moving ahead with a variety of initiatives to address these topics. This report focuses on respecting human rights, in the area of human rights and labor that we have positioned as a very important topic.

Identified material topics	Major initiatives
Human rights and labor (Very important)	<ul style="list-style-type: none">• Respecting human rights• Hiring and treatment of human resources• Diversity, equity and inclusion• Occupational safety and health management• Human resource development and personal growth
Sociocultural support activities (Important)	<ul style="list-style-type: none">• Canon Young People Programme to foster creativity and expressiveness in young people• Miraisha Programme aiming to increase employment opportunities and technical skills in Africa• 4E's Project providing multi-faceted assistance in India• Tsuzuri Project special exhibition preserving ancient Japanese cultural assets for the future

Respecting Human Rights

Canon respects the human rights of all stakeholders involved in its business activities, including employees and business partners.

Basic Approach

Based on the UN Guiding Principles on Business and Human Rights, Canon respects the human rights of employees, business partners and other stakeholders involved in its business activities. Based on the advice of outside experts, Canon works to ensure human rights using the following measures: (1) formulating a human rights policy; (2) undertaking human rights due diligence; (3) instituting and operating a grievance mechanism; (4) conducting human rights awareness training; (5) activities aimed at engaging with stakeholders on human rights issues; and (6) addressing human rights risks in the supply chain.

Promotion System

At Canon Inc., the CFO holds the responsibility as the executive of human rights, while the sustainability, legal, and human resources divisions of Canon Inc. serve as the secretariat, pursuing human rights initiatives. The secretariat formulates an overall plan for human rights initiatives, establishes and operates grievance mechanisms, conducts stakeholder engagement, and reports important matters to the executive in charge. Potential human rights violation risks have been identified as a significant risk by the Risk Management Committee established by a 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.

We also established a Human Rights Working Group in April 2024 under direction of the Sustainability Committee, which engages in activities aimed at ensuring appropriate human rights disclosure.

➤ Risk Management Committee [P55](#)

(1) Formulating a Human Rights Policy

Having instituted the Canon Group Human Rights Policy in the name of the Chairman and CEO in 2021, Canon is promoting efforts to respect human rights. This policy expresses Canon's commitment to respect human rights and to take measures to protect human rights under the corporate philosophy of *kyosei*, which we embed into our operational policies and procedures. It stipulates that Canon 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 prohibition of child labor, forced labor, 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 communicated to employees and stakeholders in each country and region via our website.

➤ Canon Group Human Rights Policy <https://global.canon/en/sustainability/society/human-rights/pdf/hr-policy-e.pdf>

(2) Implementation of Human Rights Due Diligence

Based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, we undertake human rights due diligence across the Group, as one of the activities under the Risk Management Committee.

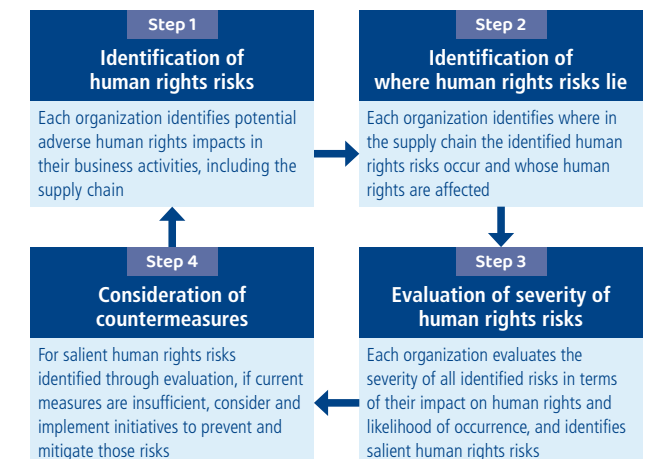
Each Canon Inc. division and Group company conducts human rights due diligence in their respective business activities, including the supply chain, following the process shown in the diagram to the right. They identify and evaluate potential adverse human rights impacts and determine salient human rights risks. In assessing human rights risks, they refer to resources such as the country/region-specific human rights risk index provided by the Responsible Business Alliance (RBA).

In addition, we assess human rights risks for new businesses.

For example, when conducting an acquisition, we examine the target company's compliance with labor standards, health and safety laws, and other regulations as part of due diligence to confirm that there are no serious human rights risks at the company that is newly joining the Group.

As part of an International Labour Organization (ILO) project entitled "Building Responsible Value Chains in Asia" funded by Japan's Ministry of Economy, Trade and Industry, Canon's initiatives in this area were cited as an example of good corporate practices in Japan and featured in an article on the website of the Japan External Trade Organization (JETRO).

Canon's human rights due diligence process



Salient Human Rights Risks for Canon

Among the potential human rights risks that may arise in Canon's business activities, the salient human rights risks identified are listed in the table below, and various countermeasures are being implemented to prevent and mitigate these risks.

	Rights-holders				Measures
	Suppliers/ Contractors	Canon employees	Customers/ Consumers	Local communities	
Discrimination based on such factors as race, gender, or religion		●			Thoroughly disseminate Canon Group Code of Conduct with company
Harassment		●			Raise awareness through training and meetings to prevent harassment
Child labor	●				Engagement through supplier questionnaires
Forced labor	●				
Unpaid wages/low wages	●				
Excessive overtime work		●			Implement so-called "no overtime days" (twice a week), educate managers on how to thoroughly manage subordinates' working hours in training sessions, and set alerts for employees who may exceed overtime limits
Occupational health and safety	●				Engagement through supplier questionnaires
Protection of privacy		●			Monitor trends regarding tighter personal data protection regulations in various countries and regions, and ensure compliance with rules for handling cookie data
Procurement of conflict minerals			●		Create and ensure compliance with rules and guidelines for information dissemination through advertising, public relations, websites, and social media
Noise, environmental pollution at operational sites				●	In all aspects of corporate activities, comply with applicable national and regional laws and agreements with other stakeholders, while promoting energy and resource conservation and the elimination of hazardous substances
Health damage or accidents caused by products			●		Manage and understand quality issues that occur in the market as well as their severity, and take action to prevent their recurrence

Respecting Human Rights

(3) Instituting and Operating a Grievance Mechanism

At Canon Inc., we have set up an internal reporting system that allows employees to report specific human rights concerns. We also work to raise awareness of the reporting system via the Company intranet and training programs, among other measures, and are taking steps to ensure its appropriate use. We have another reporting system for external stakeholders. Both internal and external systems maintain the privacy of informants to ensure that they are not treated unfairly for reporting. We also make it possible to report anonymously. For any reported cases, we conduct investigations to ascertain the facts, and if a problem is identified, we take the necessary measures to remedy the problem and prevent recurrence.

In 2024, Canon received 140 cases concerning human rights-related issues (discrimination/harassment, wages, working hours, etc.). Out of these 140 cases, 27 cases for which Canon completed investigations as of the end of 2024 required remedying. For cases that required remedying, we issued warnings or guidance to the employees at fault or relevant departments, as well as disciplinary action or transfers.

▶ Responsible Business Conduct Hotline <https://global.canon/en/contact/csr/csr-form-e.html>

Number of reported cases and compliance violation reports over the past three years

	2022	2023	2024
Annual number of reported human rights cases (as of each year-end)	110	94	140
Number of reported cases where compliance violations were confirmed after investigation (as of each year-end)	21	17	27
Category			
Discrimination/harassment	16	14	23
Labor management	5	3	4

(4) Human Rights Awareness Training

Since 2021, we have been carrying out an online learning program for employees to instill basic knowledge about business and human rights and raise awareness of Canon's human rights initiatives. The training programs delivered overseas reflect national and local characteristics, and each company has optimized the content and translated it into each language.

Handbook to Inform Employees

Canon Vietnam has issued an employee handbook that covers the Canon Group Code of Conduct, the RBA Code of Conduct, and various internal rules of Canon Vietnam, including those relating to the protection of human rights, to further improve the workplace environment and deepen mutual understanding between the company and employees.



(5) Stakeholder Engagement

The OECD Due Diligence Guidance for Responsible Business Conduct states that it is important for companies to engage with stakeholders when identifying and assessing the actual or potential adverse impact caused by corporate activities, and when devising measures to prevent or mitigate such impact. In addition to the Canon Workers' Union, Canon is engaged in dialogue with institutional investors, suppliers, and business partners.

Example of Stakeholder Engagement

To identify and assess salient human rights risks and to consider measures for prevention, we organized dialogues with the union relating to issues that represent human rights risks for employees, including discrimination based on factors such as race, gender, or religion, as well as topics related to harassment, excessive overtime work, occupational health and safety, and protection of privacy. Through dialogues in 2024, we identified trends in corporate responses to human rights issues and exchanged opinions on a wide range of concerns, including the active participation of women in the workforce, issues involving sexual minorities and people with disabilities, and consultations about harassment and efforts to address these issues, as well as concerns about employee career development and telework and other types of flexible work styles. The results of these discussions are taken into consideration when we identify and assess salient human rights risks for Canon and consider preventive measures.

Respect for Freedom of Association and the Right to Collective Bargaining

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



Human rights dialogue with the Canon Workers' Union

(6) Addressing Human Rights Risks in the Supply Chain

Prevention of Excessive Overtime Work

We have instituted a system to accurately ascertain the working hours of employees at overseas production sites deemed to be subject to a notably high risk of excessive overtime work. Actual results on working time management, including overtime work, are reported annually to Canon Inc.'s HR division. Work guidelines were introduced to Canon Group production companies based in Asia in 2015 as part of human rights risk-related initiatives. In 2022, we overhauled these guidelines to make them consistent with RBA standards, extending them to all our domestic and overseas Group production companies.

Prevention of Harassment

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

Prevention of Child and Forced Labor and Unreasonable Restrictions on Movements

We use the RBA's SAQ (Self-Assessment Questionnaire) at Canon Group domestic and overseas production sites. Based on survey responses, we confirm there is no evidence of child or forced labor or any unreasonable restrictions on workers' movements on the site or while at work. In addition, we have confirmed that Group companies do not retain original documents of employees' personal ID documents through the SAQ.

In order to prevent child labor, we thoroughly check the age of employees when they enter the company, and we have developed a response flow in case an employee who is under the minimum working age is found. In addition, young workers under the age of 18 are prohibited from working any overtime, working at night time, or engaging in dangerous work, thereby giving consideration to their health.

Ongoing Monitoring

Canon continuously monitors compliance with the content set out in the Canon Group Human Rights Policy. We also pursue ongoing efforts to improve our identification and assessment methods for human rights due diligence, and periodically review them throughout the Group. We also review the Group's human rights initiatives in accordance with social demand, dialogue with stakeholders, and Canon's business operations.

Compliance with Modern Slavery Act

Canon identifies the risks of forced labor, human trafficking, and child labor within the Group and in our supply chain and publishes an annual statement in accordance with the modern slavery laws of each country and region.

Supply Chain Management

Basic Approach

Having formed partnerships with suppliers worldwide, from whom it purchases considerable numbers of components, such as electronic parts, mechanical parts, units and materials, Canon believes it has a responsibility as a global manufacturer to consider the social and environmental impact of its procurement activities. In 2019, in line with this approach, Canon joined the RBA, a coalition of companies that promotes socially responsible global supply chains.

Besides focusing on legal and regulatory compliance related to procurement from a global standpoint, Canon believes in the importance of dealing with suppliers in a fair and transparent manner. We promote an open procurement approach utilizing a broad base of suppliers worldwide.

Policies

Canon's Procurement Policy establishes our basic stance on procurement, with the emphasis placed on observing corporate ethics, environmental conservation, and fair and equitable business conduct. We are working to develop a socially responsible global supply chain on issues such as labor, occupational health and safety, the environment, corporate ethics and management systems. We have also formulated the Canon Supplier Code of Conduct, based on the RBA Code of Conduct that has been translated into more than 20 languages, including English, Chinese, Japanese, Thai, and Vietnamese. In July 2024, we also formulated and distributed to suppliers the Canon Sustainability Supplier Guidelines, which summarize our initiatives for addressing climate change, human rights, and other important issues related to sustainability, as well as requests for supplier cooperation and surveys, and the standards set out in the Canon Supplier Code of Conduct and Green Procurement Standards. Based on these guidelines, we will continue to strengthen sustainable procurement in our supply chain. Our Procurement Policy and the Canon Sustainability Supplier Guidelines are published on our website to inform all stakeholders.

To strengthen cooperation with suppliers, the procurement annual meeting with our major suppliers is utilized to explain procurement policies, request compliance with the Canon Sustainability Supplier Guidelines, and report on related activities. In addition, we raise awareness of the code by conducting an annual survey of our suppliers worldwide, while also asking first-tier suppliers to ensure their supply chains (Canon's second-tier suppliers) understand and comply with the Canon Sustainability Supplier Guidelines.

Promotion System

The Procurement Headquarters of Canon Inc. oversees and promotes procurement activities across the Group. A central unit has been established to manage internal procurement-related controls, including setting rules, monitoring operational status, and training staff.

Policy items and significant matters regarding legal violations and risks relating to business operations are deliberated by the Risk Management Committee in terms of how to respond to business risks and opportunities and the measures required, with reporting to the CEO and the Board of Directors as needed.

Fulfillment of Social Responsibility in the Supply Chain

Canon's Supply Chain

Many manufacturers outsource assembly operations or other production processes to outside contractors; however, due to the strong focus and importance Canon places on manufacturing, we not only carry out product assembly but also manufacture certain components, parts, and materials in-house at Canon Inc.'s operational sites or at Group manufacturing companies (hereinafter "Canon production sites"). Canon production sites located in Japan, China, Taiwan, Malaysia, Thailand, the Philippines, Vietnam, the United States, and Europe are responsible for supplying Canon products to Canon Inc. as well as Group marketing subsidiaries and affiliates. As the head of the Canon Group, Canon Inc. supervises Canon production sites that directly employ large numbers of people. Canon production sites also have partnerships with thousands of suppliers unaffiliated with the Canon Group, from whom they purchase considerable numbers of components, such as electronic parts, mechanical parts, units, and materials.

Canon Group Initiatives

We are using the RBA's Self-Assessment Questionnaire (SAQ) to assess the risk of human rights violations at 64 Canon Group production sites worldwide and confirm that the sites are not making use of child labor or forced labor and are respecting workers' freedom of association and right to collective bargaining. In addition, Canon conducts internal audits, including on-site inspections, and undergoes regular external audits. In 2024, 22 sites worldwide underwent VAP audits by the RBA. Some items were pointed out at sites that were audited in 2024, and we are taking corrective actions as follows:

- Management of working hours and wages of workers, including on-site subcontractors, and employee cost burden

Emergency exits, evacuation routes, and disaster prevention equipment

Evacuation route maps, guidance signs

Expansion of languages needed for safety and health information

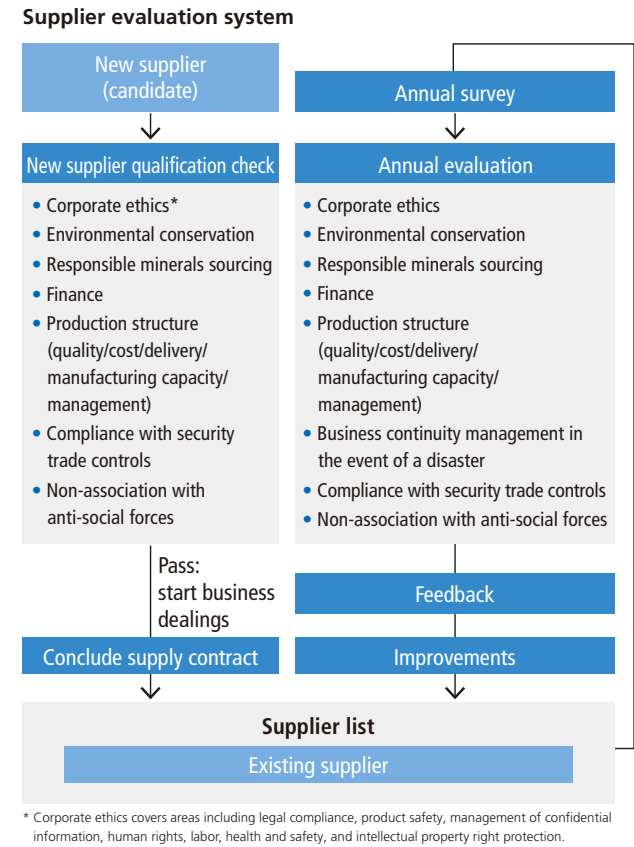
First aid kit management, signs directing use of protective equipment

Initiatives with Suppliers

Before starting business dealings with a new supplier, Canon conducts an assessment based on the Canon Sustainability Supplier Guidelines following the supplier evaluation flow (as shown on the right). Only those suppliers that meet these standards are registered on the supplier list. Canon 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. We conduct on-site audits of suppliers with low evaluations and provide guidance and instruction for improvement. In particular, Canon may choose to terminate business with suppliers if they are not complying with laws and social norms covering areas such as human rights, labor, and the environment.

For parts and materials suppliers of its main business products ("major suppliers"), Canon uses an RBA-approved SAQ to identify their labor, health and safety, environmental, and ethical risks. Our 2024 survey of 378 companies elicited responses from 372 companies. Suppliers that did not reply to the survey were followed up individually. As a result, no major suppliers were identified as high risk. However, we provided feedback on each item to the major suppliers and requested that they identify weaknesses and improve on them. We also conduct online meetings and arrange site visits to help verify the SAQ responses of a select number of major suppliers around the world. Furthermore, we request major suppliers to sign an agreement concerning the RBA Code of Conduct.

We have obtained agreements from 98.1% of our major suppliers. Since 2022, at our core business production sites, we have been carrying out risk assessments related to labor, health and safety, the environment, and ethics for the major on-site service providers related to security, cleaning, cafeterias, labor agencies, and facility and dormitory management companies.



Addressing the Issue of Responsible Minerals Sourcing

Products manufactured and sold by the Canon Group and numerous other corporations contain materials that originate from a variety of minerals. These materials are sourced through diverse supply chains from their places of origin throughout the world. Mineral mining sites, smelters or other processing sites for some of those materials have been shown to have links to armed groups, serious human rights violations or environmental destruction. Corporations are therefore being called upon to exercise their social responsibility by identifying conflict/high-risk regions and avoiding the use of materials supplied from business operators disrespecting human rights or environmental conservation in those regions. To reassure customers using Canon products, we are working with suppliers and industry bodies on responsible mineral sourcing initiatives.

At Canon, we use the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT), which are standard questionnaires published by the Responsible Minerals Initiative (RMI), as well as Canon's own questionnaires when necessary, to identify and assess risks. We use the results of these surveys to inform risk-mitigation efforts in this area.

In 2024, we requested suppliers to respond to CMRT/EMRT-based surveys and received responses from approximately 90% for the CMRT (3TG: tin, tantalum, tungsten, gold) and approximately 83% for the EMRT (cobalt).

Based on the survey responses, there was no evidence pointing towards significant human rights or environmental risks. However, the complex nature of the supply chain makes it difficult to identify specific smelters or in many cases to obtain clear responses. Given these and a range of other survey challenges, Canon is working for further risk identification and improvement.

In line with OECD Guidance, the assessment framework of the Canon Group surveys, the results, risk analyses, and information relating to specific smelters are published annually in the Conflict Minerals Report on our website.

➡ Conflict Minerals Report <https://global.canon/en/sustainability/society/conflict/>