

Canon Europa NV, Canon Europe Ltd and Canon UK Ltd Modern Slavery Act Statement for Year Ended 31 December 2017

Canon Europa NV, located in Amstelveen (The Netherlands), Canon Europe Ltd located in Uxbridge, (UK), together referred to as Canon Europe, and Canon UK Ltd located in Reigate (UK) make this statement pursuant to the United Kingdom Modern Slavery Act (2015), providing transparency on our policies and due diligence strategy, to prevent the occurrence of modern slavery in our operations and supply chains for the fiscal year ended 31 December 2017.

OUR BUSINESS

Canon Europe is a part of Canon Inc, a world leading innovator and provider of digital imaging technologies for people, businesses and industry. Canon Europe is one of Canon's three regional headquarters looking after its own strategy creation, marketing, service and support for its markets in Europe, the Middle East and Africa (EMEA region).

Canon (UK) is the UK marketing and sales operation and a subsidiary of Canon Europa NV. In the UK and Ireland Canon currently employs around 2,050 people in various locations including the head office in Surrey, London, Birmingham, Livingston (Scotland) and Belfast.

As of December 31, 2017, Canon Inc.'s global consolidated net sales were 4,080.0 billion yen and the Canon Group had over 198,000 employees. Net sales in Europe over 2017 were 1,028.4 billion yen. Canon Europe and its subsidiaries across the EMEA region had a workforce of around 26,000 employees. Further details about our corporate activities can be found on the Canon website (<http://global.canon/en/>).

OUR SUPPLIERS

Canon Europe and Canon UK obtain almost all of their commercial products from Canon Inc, manufactured by Canon Group manufacturing companies located in Japan, China, Thailand, the Philippines, Vietnam, Malaysia, Taiwan, Hong Kong, the United States, Brazil, Germany, France, the Netherlands, and other countries/regions.

In Europe we source printing paper, packaging and relatively small numbers of non-Canon commercial products mostly from regional suppliers. We also source a variety of services from suppliers across the EMEA region and beyond, including warehousing and distribution, real estate and facility management, ICT, marketing and communication, finance, travel etc.

OUR POLICIES

Canon's corporate philosophy of Kyosei, which literally means 'living and working together for the common good', is integral to our business and underpins our EMEA Sustainability vision, which is to 'grow the positive power of imaging technology and services'.

The [Canon Group CSR Basic Statement](#) specifies that Canon prohibits child labour and forced labour (including human trafficking). It also stipulates the “request that business partners take steps to address basic social responsibility for such issues as the environment, human rights, labour and compliance within the supply chain, and confirm the implementation of said steps”.

The Basic Statement specifies that Canon respects and complies with international initiatives such as the Universal Declaration of Human Rights, the United Nations' Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Canon Europe has been a signatory to the UN Global Compact since January 2014, thereby fully supporting the ten principles, which include the elimination of all forms of forced and compulsory labour (Principle 4). Canon Europe is committed to ensuring that the principles are consistently followed across our business operations and supply chains.

Our Codes of Conduct

The Canon Group Code of Conduct, established in 2001 and covering the entire Canon Group globally, provides specific standards of conduct that all executives and employees of the Group must abide with including on compliance, corporate ethics, integrity and non-discrimination.

In 2013 Canon Europe and Canon UK introduced a Supplier Code of Conduct that applies to all its suppliers and is embedded in our [General Purchase Terms and Conditions](#) and our procurement contracts. We expect all of our suppliers to operate according to this Code and follow the principles contained within the International Bill of Human Rights, the Covenants of the International Labour Organisation (“ILO”) and other relevant international treaties and covenants. This Supplier Code of Conduct requires suppliers to “ensure not to use or facilitate any forced or compulsory labour, including debt bondage, trafficking and other forms of modern slavery”.

Our Whistleblower Policy

Canon Europe and Canon UK have local grievance mechanisms, including a Whistleblower Policy, in place for employees to raise their concerns on any issue, including modern slavery. The Whistleblower Policy sets out the process for individuals working for the Canon Europe Group, which includes permanent and temporary workers as well as contractors, to raise concerns that they have, including in respect of the Modern Slavery Act (2015). We ensure that there is protection in place for employees who have made disclosures.

Our business risks and due diligence

Most Canon branded products are assembled by Canon Group manufacturing companies, instead of outsourcing or subcontracting their production. Canon Group manufacturing companies strictly manage employment and recruitment in

compliance with local laws and regulations, and the Canon Group Code of Conduct. Since Canon Inc began surveying its manufacturing companies in 2013, no issues relating to human trafficking, forced labour or other forms of modern slavery have been found.

Our supply chain risks and due diligence

Canon Inc has established a due diligence programme to review suppliers' approach to human rights and labour conditions and compliance (among other matters). This has been conducted through supplier inspections since 2015. For this, Canon applies a Corporate Ethics Survey, based on ILO standards and the Responsible Business Alliance's (RBA) guidelines.

More details on Canon's supply chain management can be found on <http://www.canon.com/csr/management/supply-chain.html>. In 2017, a survey on forced labour and human trafficking among Canon's suppliers did not reveal any incident within the scope of the responses collected.

Canon Europe and Canon UK have also assessed modern slavery and human trafficking risks within their regional supply chains. In general, industries with higher risk of modern slavery incidences in our regional supply chains include warehousing and distribution, real estate and facility management services, manufacturing and forestry.

In 2017 Canon Europe has advanced its supplier assessment programme on modern slavery in these industry segments. Under this programme Canon Europe has assessed suppliers representing 65% of its spend on warehousing and distribution, 75% of its spend on paper mills and we have completed our assessment of real estate and facility management service suppliers. So far, the supplier assessment has not revealed any practices among regional suppliers that are non-compliant with our policies. Our objective is to finalise this supplier assessment programme in 2020 at the latest.

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

TRAINING AND CAPACITY BUILDING

To ensure an adequate level of understanding of the risks of modern slavery and our due diligence strategy to prevent its occurrence in operations and procurement of products and services, Canon Europe has provided classroom training to relevant employees. In order to obtain insights into real cases of modern slavery we invited FairWork, a non-profit organisation that focuses on the prevention and mitigation of human rights and labour issues, to partially deliver this training.

Canon UK requires all employees to complete an online training course and encourages them to raise any concerns or suspicions about modern slavery in any parts of our business or supply chain.

SIGNATURE

This statement is made pursuant to Section 54 (1) of the Modern Slavery Act (2015) in respect of the financial year ended 31 December 2017.

Signed on behalf of Canon Europa NV / Canon Europe Ltd / Canon (UK) Ltd.

Dated 25th June 2018



Yuichi Ishizuka

CEO & President Canon Europa NV and Canon Europe Ltd



Stephen Bates

Managing Director Canon UK Ltd