CANON AUSTRALIA

MODERN SLAVERY STATEMENT

For the Reporting Period 1 January 2021 to 31 December 2021
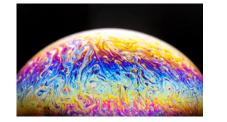
Canon

Image by Robert Sampang,
Canon Oceania Employee.
Shot on a Canon EOS 60D.

CONTENTS

01

REPORTING ENTITY

This is the Modern Slavery Statement of Canon Australia Pty Ltd (ABN 66 005 002 951) and its subsidiaries (refer to operating structure figure 1). Canon products officially began being distributed in Australia in 1973. Its registered office is now at Building A, 5 Talavera Road, Macquarie Park NSW 2113. Canon Australia is a wholly-owned subsidiary of Canon Inc.

Image by Colin Lucas,
Canon Oceania Employee.
Shot on Canon EOS R.

02
STRUCTURE

CANON INC.

2.1 Canon Global Structure

Canon Inc. is a Japanese corporation established in 1937 and headquartered in Tokyo, Japan. Canon Inc. is the parent company of the Canon Group and operates four business segments: The Printing Business Unit, the Imaging Business Unit, the Medical Business Unit and the Industrial and Other Business Unit. The Canon Group develops, manufactures, and sells office multifunction printers (MFPs), photocopiers, laser printers, cameras, inkjet printers, diagnostic equipment, lithography equipment, and many other products.

As of 31 December 2021, Canon Inc.'s global consolidated net sales were 3,513.4 billion Japanese yen and the Canon Group had approximately 184,000 employees. Further details about the Canon Inc. corporate activities can be found on the official Canon website (https://global.canon/en/).
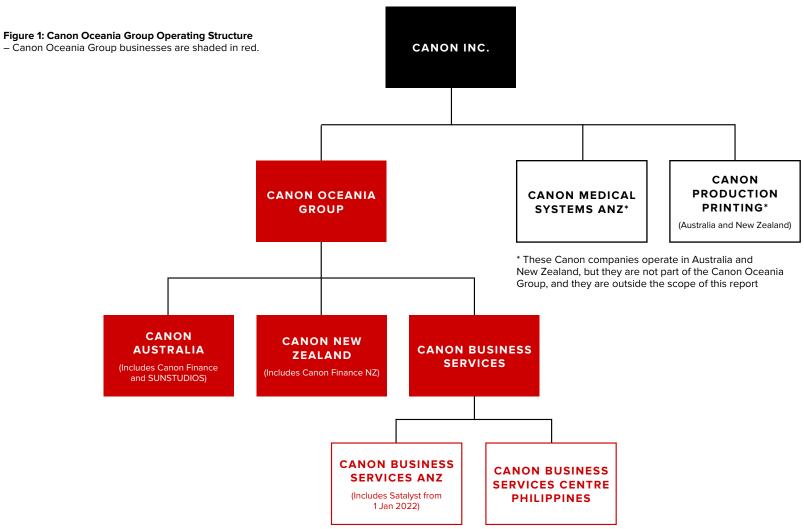
CANON OCEANIA

2.2 Canon Oceania Structure

Canon Australia controls a number of subsidiary companies and their operating structure is shown in figure 1. All of the business units shown under the Canon Oceania Group in Figure 1 are included within the scope of this report (except for Satalyst which was acquired in January 2022). In 2021 Canon Oceania Group reported a consolidated revenue of $644.416 million (AUD) and employed just over 2,000 people.

There are some other Canon Group companies located in Australia and New Zealand: Canon Medical Systems ANZ Pty Ltd, Canon Production Printing Australia Pty Ltd and Canon Production Printing New Zealand Ltd. These affiliate companies are not covered in the scope of this report as they operate independently and are not subsidiaries of Canon Australia.

Within Australia and New Zealand over 78% of revenue in the reporting period came from the sale and servicing of Canon products and services. For this reason, we have included information about Canon Inc. operations and activities to address modern slavery risk throughout this statement.

02
STRUCTURE

Figure 1: Canon Oceania Group Operating Structure
– Canon Oceania Group businesses are shaded in red.

CANON INC.

CANON OCEANIA GROUP

CANON MEDICAL SYSTEMS ANZ*

CANON PRODUCTION PRINTING*
(Australia and New Zealand)

* These Canon companies operate in Australia and New Zealand, but they are not part of the Canon Oceania Group, and they are outside the scope of this report

CANON AUSTRALIA
(Includes Canon Finance and SUNSTUDIOS)

CANON NEW ZEALAND
(Includes Canon Finance NZ)

CANON BUSINESS SERVICES

CANON BUSINESS SERVICES ANZ
(Includes Satalyst from 1 Jan 2022)

CANON BUSINESS SERVICES CENTRE PHILIPPINES

03
OPERATIONS

CANON INC.

3.1   Canon Inc. Operations

Canon's global operations are described in detail on its corporate website and in its Sustainability Report. Canon Inc. joined the Responsible Business Alliance (RBA) in 2019. The RBA is a not-for-profit organisation supporting the rights and wellbeing of workers and communities worldwide affected by the global supply chain.

CANON OCEANIA

3.2 Canon Oceania Group Operations

Canon Oceania is the local sales and marketing arm of Canon Inc. During the 1970s Canon products were distributed in Australia and New Zealand through other local businesses. Canon Australia was incorporated in 1978, Canon Finance Australia in 1988 and Canon New Zealand in 1991. Canon Australia acquired Harbour IT in 2017, Converga in 2019 and Satalyst in January 2022. Together those three companies are operating as Canon Business Services.
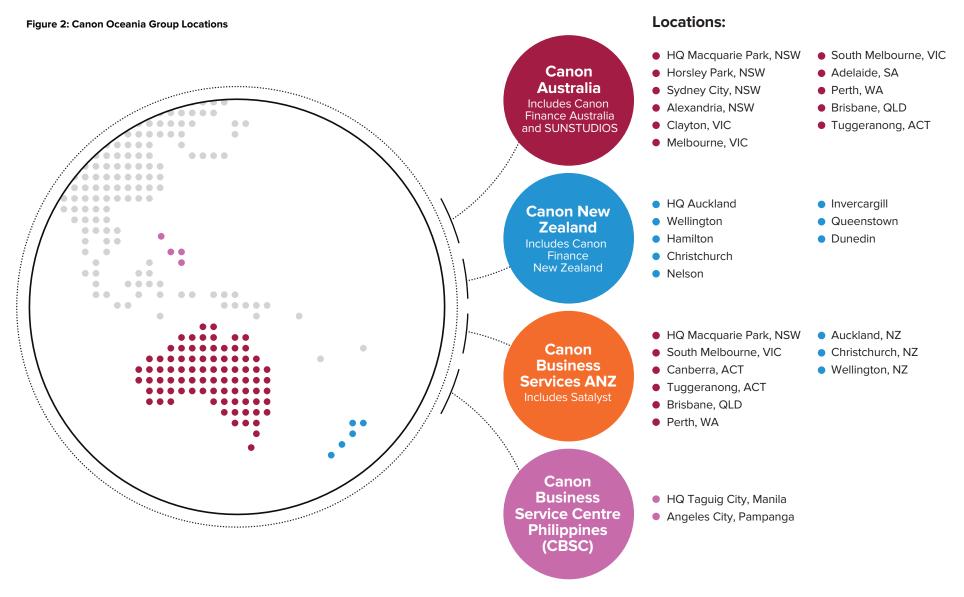
Canon Oceania Group has continued to evolve to meet market needs. The Group is now a diverse imaging and information management organisation with operations in 23 sites across Australia, New Zealand, and the Philippines. Our products and services are distributed through direct and indirect channels including a large network of authorised business partners and resellers, authorised sales agents, and retailers. We also deliver business process outsourcing (BPO) and managed services on end-customers' sites. We do not manufacture any products in Australia or New Zealand apart from software.

Canon Oceania Group companies include the following operations:

COMPANY OR BUSINESS UNIT	BRANDS
Canon Australia Sales and marketing of imaging technology including printers and cameras, support services and solutions for business and consumer markets. Canon Australia also operates SUNSTUDIOS in Australia	**Canon**
SUNSTUDIOS Professional photography, television and video creative hub, specialising in studio and professional imaging equipment hire	**SUN**STUDIOS
Canon New Zealand Sales and marketing of imaging technology including printers and cameras, support services and solutions for business and consumer markets	**Canon**
Canon Finance Provides finance for businesses in Australia and New Zealand buying primarily Canon products and services	**Canon** CANON FINANCE
Canon Business Services Australia New Zealand (CBSANZ) Provides digital transformation, business process optimisation, cloud technologies, and secure IT managed services	**Canon** CANON BUSINESS SERVICES **ANZ** SATALYST
Canon Business Service Centre (CBSC) Based in the Philippines, CBSC provides managed services, business process automation and outsourcing, and managed IT services and cloud-based IT solutions to customers primarily in Australia and New Zealand. CBSC also services a small number of customers in Europe, primarily other Canon Group companies	**Canon** CANON BUSINESS SERVICE CENTRE (PHL)

GROUP OPERATIONS

Figure 2: Canon Oceania Group Locations

Locations:

Canon Australia
Includes Canon Finance Australia and SUNSTUDIOS

- HQ Macquarie Park, NSW
- Horsley Park, NSW
- Sydney City, NSW
- Alexandria, NSW
- Clayton, VIC
- Melbourne, VIC
- South Melbourne, VIC
- Adelaide, SA
- Perth, WA
- Brisbane, QLD
- Tuggeranong, ACT

Canon New Zealand
Includes Canon Finance New Zealand

- HQ Auckland
- Wellington
- Hamilton
- Christchurch
- Nelson
- Invercargill
- Queenstown
- Dunedin

Canon Business Services ANZ
Includes Satalyst

- HQ Macquarie Park, NSW
- South Melbourne, VIC
- Canberra, ACT
- Tuggeranong, ACT
- Brisbane, QLD
- Perth, WA
- Auckland, NZ
- Christchurch, NZ
- Wellington, NZ

Canon Business Service Centre Philippines (CBSC)

- HQ Taguig City, Manila
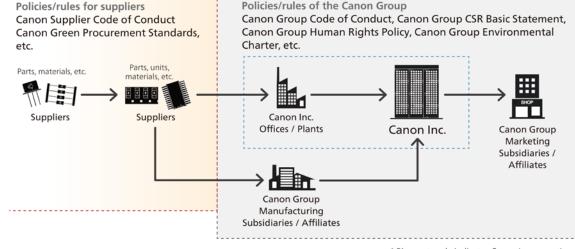- Angeles City, Pampanga

04
SUPPLY CHAIN

CANON INC.

4.1   Canon Inc. 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. operational sites or at Group manufacturing companies (hereinafter "Canon production sites"). Group manufacturing companies 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 Group manufacturing companies 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 many components, including electronic parts, mechanical parts, units and materials. Further information on Canon's subsidiaries and affiliates, their locations, employee numbers and activities, is available in the Canon Group Directory on the Canon Inc. website.

Figure 3: Canon Inc. Supply Chain

Policies/rules for suppliers
Canon Supplier Code of Conduct
Canon Green Procurement Standards, etc.

Policies/rules of the Canon Group
Canon Group Code of Conduct, Canon Group CSR Basic Statement, Canon Group Human Rights Policy, Canon Group Environmental Charter, etc.

Parts, materials, etc.

Suppliers

Parts, units, materials, etc.

Suppliers

Canon Inc. Offices / Plants

Canon Inc.

Canon Group Marketing Subsidiaries / Affiliates

Canon Group Manufacturing Subsidiaries / Affiliates

* Blue rectangle indicates Canon Inc. operations.

04 SUPPLY CHAIN

4.2 Canon Oceania Supply Chain

To support our business, Canon Oceania engages with suppliers across various industries in these broad categories:

Hardware

By far our largest supplier of products and services is Canon Inc. from whom we purchase imaging products, components, and consumables such as toner and ink for resale. We also buy non-Canon products for our internal business use and for resale as part of our business process outsourcing and managed services operations. Information about Canon Inc.'s operations and modern slavery policies and processes are included in this document. Non-Canon IT products are purchased mainly from global suppliers, many of whom have strong public positions on modern slavery. However, we are presently still compiling information on this category and its suppliers including where the products are manufactured.

Logistics, warehouse and transport services

Our logistics functions including warehousing and distribution are outsourced to global and local companies.

IT software, networking and support services

Software for our own use and for resale is purchased from Canon Inc., and other major global brands, mainly through Australian distributors. Networking and support services are generally specialist skills purchased from Australia, New Zealand and the Philippines.

Real estate, property and facilities management services

Includes commercial management of our leased property portfolio and facilities management such as cleaning, security, facilities management, maintenance, repair and operations, utilities and waste management. These services are outsourced and purchased from Australia, New Zealand and to a small degree from the Philippines.

Professional services

These include all advisory services provided to Canon and by Canon to its customers. They are purchased mostly from Australia and New Zealand.

Corporate services

These include services to support the running of the business including recruitment, accounting, office supplies, travel, telecoms, catering and hospitality. They are purchased mostly from Australia and New Zealand.

Business process outsourcing

These Include back-office services and call centre functions that are outsourced from Canon Australia to Canon Business Services Centre.

04 SUPPLY CHAIN

CANON OCEANIA

Advertising, marketing and promotions

These include advertising and marketing services as well as promotional items and marketing material. These products and services are mostly purchased from Australia and New Zealand but at present, we do not have reliable information about the source of promotional products across the whole business/supply chain.

Business Partners and Agents

Canon has 73 authorised business partners and value-added resellers who sell and/or service Canon products throughout Australia and New Zealand. These are small and medium enterprises who provide sales, marketing and technical services. We also appoint local sales agents to sell our business products and services. Our business partners and agents are classified as follows:

– **Canon Business Partner:** Canon sells hardware, software, parts and toner to our Business Partners and they on-sell and manage all service themselves. These include:

- Regional Partners – 40 Partners covering 53 regions

- Metro Partners – 12 partners covering all major metro centres except Canberra

- Pacific Island Partners – 4 Pacific Island partners covering 4 countries being PNG, Fiji, Vanuatu and Samoa

– **Alliance Partners:** These partners are focussed on selling managed print services across all regions. Canon sells the hardware and also a standard volume-based service rate (where the service is provided by Canon directly or by one of its Business Partners).

- 4 Alliance Partners

– **Value added Resellers (VAR):** these are smaller businesses to whom we sell hardware and a standard volume-based service rate (this enables small business an opportunity to set up without incurring the cost of employing staff while building their business and possibly developing into a full Business Partner).

- 13 VAR located in Metro regions

Retailers

Canon consumer products and services are sold largely through Australian and New Zealand retail outlets including large chains and specialty photography outlets.

05
RISKS OF MODERN SLAVERY

CANON INC.

5.1   Risks of Modern Slavery in Canon Global Supply Chain

5.1.1 Canon Group Manufacturing Companies

Most Canon-branded products are assembled by Canon Group manufacturing companies and are managed in accordance with the policies and rules of the Canon Group (see Figure 3).

As the headquarters of the Canon Group, the headquarters divisions, product operations and auditing divisions at Canon Inc. verify the situation at Group companies around the world from the standpoints of internal controls and risk management. In addition, Canon production sites conduct self-assessments relating to labour, health and safety, environment, ethics, management systems, etc. using the RBA Self-Assessment Questionnaire (SAQ). In 2021, Canon conducted SAQ at 54 production sites of our core businesses. No major risks were identified; however, we recognised some issues for improvement, including policy development, which is required by the RBA, documentation of management procedures, and requests to labour agencies and service providers for compliance with the RBA Code of Conduct and monitoring of their compliance. Risks related to the sourcing of minerals and the controls we have in place are covered in section 6.1.6.

05 RISKS OF MODERN SLAVERY

CANON INC.

5.1.2 Human Rights Due Diligence

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

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

The salient risks related to modern slavery that were identified through this process related to Canon suppliers and contractors and included risks of the occurrence of child labour, forced labour and unpaid wages/low wages. The full list of human rights risks identified across the supply chain is shown in the 2022 Canon Inc. Sustainability report page 79.

5.1.3 Canon Inc. Suppliers

Canon is also working to identify risks using the RBA SAQ (Self-Assessment Questionnaire). In 2021, Canon Inc. sent out the questionnaire to 346 suppliers related to major business operations ("major suppliers") and received responses from 330 companies (representing 491 sites). No High-Risk businesses were identified among these suppliers, but we provided feedback on the results of labour, health and safety, the environment and ethics to our major suppliers and requested that they identify weaknesses and improve on them.

05 RISKS OF MODERN SLAVERY

5.2 Risks of Modern Slavery in Canon Oceania Operations and Supply Chain

Canon Oceania's people are mostly directly employed. They are employed by each company under conditions complying with applicable Australian, New Zealand and Philippines law and Canon's global human rights policies and codes. A large part of the workforce constitutes professional employees and contractors. Canon Business Services Australia employs some unskilled or temporary labour. However, these people are generally directly employed by Canon under the conditions described above. During the COVID-19 pandemic and facing labour shortages we did use recruitment agencies in New Zealand to supply casual workers within our Managed Services Business. The companies concerned have published Modern Slavery Statements. We have some geographical risk due to our operations in the Philippines. However, again a large part of that workforce is professional, and they are all direct Canon employees.

Similarly, the products and services delivered through our business partners and agents are delivered by skilled people working under Australian and New Zealand labour laws. Canon has worked with most of these partners over a long period of time and is very familiar with their operations through day-to-day commercial activities and periodic audits.

For these reasons, we consider that the risk of modern slavery occurring in our operations is low.

However, Canon Oceania recognises it is possible that we contribute to or are linked with modern slavery practices in our supply chain. We understand that we are exposed to risk through the fact that we purchase significant quantities of electronic equipment that is rated as a high risk by most modern slavery experts. Risks in this industry occur across the supply chain including raw material sourcing, manufacturing and also the disposal of the equipment if it is not managed in accordance with global hazardous waste regulations.

As our major supplier of electronic equipment is Canon Inc., we rely on its processes to manage the risk, and these are described throughout this statement. For non-Canon products, we are in the process of finding out more about their source. We also appreciate that we have some product and service risk through services that we purchase including logistics, cleaning, catering, and promotional items. We have some geographic risk in that we do not yet know the origin of many of the non-Canon products that we buy. Finally, we consider that we have low risk in our Philippines operations but do not have complete information yet about the products and services we buy locally there. Improving the quality of information that we have about our suppliers and the products and services that they provide is a key point in our action plan described in Clause 6.1.

06

ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

Image by Sharon Kavanagh,
Canon Oceania Employee.
Shot on Canon EOS 5D Mark IV.

CANON INC.

6.1 Canon Inc.

6.1.1 Basic Approach

Based on the UN Guiding Principles on Business and Human Rights, Canon respects the human rights of all stakeholders involved in its business activities, including employees and business partners.

Since its foundation in 1937, Canon has been committed to respecting humanity, treating all employees in a fair and equal manner, without discrimination based on social status, gender, age or occupation. In 1988, following half a century of operations, we established *kyosei* as our new corporate philosophy, and reiterated our commitment to promoting respect for humanity as a global aspiration, working together with stakeholders around the world in that pursuit.

The Canon Group CSR Basic Statement issued in May 2017 was updated in 2021. It reiterates the Canon Group's stance on fulfilling fundamental and universal corporate social responsibility. Article 14 and Article 15 specifies that Canon Group "prohibits child labour and forced labour (including human trafficking) and unreasonable restriction on movement," and Article 20 requests "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 these steps."

06 ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

CANON INC.

6.1.2 Canon Group Human Rights Policy

The Canon Group's Human Rights 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. Canon commits to respect internationally recognized human rights across its business activities, as set out in the Universal Declaration of Human Rights, International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, UN Guiding Principles on Business and Human Rights, and Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

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 prevention of child labour, forced labour, unreasonable restrictions on movement and excessive overtime work, and also the respect for freedom of association and the right to collective bargaining.

The Human Rights Policy is published in Japanese and English and is communicated to employees and stakeholders in each country and region via our website.

In conjunction with the establishment of the Canon Group Human Rights Policy, we carried out an e-learning program for employees with the aim of instilling basic knowledge about business and human rights and widely informing Canon's human rights initiatives. In 2021, a total of 23,313 Canon Inc. employees completed the program (92.5% participation rate of employees who were in scope), which was open to all staff. From 2022, the program will be rolled out successively to Group companies.

06 ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

CANON INC.

6.1.3 Supply Chain-related Policies

Canon Inc. has established the Canon Group Code of Conduct as the set of standards which executives and employees of the global Canon Group are required to observe in the conduct of their duties. Based on the Code of Conduct, the Group has formulated a range of policies, covering matters such as human rights, labour, the environment, legal compliance, procurement, and security, to govern its business activities. These policies include the Canon Group CSR Basic Statement, the Canon Group Environmental Charter, and the Canon Group Human Rights Policy. Meanwhile, our Procurement Policy sets out the Canon Group's basic approach to procurement activities.

We request all Canon Inc. suppliers to ensure that they understand and cooperate with the policy. We have also formulated the Canon Supplier Code of Conduct, based on the RBA Code of Conduct, as the basis for fulfilling social responsibilities in the supply chain. We are working with suppliers to develop a socially responsible global supply chain on issues such as labour, occupational health and safety, the environment, corporate ethics and management systems. We also request from second-tier suppliers understanding and adherence to the Canon Supplier Code of Conduct through first-tier suppliers. We publish the code on our corporate website to make it widely known to stakeholders, while making it known to suppliers globally through an annual survey.

Reference: Canon Group CSR Basic Statement
https://global.canon/en/csr/policy/pdf/statement-e.pdf

Reference: Canon Group Human Rights Policy
https://global.canon/en/csr/people-and-society/pdf/hr-policy-e.pdf

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

6.1.4 Due Diligence and Risk Management

At Canon, the sustainability, legal, and human resources divisions of Canon Inc. serve as the promotion secretariat pursuing human rights measures with the cooperation of procurement departments. From 2022, on the basis of the risk assessment described in section 5.1, potential human rights violation risks have been identified as a significant risk by the Risk Management Committee established by resolution of the Board of Directors.

This means that from 2022 the heads of Canon Inc. divisions and presidents of Group companies will each formulate an annual risk management plan for their own division or Group company and assume responsibility for promoting risk management activities related to human rights risks (as well as other risks) The risk management plan identifies specific actions the organisation will take during the year to meet Canon Inc. global standards and any improvement activities. Performance against the plan is reported at the end of each year and the results are evaluated by the Risk Management Committee and reported to the CEO and Board of Directors.

06 ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

CANON INC.

6.1.5 Supplier Evaluation System

Before starting business dealings with a new supplier, Canon Inc. conducts an assessment based on the Canon Global Supplier Code of Conduct and other reference standards of whether the company fulfills all requisite standards in terms of corporate ethics (legal compliance, product safety, management of confidential information, human rights, labour, health and safety, intellectual property rights protection, etc.), environmental conservation (chemical substance management, prevention of air pollution and water pollution, proper disposal of waste, initiatives aimed at conserving energy and resources, reduction of GHG, and biodiversity conservation), finance, and production structure (quality, cost, delivery, manufacturing capacity, and management).

Only those suppliers who meet these criteria are accepted onto the Supplier List. Canon Inc. conducts an annual survey of suppliers registered on the list (see Figure 4: Canon Inc. Supplier Evaluation System) 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, labour, and the environment.
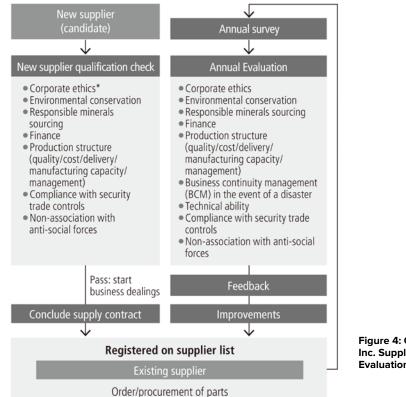
Figure 4: Canon Inc. Supplier Evaluation System

* Corporate ethics covers areas including legal compliance, product safety, management of confidential information, human rights, labor, health and safety, and intellectual property right protection.

The results of the 2021 annual evaluation survey (RBA SAQ) are shown in Section 5.1 Risk Assessment. We also request major suppliers to sign an agreement concerning the RBA Code of Conduct. Out of 346 requests, consent was obtained from 326 (94.2%) major suppliers.

06 ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

CANON INC.

6.1.6 Responsible Mineral 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.

Canon Inc. has a comprehensive due diligence program to identify conflict/high-risk regions and avoid the use of materials supplied from business operators disrespecting human rights or environmental conservation in those regions. Under the system, Canon investigates the countries of origin of minerals and exercises due diligence, following the 5-step framework recommended by the Organisation for Economic Co-operation and Development (OECD) in its Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) (Third Edition). Further information about the program is available in the Canon Inc. Sustainability Report pp 125-6.

Image by Colin Baker.
Shot on Canon EOS 1D X.

06 ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

CANON OCEANIA

6.2 Canon Oceania

6.2.1 Risk Assessment

Within Canon Oceania, the process for understanding our modern slavery risks and developing mitigation strategies is managed by representatives from Sustainability, Legal, Procurement, Risk Management, and Logistics teams for all Canon Oceania companies. For the purposes of managing modern slavery risks, the team reports to the Manager for Legal Risk Management and Sustainability Services, a member of the Senior Leadership Team.

In 2020 we undertook a high-level risk assessment of about 1200 direct suppliers to Canon Oceania excluding products and services purchased from Canon Inc., and also CBSC suppliers. We selected the suppliers based on our spend with them and assessed them primarily on the basis of industry risk. Local procurement data for Canon Business Service Centre in the Philippines was not available at the time of the assessment.

The assessment identified that, overall, our potential risk of having modern slavery in our supply chain is moderate. The categories identified as higher risk on the basis of spend and industry included ICT electronic equipment, components and suppliers, and business process outsourcing. Medium risk categories included logistics, warehouse and transport services, software, networking and support services, and real estate and property management services. The risks were spread fairly evenly between the Canon Oceania group companies.

In 2021 our risk assessment program continued through a program of workshops (described in section 6.2.2) and also by collecting further information about each of our top 100 suppliers ranked in the medium and high-risk categories. We also continued our program of data cleansing and collation of data from the different procurement systems used by the companies within the Canon Oceania Group. We also reviewed data collection methods to see how we could most efficiently obtain better information about our suppliers e.g., the source or origin of products. This included the review of several existing databases that we already use to manage suppliers, but we have not yet come to a conclusion on a standard Group-wide solution.

The ongoing risk assessment process proceeded more slowly than we had originally planned due to the impact of COVID-19 on internal resources. The people involved in the modern slavery management group mentioned above are also key people involved in our business continuity team managing our COVID-19 response to keep people safe and dealing with constant supply chain issues.

06 ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS

6.2.2 Implementation

During the year we also:

– Formally adopted the Canon Inc. Supplier Code of Conduct, which is based on the RBA Code, and includes a broad range of human rights and ethical supply requirements as well as requirements for managing and reporting on modern slavery risks. We published the Code on our website and issued it to new suppliers as part of their contracts.

– Published more widely (in the Supplier Code of Conduct and on our website) our whistle-blower hotlines for each country so that external parties are aware of how to report potential breaches of our policies.

– Modified our request for information and tender processes to include an assessment of modern slavery risks.

– Developed a human rights risk matrix for Canon Oceania in accordance with Canon Inc. risk management plan (see section 6.1.4).

– Conducted risk workshops with internal stakeholders to review the risk profile of our top 100 suppliers ranked as high or medium risk. This was basis of our initial risk assessment which was based on industry and spend. The workshops were facilitated by external experts and covered suppliers in the following categories:

  • Logistics (26 suppliers)

  • Facilities (12 suppliers)

  • Information and Communication Technology (29 suppliers)

  • Marketing and Human Resources (12 suppliers)

The workshops also provided education for internal stakeholders about the particular modern slavery risks related to the suppliers in their category and how to identify areas of concern.

– Conducted awareness training through presentations to leadership teams and those involved in procurement as well as producing a short video aimed at heightening the awareness of employees generally.

We did not receive any reports during the year of potential modern slavery occurrences in our operations or in the operations of our suppliers.

6.2.3 Action Plan

Identification of modern slavery risks is an ongoing journey, and our plan for the next twelve months is to:

– Continue the risk assessment process commenced through the workshops mentioned in Section 6.2.2 so that we can clearly understand the specific risks associated with particular suppliers and categories.

– On the basis of the risk assessment, develop tools to effectively and efficiently manage the specific suppliers and risks identified.

– Conduct more general training so that employees can understand what they should be looking out for and how to report any concerns.

– Continue to refine the data and systems that we use to capture data for all suppliers for all Canon Oceania companies, so that we can refine our list of high and medium risk suppliers and apply appropriate tools.

07

ASSESSING EFFECTIVENESS OF ACTIONS

CANON INC.

7.1   Canon Inc. Monitoring and Reporting System

Canon's primary method for monitoring the effectiveness of its risk management systems is through the Risk Management Committee which verifies the risk management system's improvement and implementation and reports the status to the CEO and the Board of Directors. (See section 6.1.3)

Another method is through its established Grievance Mechanisms.

Canon has established an internal reporting system at nearly all Group companies worldwide through which employees can report specific human rights concerns in the local language. We also strive to make the reporting system known through the company intranet and training programs. In 2021, we received 103 reports globally related to human rights (discrimination/harassment, wages, working hours, etc.) through the internal reporting system. Of those with an investigation completed as of the end of 2021, 21 cases were identified that needed to be addressed

or resolved. For these cases, the necessary corrective action has been taken along with measures to prevent recurrence.

In addition, we have established a point of contact in our website for external stakeholders to report specific human rights concerns in Canon's corporate activities.

In both internal and external contact points the privacy of informants is maintained and the system allows them to report anonymously to ensure that they do not suffer unfair treatment as a result. Canon takes appropriate steps to remedy the situation following an investigation of the facts in each case.

The RBA, of which Canon is a member, also offers a grievance mechanism called the Worker Voice Platform through which Canon's stakeholders can report specific human rights concerns.
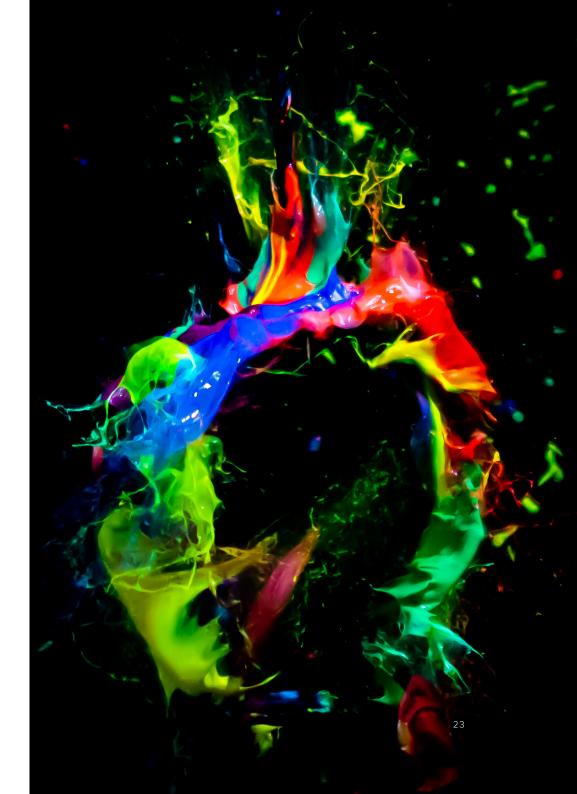
07 ASSESSING EFFECTIVENESS OF ACTIONS

7.2 Canon Oceania Monitoring Process

Within Canon Oceania the effectiveness of actions to identify and address risks of modern slavery is being monitored through our existing governance structures including the Audit and Risk Committee that reports to the Canon Australia Board and also by the Canon Australia Senior Leadership Team which receives regular updates on progress.

Image by Don Tiongkiao.
Shot on Canon EOS M6 Mark II.

08
CONSULTATION PROCESS

Representatives from each of the companies in the Canon Oceania Group were included within the team responsible for preparing the statement. The team also consulted with other Canon companies and Canon Inc. as well as local industry groups.

09
AUTHORISATION

This report has been approved by the Senior Leadership team and the Canon Australia Board.

Kotaro Fukushima
Managing Director
Canon Australia Pty Ltd