

**Corporate Human Rights Benchmark
2019 Company Scoresheet**

Company Name Canon Inc.
Industry ICT (Own operations and Supply Chain)
Overall Score (*) 17.5 out of 100

Theme Score	Out of	For Theme
2.4	10	A. Governance and Policies
2.5	25	B. Embedding Respect and Human Rights Due Diligence
2.5	15	C. Remedies and Grievance Mechanisms
3.1	20	D. Performance: Company Human Rights Practices
3.5	20	E. Performance: Responses to Serious Allegations
3.5	10	F. Transparency

(*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2019 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

A. Governance and Policies (10% of Total)

A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: General HRs commitment: The Company states to 'Respect fundamental human rights and prohibit discrimination based on such factors as race, nationality, gender, religion and creed.' [CSR Basic Statement, 05/2017: global.canon] Met: UDHR: In addition, it indicates: 'Canon respects the following international initiatives and complies with them in line with the above basic statement: Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights; International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work; Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises' [CSR Basic Statement, 05/2017: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> Met: UNGPs: See above [CSR Basic Statement, 05/2017: global.canon] Met: OECD: See above [CSR Basic Statement, 05/2017: global.canon]
A.1.2	Commitment to respect the human rights of workers	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: ILO Core: In its CSR Basic Statement, the Company states the following: 'Canon respects the following international initiatives and complies with them in line with the above basic statement [included below in this indicator]: International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work'. However, 'in line with' is not considered a formal statement of commitment. In addition, as indicated below, despite the Company refers to each labour core area, it is not clear if Freedom of Association is supported, with equivalent worker

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>bodies or parallel or alternative mechanisms, in those places where these rights are restricted under local law. [CSR Basic Statement, 05/2017: global.canon & Respecting Human Rights, 04/2019: global.canon]</p> <ul style="list-style-type: none"> • Not met: UNGC principles 3-6: Canon Europe is participant to the Global Compact. No evidence found, however, of a Company-wide commitment. [UNGC website - Participation, N/A: unglobalcompact.org] • Not met: Explicitly list ALL four ILO for ICT suppliers: Its Supplier CSR Guidelines includes clear provisions for all ILO core except freedom of association and collective bargaining, where it indicates: 'Promote sincere dialogue between employees and management in accordance with the laws and regulations of the country/region of location'. However, it is not clear whether the Company is requiring to respect those rights in all contexts, as it indicates 'in accordance with the laws' (i.e. alternative mechanisms for those countries where there are legal restrictions to the exercise of these rights). [Supplier CSR Guidelines, 07/2018: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Explicit commitment to All four ILO Core: In its CSR Basic Statement, the Company includes the following provisions: Respect fundamental human rights and prohibit discrimination based on such factors as race, nationality, gender, religion and creed; Prohibit child labor and forced labor (including human trafficking); Promote sincere dialogue between employees and management in accordance with the laws and regulations of each region' In addition, on its website section 'Respecting Human Rights', the Company states: 'Canon respects workers' basic rights, including freedom of association and collective bargaining. We also strive to address issues by promoting dialogue between labor and management. In addition, in Canon Group CSR Basic Statement, we clarify our intent to comply with the laws and regulations of various countries and regions. However, CHRB, as indicated below, the Company refers to freedom of association and collective bargaining in the contexts of laws and regulations. Considering this, it is not clear whether the Company would support alternative measures or equivalent worker bodies in locations where these rights are restricted under local laws. [CSR Basic Statement, 05/2017: global.canon & Respecting Human Rights, 04/2019: global.canon] • Met: Respect H&S of workers: The Company states that it ensures 'occupational health and safety, and prevent occupational injuries' [CSR Basic Statement, 05/2017: global.canon] • Met: H&S applies to ICT suppliers: In its Supplier CSR Guidelines, the Company asks its suppliers to 'Ensure occupational health and safety at the workplace, and prevent occupational injuries'. [Supplier CSR Guidelines, 07/2018: global.canon] • Not met: working hours for workers: The Company states that it 'Prevent excessive overtime work and grant appropriate holidays', however, there is no mention to respect ILO Convention on labour standards on working hours or more in detail information. (standard week hours, maximum overtime hours, minimum breaks) [CSR Basic Statement, 05/2017: global.canon] • Not met: Working hours for ICT suppliers: In its Supplier CSR Guidelines, the Company asks its suppliers to 'Prevent excessive overtime work and grant appropriate holidays', however, there is no mention to respect ILO Convention on labour standards on working hours or more in detail information, including standard weekly hours, breaks, overtime. [Supplier CSR Guidelines, 07/2018: global.canon]
A.1.3.ICT.a	Commitment to responsible sourcing of minerals	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Responsible mineral sourcing in conflict areas: The Company states that it 'is working together with business partners and industry entities to identify the history of minerals used in its products with the aim of avoiding the use of conflict minerals.', and although according to its Conflict Mineral Report 2018 'The design of Canon's RCOI and due diligence measures is in conformity with the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas (third edition)" ("OECD Guidance")', CHRB could not find a commitment statement to the responsible sourcing of minerals including from conflict affected and high risk areas. [Basic approach of the Canon Group Regarding Conflict Minerals, 04/2019: global.canon & Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon] • Not met: Based on OECD Guidance • Not met: Requires responsible mineral sourcing from suppliers: On its Website, the Company indicates: 'By cooperating with surveys and audits conducted by Canon Group companies, we expect our business partners, as members of the global supply chain, to join the Canon Group in carrying out the responsible procurement of necessary minerals.' However, its Supplier CSR Code does not

Indicator Code	Indicator name	Score (out of 2)	Explanation
			include a provision related with this matter, and no evidence found on suppliers being required to commit to responsible sourcing of minerals from high risk areas and following due diligence based on OECD Guidelines. [Basic approach of the Canon Group Regarding Conflict Minerals, 04/2019: global.canon & Supplier CSR Guidelines, 07/2018: global.canon] Score 2 <ul style="list-style-type: none"> • Not met: Responsible conflict mineral sourcing covers all minerals • Not met: Suppliers expected to make similar requirements of their suppliers
A.1.3.ICT.b	Commitment to respect human rights particularly relevant to the industry (ICT)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Women's Rights: Although the Company's CSR Basic Statement includes a general no-discrimination provision, there is no specific commitment to respect women's rights. [CSR Basic Statement, 05/2017: global.canon] • Not met: Children's Rights: Although the Company's CSR Basic Statement includes a provision to prohibit child labor, there is no specific commitment to respect children's rights, which go further than labor matters. [CSR Basic Statement, 05/2017: global.canon] • Not met: Migrant worker's rights • Not met: Expecting suppliers to respect these rights [Supplier CSR Guidelines, 07/2018: global.canon] Score 2 <ul style="list-style-type: none"> • Not met: CEDAW/Women's Empowerment Principles • Not met: Child Rights Convention/Business principles • Not met: Convention on migrant workers • Not met: Expecting suppliers to respect these rights
A.1.4	Commitment to engage with stakeholders	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Regular stakeholder engagement: The Company discloses information about its stakeholder engagement activities in its Sustainability Report 2019 and indicates that the Company 'thinks it is important to have ongoing dialogue with its diverse stakeholders to communicate the company's thinking to them and to listen carefully to their own feedback with the aim of deepening mutual understanding. The stakeholders listed include: Employees, Local Communities, Suppliers, among others. [Sustainability Report 2019, 05/2019: global.canon] Score 2 <ul style="list-style-type: none"> • Met: Regular stakeholder design engagement: The Company indicates: 'Canon carries out stakeholder questionnaire surveys once a year in order to better understand the social issues stakeholders are interested in as well as the expectations they have of the Company. Based on the results of these surveys, Canon confirms the validity of its materiality topics and makes an appropriate review.' In addition, evidence needed on how this then inform the Company's human rights approach design. In addition, in its 2019 Sustainability Report, it indicates: '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'. [Sustainability Report 2018, 2018: global.canon & Sustainability Report 2019, 05/2019: global.canon]
A.1.5	Commitment to remedy	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Commits to remedy: The Company provided information to CHRB in relation to this indicator, but it was not material. Score 2 <ul style="list-style-type: none"> • Not met: Not obstructing access to other remedies • Not met: Collaborating with other remedy initiatives • Not met: Work with ICT suppliers to remedy impacts
A.1.6	Commitment to respect the rights of human rights defenders	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Zero tolerance attacks on HRs Defenders (HRDs): The Company provided information to CHRB in relation to this indicator, but it was not material as a statement to commit to not tolerate threats, intimidation, physical or legal attacks against human rights defenders, or anyone who opposes to the Company's operations. Score 2 <ul style="list-style-type: none"> • Not met: Expects ICT suppliers to reflect company HRD commitments

A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: CEO or Board approves policy: In its Sustainability Report 2019, the Company indicates that the drafting of its CSR Basic Statement was approved by top management (CEO). In addition, the Company indicates that its Code of Ethics was 'adopted by a resolution of the Board of Directors of each Canon Group company. [Sustainability Report 2019, 05/2019: global.canon] • Not met: Board level responsibility for HRs: The Company has provided comments to CHRB in relation to this indicator. However, this evidence was not found in publicly available sources. [Sustainability Report 2019, 05/2019: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Speeches/letters by Board members or CEO: The Chairman and CEO of the Company states in the CEO message in the Sustainability Report 2019 that 'At Canon, we see dispelling concerns surrounding our business and satisfying stakeholder expectations as our social responsibility as a corporate citizen. In promoting these activities, compliance, governance and risk management are the basis for gaining the trust of our customers and business partners. In 2017, we instituted the "Canon Group CSR Basic Statement," which we disseminated throughout the entire Group. Supply chain management is another area where expectations have risen in recent years. In 2018, we instituted the "Canon Supplier CSR Guidelines" alongside the annual checks that we undertake to gauge the CSR activities of our thousands of suppliers.' However, the letter does not go in depth in the Company's approach to human rights or discussed their business importance. [Sustainability Report 2019, 05/2019: global.canon]
A.2.2	Board discussions	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Board/Committee review of salient HRs: The Company indicates in its Sustainability Report 2019 that 'To disseminate CSR-related information across the Canon Group, management executives from Canon's headquarters and product operations divisions, and Group companies in Japan and overseas are given briefings by the CSR Division General Manager at annual managerial conferences on CSR-related matters, including the basic rationale, specific CSR initiatives, the UN-adopted SDGs, and ESG investing.' However, it is not clear whether Board members receive these briefings, nor the process by which a Board committee oversees human rights. [Sustainability Report 2019, 05/2019: global.canon] • Not met: Examples or trends re HR discussion <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both examples and process
A.2.3	Incentives and performance management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Incentives for at least one board member: The Company indicates in its Sustainability Report 2019 that 'The remuneration of Representative Directors and Executive Directors consists of a basic remuneration, which is a fixed amount, paid each month, as compensation for execution of duties required in accordance with their role; a bonus that is linked to the Company's business performance in each business year; and, a stock-type compensation stock option plan to provide an incentive to improve medium- to long-term performance and raise corporate value.' The CEO, COO and CFO are also board members. However, CHRB could not find further description of the incentive mechanism to identify human rights factors linked. [Sustainability Report 2019, 05/2019: global.canon] • Not met: At least one key ICT HR risk, beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Performance criteria made public

B. Embedding Respect and Human Rights Due Diligence (25% of Total)

B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to ILO core conventions: See indicator A.1.2

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Not met: Senior responsibility for HR: In its Sustainability Report 2019, the Company indicates: 'The CSR Division directly under top management promotes and coordinates CSR-related activities across the Canon Group. [...] The CSR Division reports on CSR-related matters to top management as needed.' The Company's human rights commitments are covered in its CSR Basic Statement. However, it is not clear the specific senior person/role responsible for human rights issues, as 'top manager' does not seem to refer to a person/body in particular. The Company describes risk management structure and responsibility, however, no evidence found in public sources of senior person/role in charge with accountability for human rights (alone or together with other issues). [Sustainability Report 2019, 05/2019: global.canon] Score 2 • Met: Day-to-day responsibility: In addition, the Company states: 'The CSR Division works together with relevant divisions to address any CSR-related issues that require inter-departmental cooperation, such as environmental, quality, procurement, human resource, facilities management, legal, IR or PR issues. Divisions directly in charge of fields with high societal expectations, such as environmental protection, compliance, or quality management, take the lead in CSR activities in those areas.' [Sustainability Report 2019, 05/2019: global.canon] • Not met: Day-to-day responsibility for ICT in supply chain: The Company indicates in its Sustainability Report 2019: 'Canon not only complies with laws and regulations on procurement globally, but also ensures complete fairness and transparency in dealings with its suppliers. [...] To ensure consistency and uniformity across the company, special internal controls sections have been set up within procurement divisions to maintain the rules, monitor compliance, and provide training for employees.' However, although the Company discloses how it handles suppliers in terms of social responsibility (and human rights), no further details found on how responsibility and day-to-day management of supply chain and human rights is allocated within the Company. [Sustainability Report 2019, 05/2019: global.canon]
B.1.2	Incentives and performance management	0	<p>The individual elements of the assessment are met or not as follows: Score 1</p> <ul style="list-style-type: none"> • Not met: Senior manager incentives for human rights: In its Sustainability Report 2018, the Company indicates: 'The remuneration of Representative Directors and Executive Directors consists of a basic remuneration, which is a fixed amount, paid each month, as compensation for execution of duties required in accordance with their role, a bonus that is linked to the Company's business performance in each business year'. However, CHRB could not find further information to analyse if human rights aspects are linked to the evaluation of the Company's performance. [Sustainability Report 2019, 05/2019: global.canon] • Not met: At least one key ICT HR risk, beyond employee H&S Score 2 • Not met: Performance criteria made public
B.1.3	Integration with enterprise risk management	0	<p>The individual elements of the assessment are met or not as follows: Score 1</p> <ul style="list-style-type: none"> • Not met: HR risks is integrated as part of enterprise risk system: Although the Company's 'Risk Management Committee develops various measures to promote the Canon Group's risk management activities, including identifying any significant risks (violations of laws and regulations, inappropriate financial reporting, quality issues or information leaks, etc.) that the Canon Group may face in the course of business.', CHRB could not find evidence of the integration of human rights risks in the Company's risk management system in a public domain document, for example human rights are not included as a risk factor on its website. [Risk Factors, 04/2019: global.canon & Sustainability Report 2019, 05/2019: global.canon] Score 2 • Not met: Audit Ctte or independent risk assessment
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	0	<p>The individual elements of the assessment are met or not as follows: Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to ILO core conventions: See indicator A.1.2 • Not met: Communicates its policy to all workers in own operations: The Company indicates that it 'promotes a variety of educational and awareness raising activities for its employees. For specialized topics, such as quality assurance, environmental protection, information management, or compliance, the respective division in charge provides employee training as required. By incorporating training for newly appointed managers that provides an overview of CSR trends and Canon's CSR initiatives, Canon is also working to develop managers from both technical and administrative fields with a broad perspective. In addition, CSR managers at Group companies worldwide share information and work closely together on CSR

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>initiatives. [...] In October 2017, the head of the CSR Division gave a presentation on Canon Group CSR Basic Statement at a conference of senior managers from Canon Headquarters, Products Operations, and Canon Group companies worldwide.'</p> <p>However, it is not clear whether the Company communicates its CSR Basic Statement to all employees. There is no new relevant evidence in last year report. [Sustainability Report 2018, 2018: global.canon]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to all 4 ILO core conventions: See indicator A.1.2 • Not met: Communication of policy commitments to stakeholder: In its Sustainability Report 2018, the Company included a specific section addressed to communicate its CSR Basic Statement and its Supplier CSR Guidelines to its Stakeholders: 'In recent years, the environment, human rights and labor issues have been topics of increasing attention, and various stakeholders are calling into question the scope of our social responsibility initiatives across our supply chain. [...] In May 2017, following senior management approval, Canon published the Canon Group CSR Basic Statement with the aim of explaining to stakeholders in an easy-to-understand manner the Group's attitude toward fundamental and universal elements of corporate social responsibility.' However, it is not clear how the Company proactively communicates its policy commitments to affected stakeholders among local communities and other stakeholders. There is no new relevant evidence in last year report. [Sustainability Report 2018, 2018: global.canon] • Not met: How policy commitments are made accessible to audience
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to all 4 ILO core conventions for suppliers: See indicator A.1.2 • Met: Requiring ICT suppliers to communicate policy down the chain: The Company states in its Sustainability Report 2018 that 'In 2018, [it] established the "Canon Supplier CSR Guidelines" in order to clarify the social responsibility standards suppliers must adhere to. In 2019 report, it indicates that 'we have published the guideline on our corporate website and in other formats to make it widely available to stakeholders. [...] We have set up a channel to receive feedback from suppliers. On our CSR website, suppliers can submit opinions and requests by sending a message on the page entitled "We welcome your comments on our CSR Activities. [...] Canon also requires that its suppliers ask the same of their upstream suppliers (second-tier suppliers for Canon): [...] Compliance with conflict minerals issues; Corporate ethics (legal compliance, product safety, management of confidential information, human rights, labor, occupational health and safety, and intellectual property rights protection, etc.)' [Sustainability Report 2019, 05/2019: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: How HR commitments made binding/contractual: Although the Company takes into account human rights performance to select its suppliers, CHRB could not find evidence to support that the Supplier CSR Guidelines is included in contractual agreements [Sustainability Report 2019, 05/2019: global.canon] • Not met: Including on ICT suppliers
B.1.5	Training on Human Rights	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Scores at least 1 on A.1.2 • Not met: Trains all workers on HR policy commitments: The Company indicates that it 'promotes a variety of educational and awareness raising activities for its employees. For specialized topics, such as quality assurance, environmental protection, information management, or compliance, the respective division in charge provides employee training as required. By incorporating training for newly appointed managers that provides an overview of CSR trends and Canon's CSR initiatives, Canon is also working to develop managers from both technical and administrative fields with a broad perspective. In addition, CSR managers at Group companies worldwide share information and work closely together on CSR initiatives.' However, it is not clear whether the Company trains in its CSR Basic Statement (which contains human rights policies) to all employees. [Sustainability Report 2018, 2018: global.canon] • Not met: Trains relevant ICT managers including procurement: See above. In addition, the Company indicates: '[...] the Canon Group Procurement Code of Conduct for Executives and Employees in Charge of Procurement outlines appropriate actions that persons in charge of procurement as well as executives and employees responsible for placing orders should keep closely in mind in order to maintain high standards when it comes to legal compliance and corporate ethics.

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>[...] To ensure consistency and uniformity across the company, special internal controls sections have been set up within procurement divisions to maintain the rules, monitor compliance, and provide training for employees.' However, CHRB could not find further information about the Procurement Code of Conduct to evaluate whether this Code includes human rights policies. In addition, in its Sustainability Report 2019, the Company says: 'Canon also works to develop managers with a broad perspective by including an overview of CSR trends and Canon's CSR initiatives in the training for newly appointed managers. In addition, the CSR managers from Group companies around the world meet regularly to share information to support dynamic CSR initiatives across the Group.' However, it is not clear whether relevant managers including procurement have received this training. [Sustainability Report 2018, 2018: global.canon & Sustainability Report 2019, 05/2019: global.canon]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Score of 2 on A.1.2 • Not met: Both requirements under score 1 met
B.1.6	Monitoring and corrective actions	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Scores at least 1 on A.1.2 • Met: Monitoring implementation of HR policy commitments: In Sustainability report 2018, the Company states that: 'The Corporate Audit Center, the company's internal auditing team, as an independent and specialized organization and in accordance with internal audit rules, conducts audits and evaluations and provides guidance on such matters as compliance with laws and the internal control system. Furthermore, the Corporate Audit Center is primarily responsible for audits covering such areas as quality, the environment, and information security, and conducts them in collaboration with the divisions in charge.' In the Sustainability Report 2019, the Company indicates: 'Canon Group manufacturing companies conduct business while adhering to Group policies regarding such matters as human rights, labor, the environment, legal compliance, procurement and security, including the Canon Group CSR Basic Statement, the Canon Group Code of Conduct and the Canon Group Environmental Charter. When necessary, Headquarters divisions, products operations, and audit divisions at Canon Inc. verify the situation at Group companies as a whole, be they in Japan or overseas, from the standpoints of internal controls and risk management.' [Sustainability Report 2019, 05/2019: global.canon] • Met: Monitoring ICT suppliers: The Company states: 'Procurement divisions at Canon Inc. headquarters and Group manufacturing companies periodically review and evaluate the social responsibility of these suppliers. In particular, Canon may choose to terminate business with suppliers if they fail to abide by laws and ordinances covering such areas as human rights and labor. In 2018, Canon established the Canon Supplier CSR Guidelines to clarify the social responsibility standards suppliers must adhere to. Canon also requires that these companies urge their own upstream suppliers to do the same. Among aspects of social responsibility, child labor and forced labor in particular are areas of growing concern. Within the scope of our 2018 survey of Canon Group companies and suppliers, no problems were found with respect to child labor or forced labor.' The Company also stated the following in 2018 report: 'As part of Canon's thorough approach to supply chain management, we conduct an annual survey of all companies registered on our supplier list. The survey covers a wide range of initiatives, including social and environmental aspects. We undertake a comprehensive evaluation of our suppliers based on the survey results and transaction performance, and reflect the results in the supplier list, giving preference to high-scoring suppliers'. [Sustainability Report 2019, 05/2019: global.canon & Sustainability Report 2018, 2018: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Score of 2 on A.1.2 • Not met: Describes corrective action process: As indicated above: 'Canon may choose to terminate business with suppliers if they fail to abide by laws and ordinances covering such areas as human rights and labor. [...] Within the scope of our 2018 survey of Canon Group companies and suppliers, no problems were found with respect to child labor or forced labor.' However, there is no further information about the number of incidents found and the corrective action process. [Sustainability Report 2019, 05/2019: global.canon] • Not met: Example of corrective action • Not met: Discloses % of ICT supply chain monitored

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.7	Engaging business relationships	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: HR affects ICT selection of suppliers: The Company indicates in its Sustainability Report: 'When beginning dealings with a new supplier, we review whether the supplier meets Canon's standards in such areas as financial position, management system (quality/cost /delivery date/manufacturing capacity), corporate ethics (legal compliance, product safety, management of confidential information, human rights, labor, occupational health and safety, and intellectual property rights protection, etc.) and global environmental conservation. Only suppliers who meet these standards are registered on our supplier list, along with existing procurement partners.' [Sustainability Report 2019, 05/2019: global.canon] • Met: HR affects on-going ICT supplier relationships: It also indicates: 'Canon may choose to terminate business with suppliers if they fail to abide by laws and ordinances covering such areas as human rights and labor.' [Sustainability Report 2019, 05/2019: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirement under score 1 met: See above • Not met: Working with ICT suppliers to improve performance: It also states that it 'holds "business trends briefings" for suppliers at each Canon Inc. operational site and each Group production site, asking for their understanding of procurement policies and cooperation with business plans. Through such communication, we aim to share information with suppliers, strengthen collaboration, and grow together.' However, no specific example, details, found on work carried out. [Sustainability Report 2018, 2018: global.canon]
B.1.8	Approach to engagement with potentially affected stakeholders	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Stakeholder process or systems: The Company states that it strives 'strive to maintain close communication with stakeholders using departments in charge at Group companies worldwide as points of contact. Responding to the issues identified based on the opinions we receive, we deal appropriately with the needs of each region, and at the same time, we share important issues related to global management throughout the Group and work to resolve them.' In addition, the Company introduce a table with its 'methods of communicating with stakeholders and presents specific initiatives, covering all stakeholder groups that Canon believes to be of high importance for its business activities.' However, CHRB could not find further information describing how it has identified its stakeholders. [Sustainability Report 2019, 05/2019: global.canon] • Met: Frequency and triggers for engagement: The Company discloses information about how it engages, including main Communication methods used, main Initiatives in 2018 and Topics of Interest with its stakeholders by group. Among the stakeholders: Suppliers, Employees and Local Communities. The table disclosed includes also information about frequency, for example in the case of Employees the Company indicates that: 'Labor-management meetings (11 times); Employee surveys (once every two years); Information security seminars (12 times); Environmental training; [...] Monthly workplace safety committee meetings'. It also includes some information about the aim of its engagement activities, for example with respect suppliers, it indicates: 'Understanding of Canon Group procurement standards; Implementation of procurement standards; Product/technology trends; General business activity trends; Improved efficiency of the chemical substance information transmission scheme.' [Sustainability Report 2019, 05/2019: global.canon & CSR Basic Statement, 05/2017: global.canon] • Not met: Workers in ICT SC engaged: See above. The engagement activities with suppliers include: Annual survey covering finance, corporate information and business ethics; Procurement strategy meeting, parts exhibition (each once a year); Briefings on business trends (9 times); Supplier product/technology exhibition (twice); Collection and management of product information for products containing chemical substances through chemSHERPA'. However, it is not clear whether the Company engages with workers in its supply chain on human rights. In addition, in the Supplier CSR Guidelines, the Company communicates that it has a grievance channel available to suppliers: 'In order to go on to fulfil its social responsibility in its supply chain as well as in the Canon Group, Canon is endeavoring to elicit understanding from each of its suppliers with regards to the company's basic stance towards procurement activities. <p>Should anyone have any specific concerns or information regarding human rights, labor, health and safety and other similar issues in Canon's supply chain, including but not limited to the occurrence of child labor or forced labor, please contact us using the "Feedback on CSR Activities" page on Canon Inc.'s website. Canon will perform investigation based on the information that it receives through that page.'</p>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>However, this is not a channel for active dialogue between company and suppliers' employees. [Sustainability Report 2019, 05/2019: global.canon & Supplier CSR Guidelines, 07/2018: global.canon]</p> <ul style="list-style-type: none"> • Not met: Communities in the ICT SC engaged: See above. The engagement activities with local communities include: Community-based social contribution activities including educational, sports and cultural programs; Activities to protect and conserve local ecosystems, such as tree-planting programs; Clean-up activities.' <p>However, it is not clear whether the Company engages with the local communities in its supply chain, nor the frequency or triggers for the engagement on human rights. [Sustainability Report 2019, 05/2019: global.canon]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Analysis of stakeholder views and company's actions on them

B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Identifying risks in own operations: Although the Company has a Risk Management System, lead by the Risk Management Committee, which develops various measures to promote the Canon Group's risk management activities, including identifying any significant risks (violations of laws and regulations, inappropriate financial reporting, quality issues or information leaks, etc.) that the Canon Group may face in the course of business.', CHRB could not find evidence describing its specific processes to identify its human rights risks and impacts (human rights due diligence) [Sustainability Report 2019, 05/2019: global.canon] • Not met: Identifying risks in ICT suppliers: In its Modern Slavery Statement 2018, the Company indicates: '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. [...] 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'. However, it is not clear whether the Company has a process to identify which are the human rights issues that it faces in the supply chain, as current evidence seems to refer to monitor compliance in relation to specific risks. [MSA Statement 2018, 25/06/2019: canon.ssl.cdn.sdlmedia.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Ongoing global risk identification • Not met: In consultation with stakeholders • Not met: In consultation with HR experts • Not met: Triggered by new circumstances
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Salient risk assessment (and context): In its Modern Slavery Act Statement 2018 in the section named 'Our business risks and due diligence', the Company states: '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.' However, no evidence found of a description of the Company's due diligence process, including the assessment of salient human rights issues. [MSA Statement 2018, 25/06/2019: canon.ssl.cdn.sdlmedia.com] • Not met: Public disclosure of salient risks: In its Sustainability Report 2019, the Company states that 'Among aspects of social responsibility, child labor and forced labor in particular are areas of growing concern.', however it is not clear whether those are its salient human rights issues. [Sustainability Report 2019, 05/2019: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Action Plans to mitigate risks: The Company provided information to CHRB in relation to this indicator, but it was not material. • Not met: Including in ICT supply chain • Not met: Example of Actions decided <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met

Indicator Code	Indicator name	Score (out of 2)	Explanation
	appropriate action		
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: System to check if Actions are effective • Not met: Lessons learnt from checking effectiveness Score 2 <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Comms plan re identifying risks • Not met: Comms plan re assessing risks • Not met: Comms plan re action plans for risks • Not met: Comms plan re reviewing action plans • Not met: Including ICT suppliers Score 2 <ul style="list-style-type: none"> • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications

C. Remedies and Grievance Mechanisms (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Channel accessible to all workers: The Company states that it 'has established a hotline to receive information related to compliance issues. The confidentiality of callers is strictly maintained, and they are guaranteed not to suffer any unfair treatment for using the hotline. We continually work to encourage use of the system by raising awareness of the hotline services, using such means as an intranet compliance website and compliance training.' In addition, the Company's engagement channel with employees include 'Whistleblower system'. [Sustainability Report 2019, 05/2019: global.canon] Score 2 <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved: The Company states in its Corporate Governance Overview that 'In the current business term, there were no whistleblower reports relating to serious violations of laws and regulations, or the like.' In addition, the Company indicates in its Conflict Mineral Report 2018: "'As an early-warning risk-awareness system for conflict minerals specified in the OECD Guidance, Canon Inc. established a grievance mechanism — "Contact Point for Reporting Concerns Regarding Conflict Mineral Issues" — on its official website in 2015. No reports from employees, suppliers, or other stakeholders were received by the contact point in 2018.' However, there is not information about the total number of grievances related to human rights received, addressed or resolved from all the Company's grievance channels, including the Hotline. [Corporate Governance Overview, 03/2019: global.canon & Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon] • Not met: Channel is available in all appropriate languages: See above. However, CHRB could not find further information describing the details of the whistleblower system. • Met: Opens own system to ICT supplier workers: The Company indicates in its Supplier CSR Guidelines: 'In order to go on to fulfil its social responsibility in its supply chain as well as in the Canon Group, Canon is endeavoring to elicit understanding from each of its suppliers with regards to the company's basic stance towards procurement activities. Should anyone have any specific concerns or information regarding human rights, labor, health and safety and other similar issues in Canon's supply chain, including but not limited to the occurrence of child labor or forced labor, please contact us using the "Feedback on CSR Activities" page on Canon Inc.'s website. Canon will perform investigation based on the information that it receives through that page.' [Supplier CSR Guidelines, 07/2018: global.canon]
C.2	Grievance channel(s)/mechanism(s) to receive	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Grievance mechanism for community: The Company indicates in its Conflict Mineral Report 2018: 'As an early-warning risk-awareness system for conflict

Indicator Code	Indicator name	Score (out of 2)	Explanation
	complaints or concerns from external individuals and communities		<p>minerals specified in the OECD Guidance, Canon Inc. established a grievance mechanism — “Contact Point for Reporting Concerns Regarding Conflict Mineral Issues” — on its official website in 2015. No reports from employees, suppliers, or other stakeholders were received by the contact point in 2018’. In addition, it is possible to send 'Inquiries about its CSR Activities' through its website. As indicated below is open to anyone and allows to report concerns in relation to supply chain. [Inquiries about CSR Activities, 04/2019: global.canon & Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Describes accessibility and local languages: Although portal for inquires is online, is not clear if it is available in all appropriate languages. • Not met: Expects ICT supplier to have community grievance systems • Met: ICT supplier communities use global system: In its Supplier CSR Guidelines, the Company indicates: 'In order to go on to fulfil its social responsibility in its supply chain as well as in the Canon Group, Canon is endeavoring to elicit understanding from each of its suppliers with regards to the company’s basic stance towards procurement activities. <p>Should anyone have any specific concerns or information regarding human rights, labor, health and safety and other similar issues in Canon’s supply chain, including but not limited to the occurrence of child labor or forced labor, please contact us using the “Feedback on CSR Activities” page on Canon Inc.’s website. Canon will perform investigation based on the information that it receives through that page'. [Supplier CSR Guidelines, 07/2018: global.canon]</p>
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages users to create or assess system • Not met: Description of how they do this <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Engages with users on system performance • Not met: Provides user engagement example on performance • Not met: ICT suppliers consult users in creation or assessment
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Response timescales • Not met: How complainants will be informed • Not met: Who is handling the complaint <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Escalation to senior/independent level
C.5	Commitment to non-retaliation over complaints or concerns made	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Public statement prohibiting retaliation: In its Corporate Governance Overview, the Company indicates: 'The rules on use of the whistleblowing system, including the explicit prohibition of the disadvantageous treatment of whistleblowers, are disseminated via the intranets of the Company, along with information on the contact counter for reporting internal problems. [...] Each company [from Canon Group] establishes a whistleblowing system and totally prohibits any disadvantageous treatment of any whistleblower.' However, the statement covers only employees. [Corporate Governance Overview, 03/2019: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Practical measures to prevent retaliation • Not met: Has not retaliated in practice • Not met: Expects ICT suppliers to prohibit retaliation
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Won't impede state based mechanisms: The Company provided information to CHRB in relation to this indicator, but it was not material. • Not met: Complainants not asked to waive rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Will work with state based or non judicial mechanisms • Not met: Example of issue resolved (if applicable)
C.7	Remedying adverse impacts and incorporating lessons learned	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided: The Company provided information to CHRB in relation to this indicator, but it was not material. • Not met: Says how it would remedy key sector risks

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition • Not met: Approach to learning from incident to prevent future impacts • Not met: Evaluation of the channel/mechanism

D. Performance: Company Human Rights Practices (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.1.a	Living wage (in own production or manufacturing operations)	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Living wage target timeframe: The Company's CSR Basic Statement includes a provision to 'Pay employees wages equal to or greater than legally mandated wages'. In its Sustainability Report 2019, the Company indicates that it 'ensures that its employees are paid substantially more than the local minimum wage', and discloses a Comparison table showing the ratio of average Canon wage against local minimum monthly wage in Japan (114%), the US (153%) and China (142%). However, it is not clear if they have achieved paying the living wage or having a timeframe for paying a living wage for all workers. [CSR Basic Statement, 05/2017: global.canon & Sustainability Report 2019, 05/2019: global.canon] • Met: Describes how living wage determined: In its Sustainability Report, the Company indicates: '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.' [Sustainability Report 2019, 05/2019: global.canon] Score 2 <ul style="list-style-type: none"> • Not met: Achieved payment of living wage: See above [Sustainability Report 2019, 05/2019: global.canon] • Met: Regularly review definition of living wage with unions: As indicated above, a Committee meets regularly with Workers' union to check whether remuneration is in accordance with the labour agreement. [Sustainability Report 2019, 05/2019: global.canon]
D.4.1.b	Living wage (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Living wage in supplier code or contracts: In its Supplier CSR Guidelines, the Company indicates to its suppliers to 'Pay employees wages equal to or greater than legally mandated wages in accordance with the laws and regulations of the country/region of location'. However, no evidence found in relation to living wages (which covers basic needs of employee and his/her family and provides for some discretionary income). [Supplier CSR Guidelines, 07/2018: global.canon] • Not met: Improving living wage practices of suppliers Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends demonstrating progress
D.4.2	Aligning purchasing decisions with human rights	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Avoids business model pressure on HRs: According to its Sustainability Report 2019: 'The Procurement Division adopts a global perspective in purchasing quality, appropriately priced merchandise in a timely manner. This facilitates improvements in product quality and reductions in prices, and positions us to work with our suppliers to meet customer needs. 1. We comply with all applicable laws and regulations as well as corporate ethics, and operate in a manner that is protective of the environment. 2. We are open to any and all suppliers, and promote fair and free competition in accordance with the principles of faith and trust. 3. We improve manufacturing by mutual growth with reliable, quality suppliers, which are selected through a fair evaluation process.' However, no further information found, including about specific practices the Company implements in order to avoid price or short notice requirements or other business considerations undermining human rights. [Sustainability Report 2019, 05/2019: global.canon] • Met: Positive incentives to respect human rights: The Company indicates in its Sustainability Report 2018 that it conducts 'an annual survey of all companies registered on our supplier list. The survey covers a wide range of initiatives, including social and environmental aspects. We undertake a comprehensive evaluation of our suppliers based on the survey results and transaction performance, and reflect the results in the supplier list, giving preference to high-scoring suppliers.' Supplier CSR guidelines include human rights and labour standards. [Sustainability Report 2018, 2018: global.canon]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 • Not met: Both requirements under score 1 met
D.4.3	Mapping and disclosing the supply chain	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Identifies suppliers back to product source: The Company indicates in its Sustainability Report 2019, that 'Canon Group offices, plants and manufacturing companies are engaged in partnerships with several thousand suppliers unaffiliated with the Canon Group, from whom they purchase considerable numbers of such components as electronic parts, mechanical parts, units and materials. Procurement divisions at Canon Inc. headquarters and Group manufacturing companies periodically review and evaluate the social responsibility of these suppliers.' However, CHRB could not find further information indicating that it identifies all its suppliers, including indirect ones. [Sustainability Report 2019, 05/2019: global.canon] Score 2 • Not met: Discloses significant parts of supply chain and why: Although the Company discloses information about its own major manufacturing sites in its Fact Book, CHRB could not find such information about its suppliers. [Fact Book 2019/2020, N/A: global.canon]
D.4.4.a	Prohibition on child labour: Age verification and corrective actions (in own production or manufacturing operations)	0.5	The individual elements of the assessment are met or not as follows: Score 1 • Met: Does not use child labour: The Company 'Prohibit child labor and forced labor (including human trafficking)' in its CSR Basic Statement. [CSR Basic Statement, 05/2017: global.canon] • Not met: Age verification of job applicants and workers Score 2 • Not met: Remediation if children identified: The Company indicates in its Sustainability Report 2019 that 'Within the scope of our 2018 survey of Canon Group companies and suppliers, no problems were found with respect to child labor or forced labor', however there is no further information about previous years to see a trend. [Sustainability Report 2019, 05/2019: global.canon]
D.4.4.b	Prohibition on child labour: Age verification and corrective actions (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Child Labour rules in codes or contracts: In its Supplier CSR Guidelines, the Company asks its supplier not to 'engage in child labor or forced labor (including human trafficking)'. However, no evidence found in relation to child labour requirements including age verification and remediation programmes. [Supplier CSR Guidelines, 07/2018: global.canon] • Not met: How working with suppliers on child labour Score 2 • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends demonstrating progress: The Company indicates in its Sustainability Report 2019 that 'Within the scope of our 2018 survey of Canon Group companies and suppliers, no problems were found with respect to child labor or forced labor', however there is no further information about previous years to see a trend. [Sustainability Report 2019, 05/2019: global.canon]
D.4.5.a	Prohibition on forced labour: Debt bondage and other unacceptable financial costs (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Pays workers in full and on time: The Company 'boasts one of the highest retention rates in the industry', according to its website section 'Hiring and Treatment of Human Resources. In 2017 it was certified as a Top Employer in Germany, the Netherlands, Britain, and Spain by the Netherlands based Top Employers Institute, 'an international organization that evaluates corporations against global standards. The assessment covers various aspects, including training and development, remuneration, employee benefit programs, performance reviews, and recruitment.' However, CHRB could not find a statement indicating that it pays workers in full an on time or that its workers received a payslip with detailed deduction information. [Hiring and Treatment of Human Resources, 04/2019] • Not met: Payslips show any legitimate deductions: See above. Score 2 • Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.5.b	Prohibition on forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Debt and fees rules in codes or contracts: In its Supplier CSR Guidelines, the Company asks its supplier to not 'engage in child labor or forced labor (including human trafficking)'. Although the Company's Guidelines were construed based on international initiatives such as the UDHR and the UNGP, CHRB could not find explicit requirements related to the prohibition of financial burdens or recruitment fees. [Supplier CSR Guidelines, 07/2018: global.canon] Not met: How working with suppliers on debt & fees Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met Not met: Provide analysis of trends in progress made
D.4.5.c	Prohibition on forced labour: Restrictions on workers (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Does not retain documents or restrict movement: The Company provided information to CHRB in relation to this indicator, but it was not material. Score 2 <ul style="list-style-type: none"> Not met: How sure about agencies or brokers
D.4.5.d	Prohibition on forced labour: Restrictions on workers (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Free movement rules in codes or contracts: In its Supplier CSR Guidelines, the Company asks its supplier to not 'engage in child labor or forced labor (including human trafficking)'. Although the Company's Guidelines were construed based on international initiatives such as the UDHR and the UNGP, CHRB could not find explicit requirements related to freedom of movement such as refraining from restricting freedom of movement through retention of passports, personal identification documents or bank payment cards. [Supplier CSR Guidelines, 07/2018: global.canon] Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met Not met: Provide analysis of trends in progress made
D.4.6.a	Freedom of association and collective bargaining (in own production or manufacturing operations)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Commits not to interfere with union rights and collective bargaining and prohibits intimidation and retaliation: In its CSR Basic Statement, the Company states that it 'Promotes sincere dialogue between employees and management in accordance with the laws and regulations of each region'. However, this statement is not a clear commitment to respect the right to freedom of association and to bargain collectively. In addition, no evidence found on prohibition of any form of intimidation, harassment, retaliation or violence against workers seeking to exercise these rights, although the high rate of workers with membership is a proxy non-retaliation in practice. [CSR Basic Statement, 05/2017: global.canon] Met: Discloses % covered by collective bargaining: In its Sustainability Report 2019, the Company indicates: 'As of the end of 2018, combined employee membership in the Canon Workers' Union totaled 27,103, representing 81% of Canon Inc.'s workforce.' [Sustainability Report 2019, 05/2019: global.canon] Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met
D.4.6.b	Freedom of association and collective bargaining (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: FoA & CB rules in codes or contracts: In its Supplier SCR Guidelines, the Company asks its suppliers to 'Promote sincere dialogue between employees and management in accordance with the laws and regulations of the country/region of location'. However, this statement is not a clear commitment to respect the right to freedom of association and to bargain collectively and there is no provision to prohibit any form of intimidation, harassment, retaliation or violence against union members and union representatives. [Supplier CSR Guidelines, 07/2018: global.canon] Not met: How working with suppliers on FoA and CB: The Company provided information to CHRB in relation to this indicator, but it was not material. Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met Not met: Provide analysis of trends in progress made

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.7.a	Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Injury Rate disclosures: In its website section 'Occupational Safety and Health', the Company discloses information about the Numbers of Occupational Accidents and the Frequency of Occupational Accidents. However, the figures are based only in Key Group Companies in Japan. In its Sustainability Report 2019, the Company announce that it is working 'to implement an occupational safety and health management system overseas, mainly at its production bases, on the same level as in Japan.' [Occupational Safety and Health Support, 04/2019 & Sustainability Report 2019, 05/2019: global.canon] • Not met: Lost days or near miss disclosure: See above [Occupational Safety and Health Support, 04/2019] • Not met: Fatalities disclosures: See above [Occupational Safety and Health Support, 04/2019] • Not met: Occupational disease rates Score 2 <ul style="list-style-type: none"> • Not met: Set targets for H&S performance • Not met: Met targets or explains why not
D.4.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Sets out clear Health and Safety requirements: The Company asks its suppliers to 'Ensure occupational health and safety at the workplace, and prevent occupational injuries'. However, CHRB could not find clear health and safety requirements. [Supplier CSR Guidelines, 07/2018: global.canon] • Not met: Injury rate disclosures • Not met: Lost days or near miss disclosures • Not met: Fatalities disclosures • Not met: Occupational disease rates Score 2 <ul style="list-style-type: none"> • Not met: How working with suppliers on H&S • Not met: Provide analysis of trends in progress made
D.4.8.a	Women's rights (in own production or manufacturing operations)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Process to stop harassment and violence: The Company '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 clearly stipulate prohibition of harassment that would amount to so-called maternity harassment and other types of harassment in accordance with new legislation passed in Japan in 2017. [...] Regular liaison meetings are held for persons responsible at Canon Inc. operational sites and Group companies, 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. By instituting any necessary measures, managers act to improve the workplace environment.' [Respecting Human Rights, 04/2019: global.canon] • Not met: Working conditions take account of gender: The Company indicates in its Sustainability Report 2019 that: '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. ... 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 fulfil family care responsibilities.' [Sustainability Report 2019, 05/2019: global.canon]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Equality of opportunity at all levels: In its website section 'Diversity and Inclusion', the Company indicates: 'Canon is committed to providing equal opportunities according to ability and fair treatment for all, irrespective of gender. At the same time, we recognize the need to take a range of measures to promote greater female participation. [...] We also organized 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. [...] Such initiatives are helping to close the gender gap in management gradually. The number of female managers had risen to 114 by 2017, compared with 58 in 2011.' In addition, in its website section 'Hiring and Treatment of Human Resources', the Company states: 'Canon Inc. Has introduced a position-based pay system to evaluate and compensate individuals fairly and impartially, regardless of gender or age.' [Diversity and Inclusion, 04/2019 & Hiring and Treatment of Human Resources, 04/2019] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Meets all of the requirements under score 1
D.4.8.b	Women's rights (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Women's rights in codes or contracts: Although the Suppliers CSR Guidelines include a general no-discrimination provision, no further details found on prohibition of harassment, equal pay, and differential impacts on women and men of working conditions, including to reproductive health. [Supplier CSR Guidelines, 07/2018: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: How working with suppliers on women's rights • Not met: Both requirement under score 1 met • Not met: Provide analysis of trends in progress made
D.4.9.a	Working hours (in own production or manufacturing operations)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Respects max hours, min breaks and rest periods in its own operations: Although the CSR Basic Statement indicates as a Company's principle to 'Prevent excessive overtime work and grant appropriate holidays', there is no explicit commitment to respect maximum hours and minimum breaks and rest periods. [CSR Basic Statement, 05/2017: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Met: How it implements and checks this: In its website section 'Hiring and Treatment of Human Resources', the Company indicates that it '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 1,735 in 2017, a reduction of 64 hours compared with the equivalent figure of 1,799 hours in 2010 when we initiated efforts to reduce working hours.' [Hiring and Treatment of Human Resources, 04/2019]
D.4.9.b	Working hours (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Working hours in codes or contracts: The Suppliers CSR Guidelines requires its suppliers to 'Prevent excessive overtime work and grant appropriate holidays', however there is no specific requirement to respect applicable international standards and national laws and regulations or requirements of among of working hours and rest periods. [Supplier CSR Guidelines, 07/2018: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: How working with suppliers on working hours • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.4.10.a	Responsible Mineral Sourcing: Arrangements with Suppliers and Smelters/Refiners in the Mineral Resource Supply Chains	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Responsible mineral sourcing due diligence in supplier contracts: In its Supplier CSR Guidelines, the Company requires its suppliers to: 'Endeavor to avoid complicity in armed insurgencies or anti-social forces'. In its Conflict Mineral Report 2018, the Company states: 'Canon requested the first-tier suppliers to sign and submit written confirmation ("Certificate of Consent") of their agreement and cooperation with Canon's "Basic Approach of the Canon Group Regarding Conflict Minerals" and their agreement to consult with the Canon Group concerning appropriate measures should any affiliation with armed groups be discovered in the supply chain.' The Company's 'Basic approach regarding Conflict Minerals' indicates: 'By cooperating with surveys and audits conducted by Canon Group companies, we expect our business partners, as members of the global supply chain, to join the Canon Group in carrying out the responsible procurement of necessary minerals.' However, CHRB could not find a requirement to conduct due diligence in accordance with the OECD Guidelines in its Suppliers CSR Guidelines (or any other written agreement with its suppliers available in the public domain). [Supplier CSR Guidelines, 07/2018: global.canon & Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon] • Not met: Builds capacity with smelters/refiners: According to its Conflict Mineral Report 2018, the Company 'along with the other companies in the RMTWG, played an active role in sending letters to SORs encouraging them to join the RMI's RMAP or to check if the SORs have so-called Annex II risks of the OECD Guidance or the U.S. sanction risks based on the U.S. Office of Foreign Assets Control (OFAC)'. However, it is not clear if it carries out capacity building activities with suppliers and smelters. [Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Disclosure of smelter information in supplier requirements: See above. The 'Certificate of Consent' asks for the cooperation of suppliers in the survey that the Company conducts in order to identify the source of the Conflict Minerals according to its Conflict Minerals Survey Manual. [Conflict Minerals Manual, 2013: cvi.canon.com] • Not met: Responsible conflict mineral sourcing covers all minerals: Although the requirement included in its Supplier CSR Guidelines is general and could include all minerals: 'Endeavor to avoid complicity in armed insurgencies or anti-social forces'; there is no requirement to conduct due diligence in accordance with the OECD Guidance. [Supplier CSR Guidelines, 07/2018: global.canon]
D.4.10.b	Responsible Mineral Sourcing: Risk Identification in Mineral Supply Chain	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Risk identification and disclosure in line with OECD Guidance: As indicated below, the Company designed a framework to identify each of the parts and materials used in products, and used the RMI Conflict Minerals Reporting Template, and requested its first-tier suppliers to report on their status of 3TG. Then the Company compared the smelters or refiners identified against the list of smelters or refiners that have been validated to be conformant to the Responsible Minerals Assurance Process. However, no further details found, including what are the risks that it faces. [Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon] • Met: Identification of smelter/refiners and OECD due diligence: In the Conflict Mineral Report, the Company indicates that the process to identify smelters/refiners include the following: '[...] designed a framework to identify each of the parts and materials used in the products that it manufactured or contracted to manufacture. [...] Canon then carried out the RCOI on the first-tier suppliers handling the identified parts and materials. For the RCOI, Canon used the RMI Conflict Minerals Reporting Template ("CMRT"). [...] Canon requested the 3,515 first-tier suppliers that were identified as possibly using 3TG to report their status of 3TG using the CMRT. [...] Canon conducted due diligence examinations of first-tier suppliers that reported the use of 3TG originating from covered countries. Canon requested replies from the first-tier suppliers who did not respond by the closing date of the response. Canon Inc. verified the replies submitted by first-tier suppliers (for any incomplete answers or errors) using a proprietary reply-processing tool. When necessary, Canon requested resubmissions from first-tier suppliers. [...] Canon compared the smelters or refiners ("SORs") identified through the RCOI against the list of the SORs which have been validated to be conformant to the Responsible Minerals Assurance Process ("RMAP"), the audit program of the RMI, as published by the RMI.' [Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> • Met: Discloses smelters/refiners judged in line with OECD due diligence: The Company discloses a 'List of the SORs identified in Canon's supply chain which are RMAP conformant' in its Conflict Mineral Report 2018. [Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon] • Not met: Responsible conflict mineral sourcing covers all minerals: Its Conflict mineral Report 2018 is focused in 3TG minerals. [Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon]
D.4.10.c	Responsible Mineral Sourcing: Risk Management in the Mineral Supply Chain	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Describes mineral risk management plan for supply chain: In the Conflict minerals report the Company describes a series of actions to manage risks, including being leader of RMTWG Smelter support team, through which the company along with others played and active role encouraging SORs (smelters or refiners) to join the RMI's RMAP; However, no further details found regarding specific measures to manage risks (the Company is part of different stakeholder partnerships). [Conflict Mineral Report 2018 (Form SD), 05/2019: global.canon] • Not met: Monitoring, tracking and whether better risk prevention/mitigation over time <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Supplier and stakeholders engaged in risk management strategy • Not met: Responsible conflict mineral sourcing covers all minerals

E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		No allegations meeting the CHRB severity threshold were found, and so the score of 13.99 out of 80 points scored in themes A-D & F has been applied to produce a score of 3.50 out of 20 points for theme E.

F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	1.46 out of 4	Out of a total of 52 indicators assessed under sections A-D of the benchmark, Canon Inc. made data public that met one or more elements of the methodology in 19 cases, leading to a disclosure score of 1.46 out of 4 points.
F.2	Recognised Reporting Initiatives	2 out of 2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Company reports on GRI: The Company indicates that it has 'used the Global Reporting Initiative (GRI) to inform its report development for many years. Since 2018, Canon has incorporated the GRI Sustainability Reporting Standards (2016).' Although 2017 report included a GRI index, this has not been found in more recent reports. [Sustainability Report 2019, 05/2019: global.canon & Sustainability Report 2017, 2017: global.canon]
F.3	Key, High Quality Disclosures	0 out of 4	<p>Canon Inc. met 0 of the 10 thresholds listed below and therefore gets 0 out of 4 points for the high quality disclosure indicator.</p> <p>Specificity and use of concrete examples</p> <ul style="list-style-type: none"> • Not met: Score 2 for A.2.2 : Board discussions • Not met: Score 2 for B.1.6 : Monitoring and corrective actions • Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers • Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) <p>Discussing challenges openly</p> <ul style="list-style-type: none"> • Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts • Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned <p>Demonstrating a forward focus</p> <ul style="list-style-type: none"> • Not met: Score 2 for A.2.3 : Incentives and performance management • Not met: Score 2 for B.1.2 : Incentives and performance management • Not met: Score 1 for D.4.1.a: Living wage (in own production or manufacturing operations) • Not met: Score 2 for D.4.7.a: Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations)

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2019 Key Findings report and technical annex for more details of the research process.

The Benchmark is made available on the express understanding that it will be used solely for general information purposes. The material contained in the Benchmark should not be construed as relating to accounting, legal, regulatory, tax, research or investment advice and it is not intended to take into account any specific or general investment objectives. The material contained in the Benchmark does not constitute a recommendation to take any action or to buy or sell or otherwise deal with anything or anyone identified or contemplated in the Benchmark. Before acting on anything contained in this material, you should consider whether it is suitable to your particular circumstances and, if necessary, seek professional advice. The material in the Benchmark has been put together solely according to the CHRB methodology and not any other assessment models in operation within any of the project partners or EIRIS Foundation as provider of the analyst team.

No representation or warranty is given that the material in the Benchmark is accurate, complete or up-to-date. The material in the Benchmark is based on information that we consider correct and any statements, opinions, conclusions or recommendations contained therein are honestly and reasonably held or made at the time of publication. Any opinions expressed are our current opinions as of the date of the publication of the Benchmark only and may change without notice. Any views expressed in the Benchmark only represent the views of CHRB Ltd, unless otherwise expressly noted.

While the material contained in the Benchmark has been prepared in good faith, neither CHRB Ltd nor any of its agents, representatives, advisers, affiliates, directors, officers or employees accept any responsibility for or make any representation or warranty (either express or implied) as to the truth, accuracy, reliability or completeness of the information contained in this Benchmark or any other information made available in connection with the Benchmark. Neither CHRB Ltd nor any of its agents, representatives, advisers, affiliates, directors, officers and employees undertake any obligation to provide the users of the Benchmark with additional information or to update the information contained therein or to correct any inaccuracies which may become apparent (save as to the extent set out in CHRB Ltd's appeals procedure). To the maximum extent permitted by law any responsibility or liability for the Benchmark or any related material is expressly disclaimed provided that nothing in this disclaimer shall exclude any liability for, or any remedy in respect of, fraud or fraudulent misrepresentation. Any disputes, claims or proceedings this in connection with or arising in relation to this Benchmark will be governed by and construed in accordance with English law and submitted to the exclusive jurisdiction of the courts of England and Wales.

As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.