

# CORPORATE GOVERNANCE

## The San-ji (Three Selves) Spirit

The Three Selves, the foundation of the company's guiding principles that have been passed down since Canon was founded, are self-motivation, self-management and self-awareness. For Canon, which strives to be a truly excellent global corporation while maintaining the legacy of its corporate DNA, the Three Selves continue to serve as the company's most important guiding principles.



## Business Continuity Management System

Based on the San-ji Spirit, Canon HK continues to improve its integrated management system to ensure that the company can effectively cope with risks and drive sustainable development in business. Nowadays, business environment is fraught with challenges and uncertainties which may interrupt or even stop the business. As we all know, supply chain is closely linked to one another, whereas interruption or stop of business will not only affect the delivery of products or services to customers, but also pose a great threat to the internal operations for customers. As a result, they will lose confidence and loyalty to our services.

To improve business continuity of Canon HK and establish effective business resilience which protect the interests, reputation and brand of our stakeholders and create value, the business continuity management system is divided into two parts: The first part is the overall response and coordination of Canon HK; whereas the second part is the department's response and coordination according to the predetermined service level. All departments in Canon HK have developed business continuity management system with the aim at continuously providing service that reach our standard level in case of destructive events.

## Partners Work Together

Collaboration among different stakeholders is necessary for achieving corporate sustainability goals, while their support and participation is also indispensable. Therefore, Canon maintains a close relationship with its partners and strengthens communication with each other through different types of measures and platforms. As a result, Canon and our customers can always be driven to move towards the same goal.

Canon HK believes that communication and cooperation with suppliers is of utmost importance for establishing sustainable business. In view of this, we communicate and share with suppliers the below fields in a timely manner, achieving a mutually beneficial and win-win partnership.

## Quality, Safety, Environment and Data Security

Canon HK is committed to conducting self-inspection and assessment focusing on quality, safety, environmental protection and data security for new suppliers, as well as promoting the concept of social responsibility and the expectation for suppliers. In addition, annual assessment and analysis will be conducted for suppliers on quality, safety, environmental protection and data security. We strives to communicate and coordinate with suppliers to find the most appropriate solutions for improvement. Apart from that, we will also conduct on-site inspections or product inspections and analysis when it is necessary to ensure that the products and services we supply meet our requirements.

As an environmentally - conscious organization, Canon HK envision a green and sustainable future, advocating a greener way to operate business. In May 2019, the company has successfully acquired the Forest Stewardship Council™ (FSC™) 's Chain-of-Custody (CoC) Certificate, providing customers an added confidence on the source of paper product that they purchase. FSC™ is an organization based in Bonn, Germany that promotes responsible use of timber resources. Since its founding in 1994, the FSC™ has been devoted to a sustainable way of forest management, and hence established standards and certification schemes that ensure sustainability of invaluable timber resource. Today, over 190 million hectares of forest, in over 80 countries worldwide, are FSC™ certified. And the CoC certification is established to provide eligible organizations credentials that their timber products are traceable back to a properly managed forest, along the supply chain.



With CoC Certificate, customers purchasing paper products can rest assured that they are supporting a sustainable future for the generations to come.



Canon, as one of the largest manufacturers of electronic products around the world, has been making its best effort in the management of product supply chain, in a hope of efficiently and securely importing quality products to markets, so as to impress our users with the best imaging experience.

Canon HK accredited as Hong Kong Authorized Economic Operator (HK AEO) in recognition of its trusted partner status with Hong Kong Customs and Excise Department (HKC&ED) since June 2015. With the high level of compliance with the strict standards in the assessment, Canon HK was accredited as HK AEO (Tier 2) of HKC&ED, which qualified the security & safety criteria including crisis management & incident recovery and measurement, analysis & improvement.



## Promoting Anti-fraud Culture Zero Dishonesty (ZD)

At Canon, we believe honest and fair working environment is of utmost importance for business growth. Zero Dishonesty (ZD) has been widely recognized and promoted to every member of Canon through four elements:

Clear tone  
at the Top

Anti-fraud  
and control  
training

Review on  
control in  
practice

Case  
reporting  
channels

Strictly complied with relevant laws and regulations, Canon HK attaches great importance to compliance operations and law-abiding and takes them as the premise of enterprise development. As a result, a comprehensive 'Zero Dishonesty' (ZD) system can be constructed which handles violations with zero tolerance to ensure the sustainability of enterprise development.

### Tone at the Top

CEO's  
anti-fraud Message

CEO's  
Ethics Letter

### Training

reinforce anti-fraud & control mindset

E-learning course

Integrity & control training class

New staff orientation

### Internal Audit & SOX Review

reinforce control in practice  
through evaluation on control design and execution

### Whistle-blow & Declaration Channels

Internet-based channel  
to whistle blow misconduct

Web-based platform  
for staff annual declaration

Web-based platform  
for staff incident report

# “Zero Dishonesty”

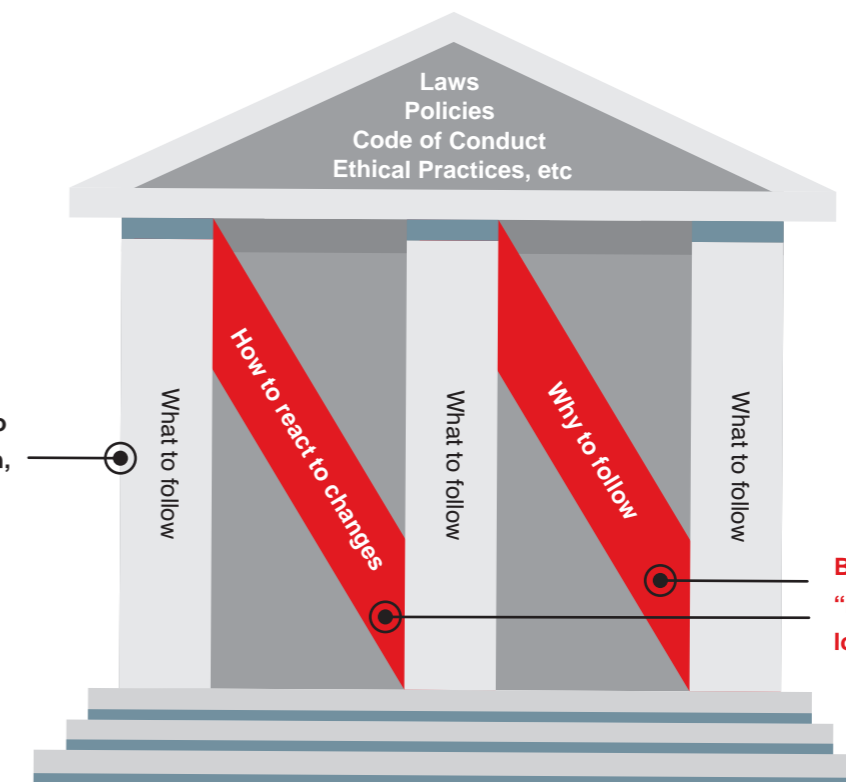
## Tone at the Top

Canon HK management team strongly recognized the importance of compliance and ethical business conduct. The team always addresses the importance of compliance to all staff members.

## Building a Culture of Compliance

“Compliance”= follow applicable Rules, by everyone

Only know “what” to follow is not enough, easy to fall



By knowing “why” and “how”, make compliance long lasting and flexible

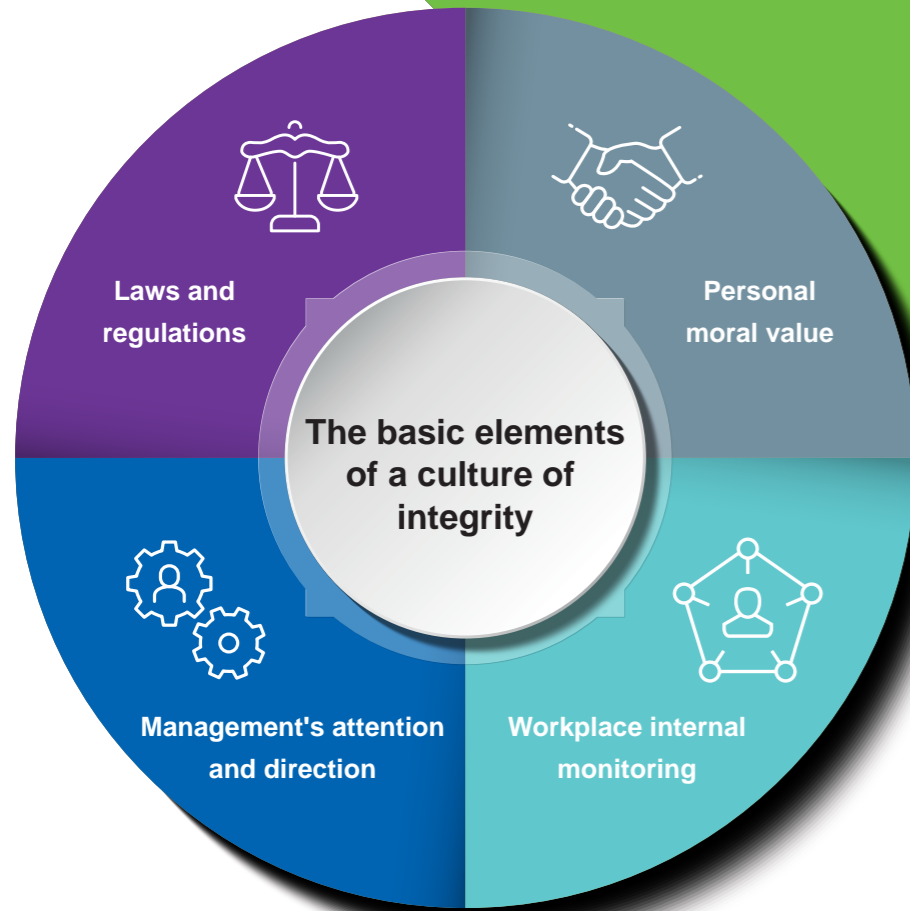
Crucial for company's success in minimizing risk, achieving better EPO - Efficiency, Productivity and Optimization. Ultimately reaching a better result.

## Internal and External Cooperation to Promote Compliance Culture

Canon HK promotes the "zero dishonesty" anti-fraud concept at different levels.

Through training, case sharing and e-learning videos, employees can learn about the company's ethical standard, applicable laws and regulations at any time. For example: Sarbanes-Oxley Act (SOX), Foreign Corrupt Practices Act (FCPA).

Every year, different groups of staff members take part in Integrity and Internal Control training courses to raise their awareness of the anti-fraud culture and the fundamentals of zero dishonesty.



## Fair Trade and Ethics

In addition to internal management, the participation of Zero Dishonesty culture is also necessary for the participation of external stakeholders. In order to promote our Zero Dishonesty culture outside the company, the letter from Canon HK's President & CEO will be sent to suppliers and business partners on a regular basis to let them know about Canon's guidelines for fair trade and ethical operations.

Anyone can communicate issues and concerns associated with unethical or illegal activities safely and honestly with our management while maintaining reporter's anonymity and confidentiality via EthicsPoint™ platform.

## Absolutely Confidential Reporting Mechanism



**Canon ZD Helpline** is an online reporting system designed to report misconduct. Employees or business partners can report misconduct to Canon management through this channel, a designated taskforce will review each case.

All cases are strictly confidential

Identity of the reporter will be fully protected

Any improper treatment to the reporter is strictly prohibited

Employees are required to submit conflicts of interest declaration every year. They can also file individual incident involving personal interest anytime in a specific network platform.

# ZD by Internal Control

[www.ethicspoint.com](http://www.ethicspoint.com)