

GENDER PAY GAP REPORTING



Canon Europe Ltd. is the registered HQ of Canon Europe, Middle East & Africa, based in Uxbridge in the UK.

Founded in 1937, Canon is a leading technology company dedicated to helping people reimagine and push the boundaries of what is possible through imaging. Our continuous innovation has kept us at the forefront of imaging excellence throughout our 80-year history and has enabled us to develop industry-leading technology, supporting future demands of photographers, videographers, office workers, professional printers, medical imaging experts and more.

As we expand our expertise, invest in the right areas and capture growth opportunities, we offer total solutions for our customer's changing world - from image capture to ground-breaking 8K printed output, enterprise to home office or manufacturing for our smart world and cities to frontline patient care.

As a Certified Top Employer for the 5th consecutive year, Canon Europe takes pride and commitment in the rich diversity of its employees. Represented by 39 nationalities from across the globe, this strong cultural infusion of talent brings to life our corporate philosophy, **Kyosei, living and working together for the common good.** This guiding principle is embraced by all Canon employees and it shapes our mission and our values, the way we treat our people and conduct our business. This deeply held belief is at the heart of everything we do.

Our philosophy informs the work we do today and influences the way we operate within the wider community and throughout the world. By continuing to reduce environmental impacts across our operations, we ensure a reduced carbon footprint and empower a new generation of visual storytellers through our **'Imaging for Good'** and **'Young People'** programmes.

The launch of our D&I Focus Group in 2020 continues to place a special focus on gender but with other initiatives to support us in creating a more diverse and inclusive culture. This will enable us to attract and retain talent from the broadest candidate pool.

Canon

Under legislation that came into force in April 2017, UK employers with more than 250 employees are required to publish their gender pay gap.

In this report, we are sharing the median and mean (average) pay gaps between men and women's hourly ordinary pay and bonuses.

Under this legislation, we have to report six different pieces of information relating to the pay of the total included workforce population and these are:

PAY GAP, MEAN AND MEDIAN

This is the difference in hourly pay of male and female full-time relevant employees per 5th April snapshot date and this is expressed as a percentage of the hourly pay of male relevant employees. This means that a positive number indicates men earn more than women; a negative number will mean the reverse. Pay is reported as both ordinary pay and bonus pay.

BONUS PAY GAP, MEAN AND MEDIAN

This refers to the bonus pay paid to male and female relevant employees during the 12 months prior to the snapshot date, expressed as a percentage of the bonus pay paid to male relevant employees.

BONUS PAY PROPORTION

Bonus pay proportion refers to male relevant employees who received a bonus in the 12 months, expressed as a percentage of the male relevant employees; female relevant employees who received a bonus in the 12 months, expressed as a percentage of the female relevant employees.

QUARTILES

This organises the workforce into evenly sized quartiles based on ranking of all full-pay individuals from highest to lowest by hourly rate of pay. For each quartile, the number of full-pay male and females in each quartile is reported as a percentage of the total in the quartile.

It is important to remember that gender pay reporting is different to equal pay.

Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.

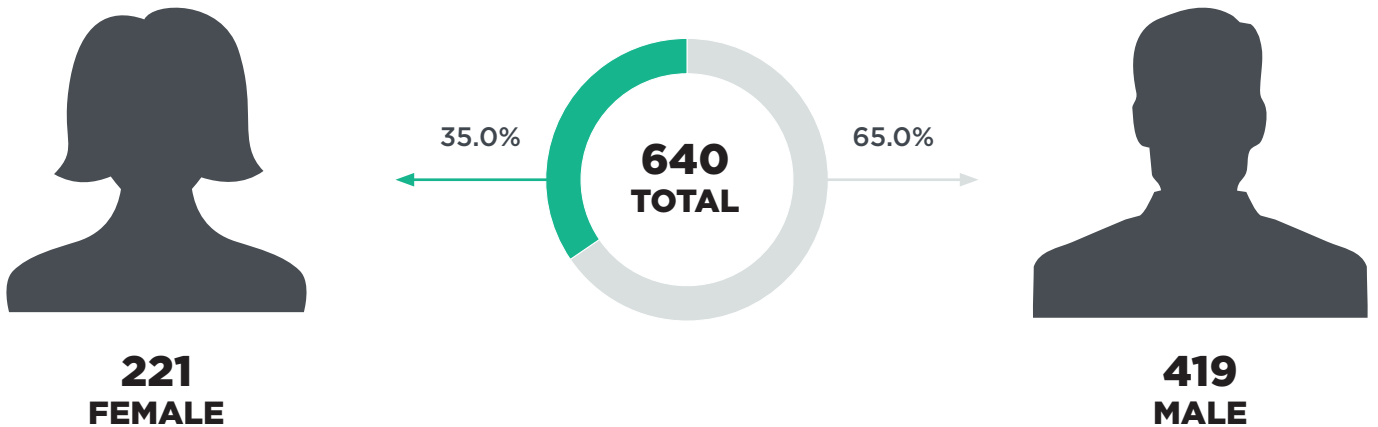
The gender pay gap shows the difference in the average pay between all men and women in a workforce. If a workforce has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are.

OUR WORKFORCE

We collated our snapshot data on 5th April 2020 and from that, excluded non-relevant employees (those not receiving full-pay/those not employed by the us on the snapshot date). This left us with an included workforce demographic for Hourly Rate as follows:

CANON EUROPE DEMOGRAPHIC - APRIL 2020

Canon Europe has an employee population that is represented by **65%** male, **35%** female.



Whilst the diversity of our workforce is a key asset of Canon Europe, this report provides further insights that help us to focus on key actions enabling us to make improvements to achieve a more balanced workforce at all levels of our business for the future, which in turn would enable us to address the pay gap.

OUR GENDER PAY GAP STATISTICS

The Office for National Statistics has published (Oct 2020) the GPG for all employee jobs in the UK 2020 which shows the Median GPG to be 15.5%. This gives a point of reference when reviewing our results.

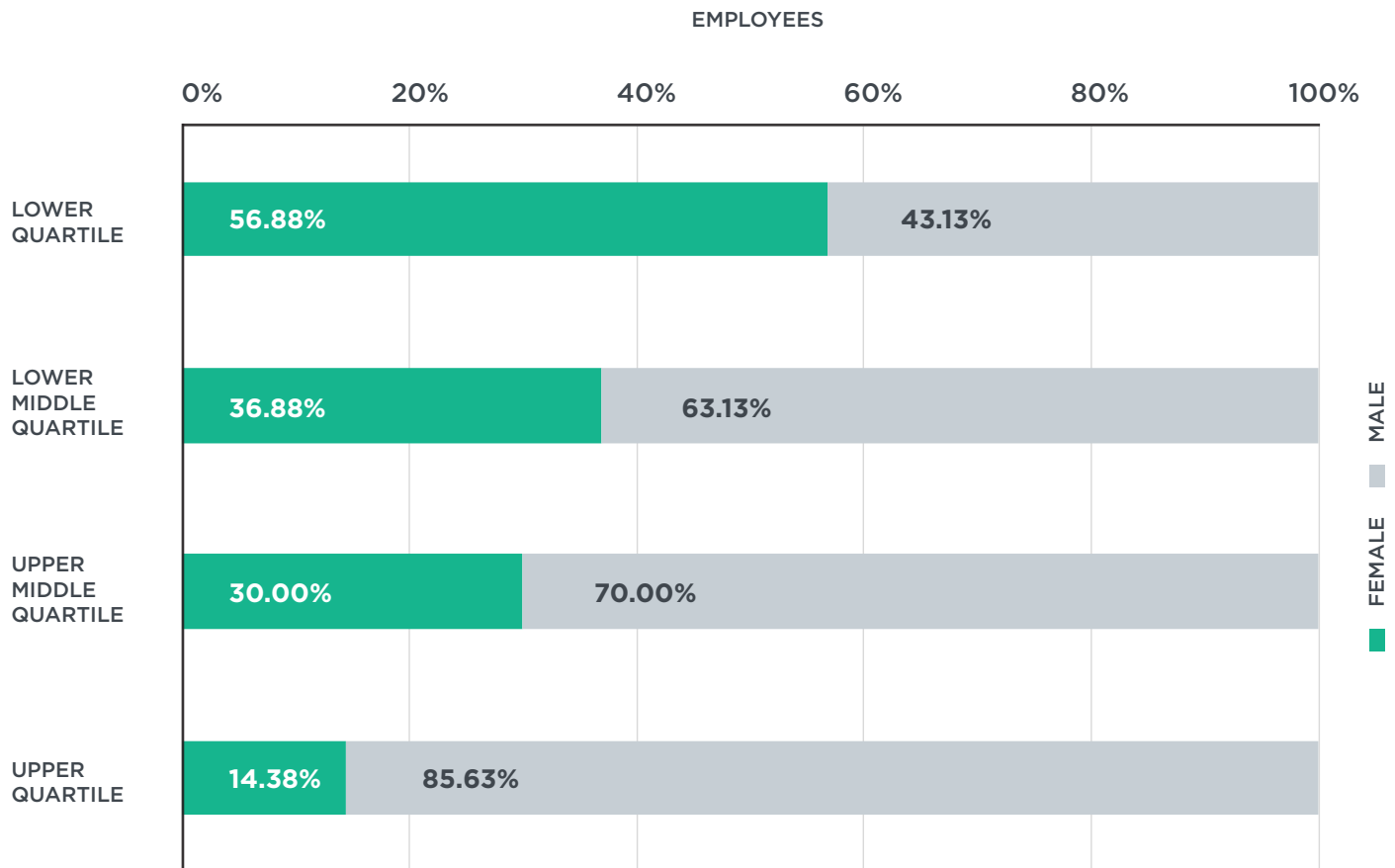
GENDER PAY GAP - SNAPSHOT DATA

The table below shows our mean and median hourly ordinary pay gender pay gap.

	2019	2020
MEDIAN GENDER PAY GAP	30.8%	24.4%
MEAN GENDER PAY GAP	31.9%	25.0%

PAY QUARTILES

The below illustrates the gender distribution of all included employees for Canon Europe across all four quartiles.



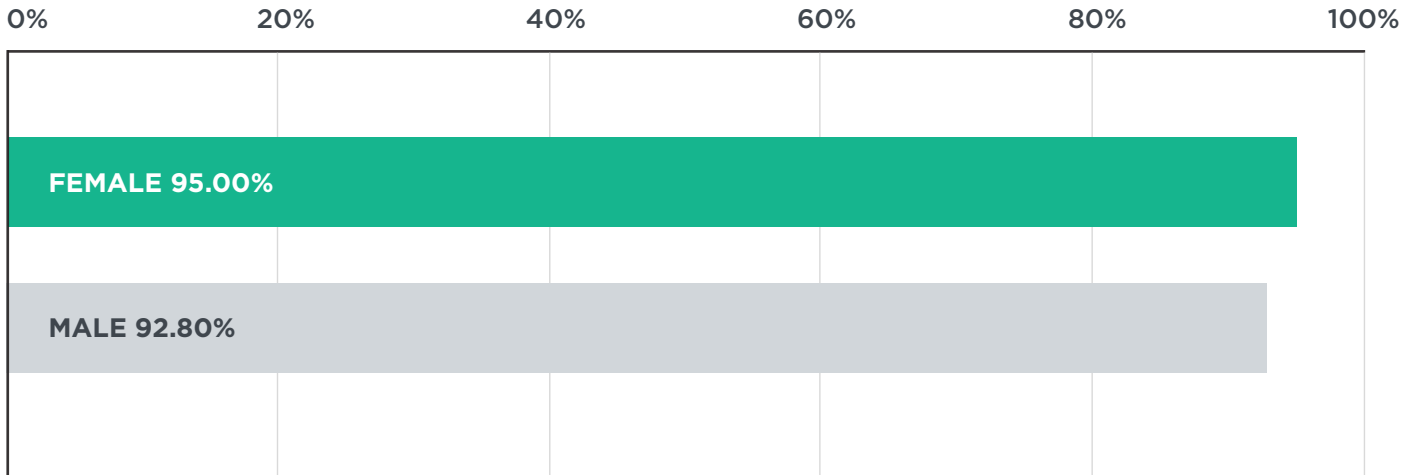
GENDER PAY GAP - BONUS

The below table shows our mean and median bonus gender pay gap.

	2019	2020
MEDIAN GENDER PAY GAP	30.8%	31.9%
MEAN GENDER PAY GAP	48.9%	46.5%

BONUS PAY PROPORTION

The below statistics show that out of all included women, **95%** received a bonus and **92.8%** of all included men received a bonus.



UNDERSTANDING OUR PAY GAP

Men have traditionally dominated the workforce in our industry, and this is reflected in our Canon Europe organisation where 65% of our employees are male and 35% are female.

Our analysis reveals an overall difference of 25 % between the average pay (hourly rate) of our male and female employees. A **6% decline** on the previous year, and a 13% decline since Gender Pay Gap reporting commenced in 2018.

The headlines set out the gender profile by hourly pay, bonus payment and by pay quartile.

We also looked at the gender pay of our employees at different professional levels and grades. Since the 2019 report, we have improved the pay gap at both the

mean and median in most career levels, with the exception of roles at Senior Director/VP level which remains male dominated. Whilst we have seen improvement there is still more to do to achieve better female representation in Management and Leadership roles. As a result, at the Senior Director, VP and Executive career levels, a lower representation of female employees compared to their male colleagues explains the corresponding gender pay gap, and the need to continue to improve in this area.

There are different factors that play into the trending gap highlighted by the report. This residual difference can be explained by, for example, different levels in skills, competency and experience of employees doing broadly similar roles.



CLOSING THE GAP

While the actions taken have shown improvements, we recognise the need for continued effort in closing the overall gap. We are fully committed to making further progress.

Our confidence in our drive to improve our gender pay gap is influenced by the pipeline of initiatives in progress. We believe these will further improve wellbeing, work-life balance, raise awareness, address unconscious bias and attract a higher proportion of female employees in key management and leadership positions.

Our Diversity and Inclusion strategy will continue to focus on proactively managing talent, internally and externally, to ensure a sourcing approach that focuses on attraction and succession planning for female talent to further close the gender gap.

Our coaching and talent programmes support the career progression of female employees and we continue to explore opportunities to improve in these areas.

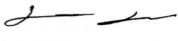
Our increased focus on our Diversity and Inclusion strategy, supported by the activities of our D & I Focus Group, provide formal and informal opportunities for our female employees to share valuable information, raise awareness of the needs and issues that particularly impact females, and to develop social and business networks. We have mandated Unconscious Bias training across our management population, and we are improving our talent acquisition processes to ensure that we are able to attract the best female talent in the market.

We are prioritising activities that enable us to meet & exceed our EMEA Diversity & Inclusion commitment to improve the gender split in our management population from 76% male/22% female to 65% male/35% female by 2023. For Canon Europe this will result in a minimum 2% increase in the number of females in management and senior **management** positions, and we will continue to encourage close collaboration with our Employee Representative and D&I Focus groups, as well as learning from external best practice.


Our approach to Flexible Working which will include the introduction of a hybrid working model between office and home locations, along with our highly competitive Family Friendly policy, recognises the importance of balancing the personal and professional needs of our employees.

DECLARATION

I confirm that the data reported is accurate and meets the requirements of the Regulations and methodology outlined in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



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