



GENDER PAY GAP REPORTING 2022

Canon



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

Since our founding in 1937, Canon has been dedicated to pushing the boundaries of imaging, giving people the tools to reimagine the way they work and live. A leading technology company, innovation has kept Canon at the forefront of imaging excellence through the development of our industry leading technology.

Through our expertise and investment, we offer ground-breaking imaging solutions for a changing world. From medical imaging and 8K output, to analytics for video and mixed reality, we have developed industry-leading technology supporting the future demands of photographers, videographers, office workers, professional printers, medical imaging experts and more.

Our corporate philosophy, **Kyosei - living and working together for the common good**, is at the heart of everything we do. The world of Canon is shaped by one shared philosophy that influences the way we do business and how we treat each other.

The values we draw from Kyosei are also fundamental to the responsibility we feel as corporate citizens. This can be seen in the work we undertake to reduce our environmental impact across our operations and our programmes to empower the next generation of visual storytellers. Kyosei is also about confronting the greatest threats to life on earth. Our sustainability focus is both environmental and social.

Through our continued commitment to creating a truly inclusive culture, Canon Europe takes pride and commitment in the rich diversity of its employees. Represented by 42 nationalities from across the globe, this strong cultural infusion of talent brings to life our corporate philosophy, Kyosei. 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.

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 **'Miraisa'** and **'Young People'** programmes.

In addition to these outstanding programmes, locally Canon Europe invests in a partnership with University Technical College, Global Academy. Located close to our HQ in Hayes, the college specialises in Creative Media and puts a strong focus on the importance of equality and inclusion; 43% of their students come from ethnic minority communities, 60% are female, with a large LGBTQ+ community. We have supported students at Global Academy with an expert series of talks covering a range of topics relating to Creative Media, as well as providing opportunities for students to work on 'real life' creative opportunities. We have also provided mentors to a group of students as part of a structured mentoring scheme. We hope to inspire applicants to apply for future Canon opportunities and further develop our relationship with the college.

Our Diversity, Equity & Inclusion (DE&I) Focus Group, formed in 2020, continues to support us on our DE&I agenda, with an ongoing priority focus on gender in the events and initiatives we promote in our organisation. We have made progress in raising awareness through activities in support of events like International Women's Day, and issues specific to women including a developing focus on women's health and the menopause. In addition, creating a more diverse and inclusive culture in the wider context has enabled us to attract talent from the broadest candidate pool, further enriching our female talent and creating opportunities for all. However, there is more to do, and this remains an area of focus for us.

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 must 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.

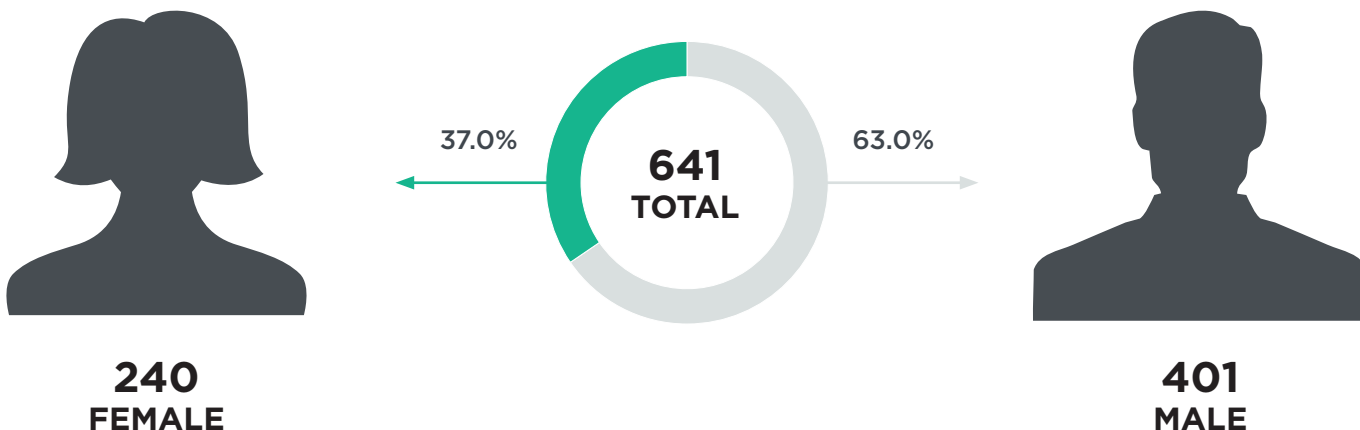
The gender pay gap shows the difference in the average pay between all men and women in a workforce. If a workforce has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are.

OUR WORKFORCE

We collated our snapshot data on 5th April 2022 and from that, excluded non-relevant employees (those not receiving full-pay/those not employed by us on the snapshot date). This left us with an included workforce demographic for Hourly Rate as follows:

CANON EUROPE DEMOGRAPHIC - APRIL 2022

Canon Europe has an employee population that is represented by **63%** male, **37%** 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 (Nov 2022) the GPG for all employee jobs in the UK 2022 which shows the Median GPG to be **14.9%**. This gives a point of reference when reviewing our results.

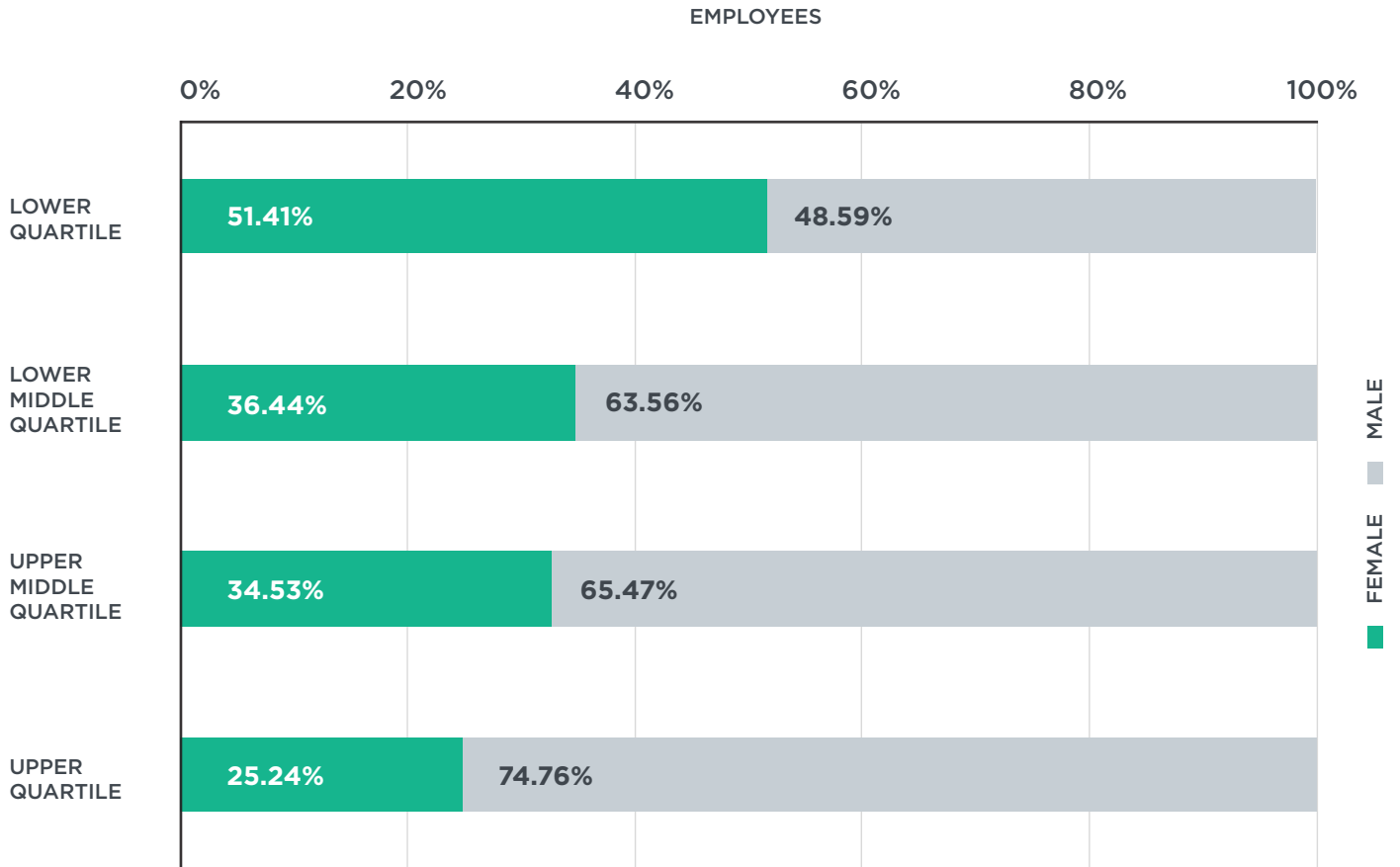
GENDER PAY GAP - SNAPSHOT DATA

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

	2019	2020	2021	2022
MEDIAN GENDER PAY GAP	30.80%	24.40%	20.30%	12.00%
MEAN GENDER PAY GAP	31.90%	25.00%	21.80%	15.40%

PAY QUARTILES

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



GENDER PAY GAP - BONUS

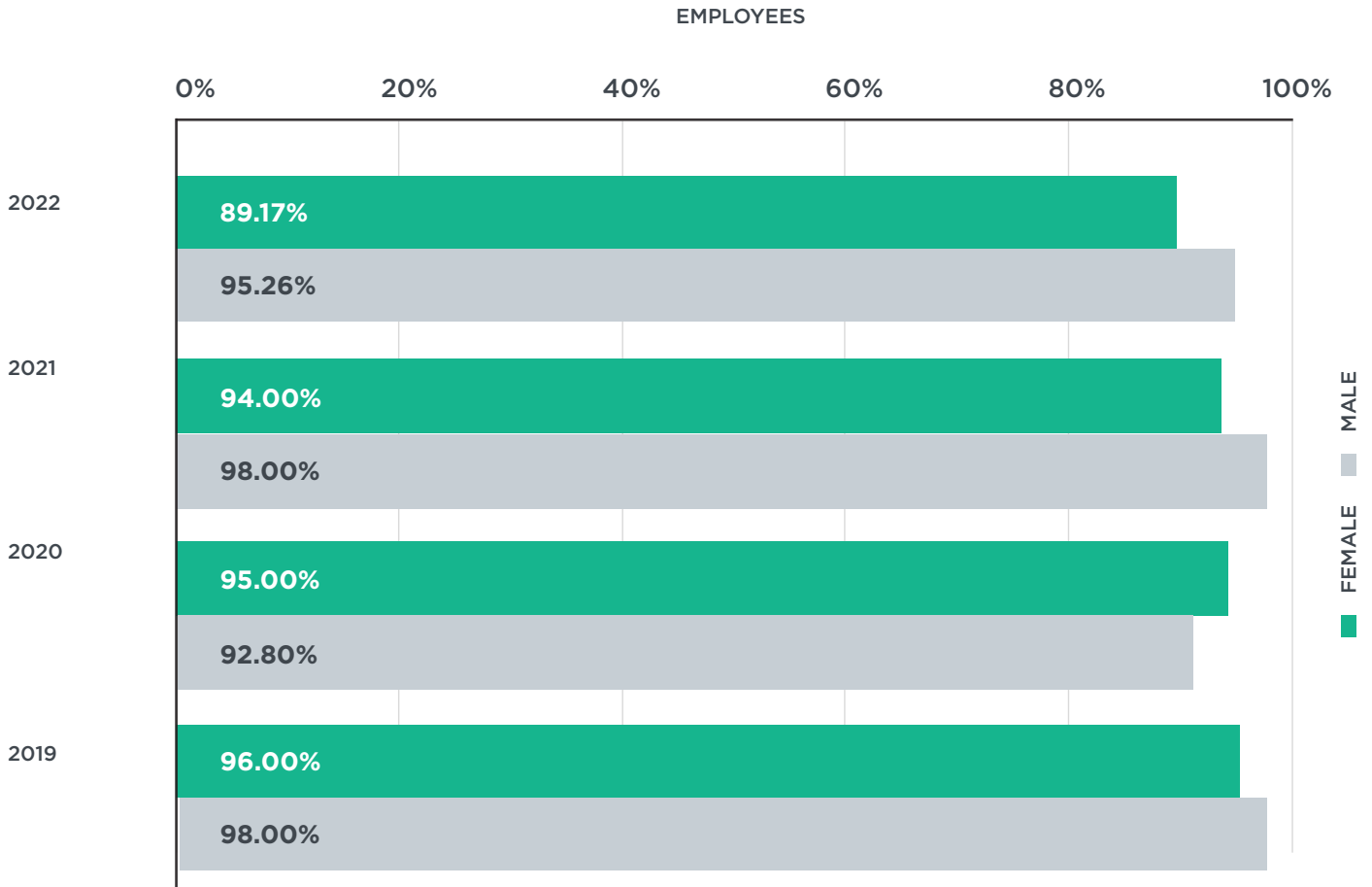
The below table shows our mean and median bonus gender pay gap.

	2019	2020	2021	2022
MEDIAN GENDER PAY GAP	30.80%	31.90%	35.40%	35.78%
MEAN GENDER PAY GAP	48.90%	46.50%	43.40%	43.90%

The value of the total bonus payment for 2022 improved marginally when compared to 2021.



BONUS PAY PROPORTION



The above statistics show that out of all included women, **89%** received a bonus and **95%** of all included men received a bonus. Whilst the entitlement to a bonus applies consistently to males and females at Canon, the difference resulted from increased attrition during the period due mainly to the availability of more flexible working options in some sectors, particularly full-time home working. With slightly more males leaving the organisation but 10% more females joining during the qualifying period, proportionately more females received a pro rata bonus payment.

UNDERSTANDING OUR PAY GAP

Men have traditionally dominated the workforce in our industry, and this is reflected in our Canon Europe organisation, where 63% of our employees are male and 37% are female. This has stayed static when compared to 2021.

However, following the implementation of a more structured and transparent pay structure, and a focus on addressing the alignment of employees to the new salary bands, we have achieved a significant improvement in our Gender Pay Gap. Additionally, we had 10% more females than males joining Canon in the qualifying period, and a combination of recruitment and promotion of females into roles at higher grades than in previous years.

Our analysis reveals an overall difference of **15.4%** between the average pay (hourly rate) of our male and female employees. A **6.4% decline** on the previous year, and a **23.6%** 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 2021 report, we have improved the pay gap in the majority of career levels, and we are now making some impact in our Senior Expert, Management and Director levels but there is still more work to do, and this will continue to be a focus area for us.

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.

Overall, Canon Europe's gender pay gap is most significantly impacted by the comparatively lower proportion of female employees in leadership and executive positions. This is further compounded by the proportion of assigned employees from Canon Inc. working in our European organisation, who are primarily in senior roles and, also male. As a strategic regional headquarters, with a need to have close collaboration with our HQ in Japan this will remain the case, but it encourages us to focus our efforts across our organisation to mitigate this impact and is an area where we are seeing some positive change.

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, raising awareness, address unconscious bias and attract a higher proportion of female employees into key management and leadership positions. The continuing shift in balance across the organisation levels and pay quartiles, when compared to 2021, is encouraging and demonstrates our support of the career development of our female talent.

Our ongoing focus on DE&I enables us to proactively manage talent, internally and externally, and to ensure a sourcing approach that focuses on attraction and succession planning for female talent, to further close the gender gap.

Our mentoring, coaching and talent programmes support the career progression of female employees, and we continue to explore opportunities to improve in these areas. The addition this year of our partnership with Global Academy also enables us to engage directly with young female talent, and we have plans in place to offer apprenticeships in our creative teams to continue supporting their professional development.

Our increased focus on our DE&I strategy, supported by the activities of our DE&I Focus

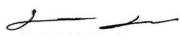
Group provides formal and informal opportunities for our female employees to share valuable information, raise awareness of the needs and issues that particularly impact females, and to develop social and business networks. Our mandatory Unconscious Bias training across our management population is ongoing and will continue to develop into the future, along with our overall strategy to build a truly inclusive working environment. Our talent acquisition processes remain an area of focus to ensure that we attract the best female talent in the market and we are seeing greater success year on year.

We have prioritised activities that enable us to meet and exceed our DE&I commitment to improve the gender split in our management population from 76% male/22% female to 65% male/35% female by 2023, and we will continue to encourage close collaboration with our Employee Representatives and DE&I Focus groups, as well as learning from external best practice.

Our approach to 'Flexible Working' which has included 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. As our approach continues to evolve, we and our competitors are identifying how to best secure high productivity as well as a great employee experience. We will review and adapt our approach to ensure that we remain competitive and attractive to external and internal talent.

DECLARATION

We 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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