



GENDER PAY GAP REPORTING 2023

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've 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.

Canon Europe Ltd. is the registered regional sales headquarters for Canon Europe, Middle East & Africa, based in Uxbridge in the UK.

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 Kyosei to life. 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.

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're 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 as per 5th April 2023 snapshot date and this is expressed as a percentage of the hourly pay of male relevant employees. 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. The pay mean doesn't take into account the employees' position or job level, so results can be misleading and can be skewed, particularly if populations have a larger amount of male senior management employees. The median therefore provides a more representative measure of the pay gap since it isn't impacted by any outliers.

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.

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.

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.

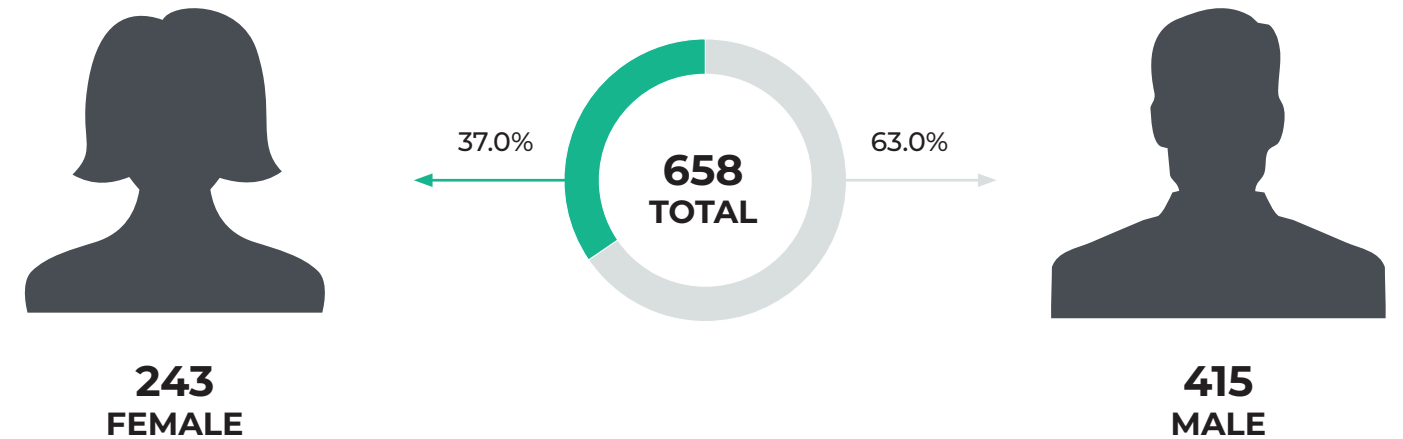
Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs, or work of equal value. It's unlawful to pay people unequally because they are a man or a woman.

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 that 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 2023 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 2023



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 2023) provisional gender pay gap results for all employee jobs in the UK in 2023 which shows the Median GPG to be **14.3%**. This gives a point of reference when reviewing our results.

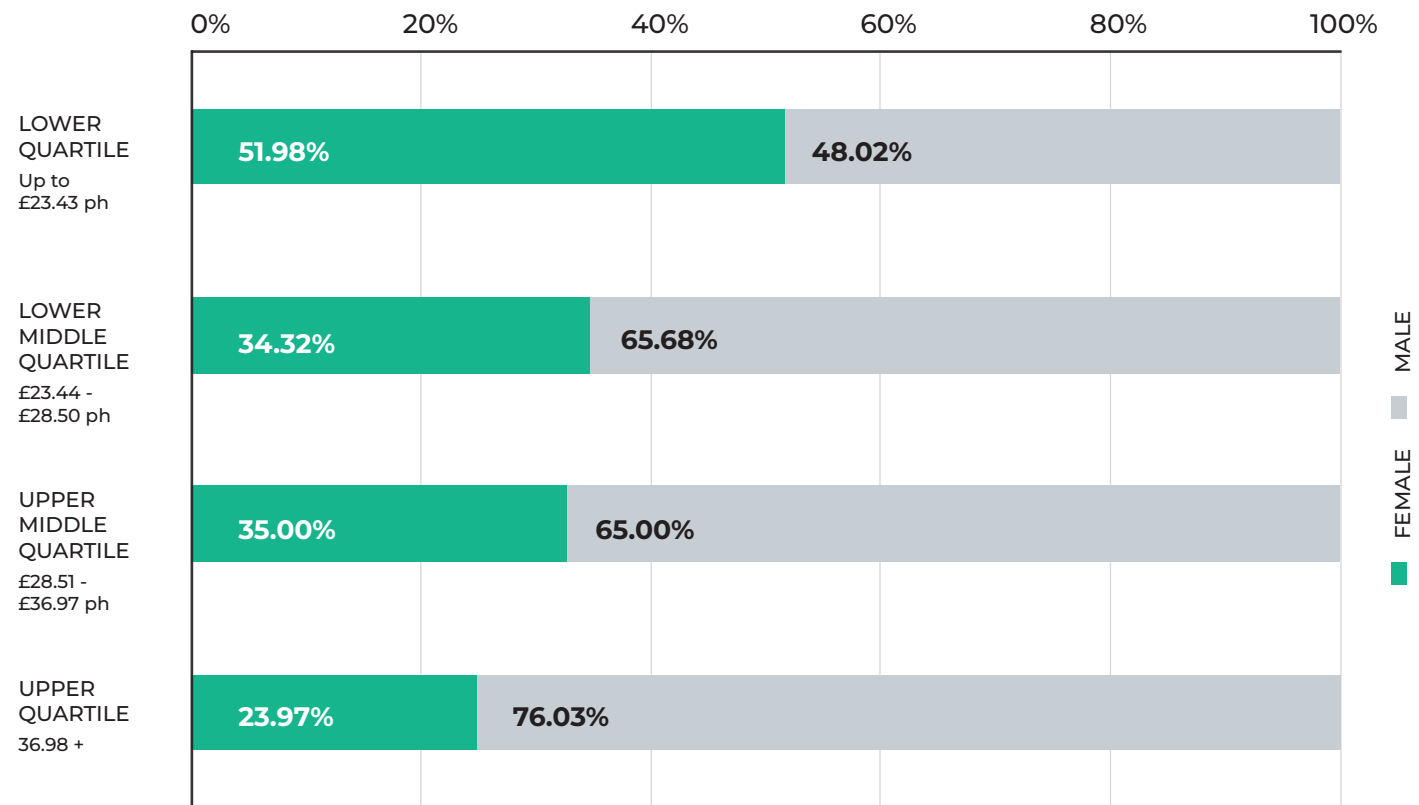
GENDER PAY GAP – SNAPSHOT DATA

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

| | 2023 | 2022 | 2021 |
|------------------------------|--------------|--------------|--------------|
| MEDIAN GENDER PAY GAP | 14.6% | 11.9% | 20.3% |
| MEAN GENDER PAY GAP | 16.3% | 15.4% | 21.8% |

PAY QUARTILES

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



The above illustrates the gender distribution of all included employees for Canon Europe across four equal quartiles. This chart gives an indication of the representation of women and men across different levels of the business based on their hourly pay.

GENDER PAY GAP - BONUS

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

| | 2023 | 2022 | 2021 |
|------------------------------------|---------------|---------------|---------------|
| MEDIAN BONUS GENDER PAY GAP | 25.45% | 35.78% | 35.40% |
| MEAN BONUS GENDER PAY GAP | 35.76% | 43.90% | 43.40% |

The value of the total bonus payment for 2023 improved significantly for females when compared to 2022.

BONUS PAY PROPORTION

Female: 97.5%

Male: 98%

The above statistics show that out of all included women, 97.5% received a bonus and 98% 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 63% of our employees are male and 37% are female. This has stayed static since 2021.

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've achieved a significant improvement in our Gender Pay Gap since 2021. Over the past year, we've had a lower number of females than males leaving Canon and we have had some movement within the quartile percentages as indicated on the 'Pay Quartiles' graph.

Our analysis reveals an overall difference of **16.3%** between the average pay (hourly rate) of our male and female employees; a **0.9% increase** on the previous year.

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

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.

CLOSING THE GAP

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 DE&I awareness, addressing unconscious bias and attracting a higher proportion of female employees into key management and leadership positions. The continuing shift in balance across the organisation levels and pay quartiles, is encouraging and demonstrates our support of the career development of our female talent.

Launch of EMEA-wide DE&I Vision & Strategy

2023 saw the launch of the EMEA wide Diversity, Equity & Inclusion (DE&I) Vision and Strategy, identifying five key pillars of our focus which are: Inclusive Leadership, Inclusive Employees, Inclusive Workplace, Inclusive Measurement and Inclusive Business. These pillars underpin our direction and activities across the region aligned to local focus areas. This strategy included conducting our first EMEA wide DE&I employee survey, which asked for colleague feedback and input on how they feel and the progress we're making on our journey.

In our Canon Europe organisation we reviewed our governance structure for our DE&I Strategic Focus Group and we established the first three Employee Network Groups – Cultural & Ethnic Diversity; Disability, Ability & Wellbeing; and Women In Business. We assigned senior leaders as sponsors to each of the network groups and the Strategic Focus Group. Working together, the Strategic Focus Group and the Employee Network Groups managed a calendar of events to raise awareness and celebrate specific events and cultural days. The Women in Business group organised events for International Women's Day, and activities that focused on opportunities for women in the workplace by identifying role models to share their stories.

Global Academy Partnership

We've continued to invest in a partnership with University Technical College, Global Academy. Located in Hayes, close to our HQ, 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've 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 support students through the structured mentoring programme which increased to 20 participants in 2023. The ongoing partnership with Global Academy also enables us to engage directly with young female talent, and we were able to offer apprenticeships in our creative teams to continue supporting their professional development.

Mentoring & Coaching

Our mentoring, coaching and talent programmes support the career progression of female employees, and we continue to explore opportunities to improve in these areas. In 2023, 50% of employees receiving mentoring were female and 33% of the mentors were female.

Our increased focus on our DE&I strategy, supported by the activities of our DE&I Strategic Focus Group and Employee Network Groups, provides formal and informal opportunities for our female employees to share valuable information, raise awareness of the needs and issues that particularly impact female colleagues, and to develop social and business networks. We continue to encourage learning through the variety of content we have available to all our employees and have started to roll out the next phase of our Leadership Workshops to support the strategic action plans across the organisation. Our talent acquisition processes remain an area of focus, to ensure that we attract the best female talent in the market, with increased external visibility through our new dedicated web page sharing our Vision & Strategy, and initiatives to advertise vacancies via Diversity job boards.

Family Friendly Policy

We've continued to operate a hybrid working model between office and home locations, which along with our highly competitive 'Family Friendly Policy', recognises the importance of balancing the personal and professional needs of our employees. We'll review and adapt our approach to ensure that we remain competitive and attractive to internal and external talent.

Refreshed Code of Conduct

A refreshed colleague Code of Conduct was launched in 2023 which emphasises Canon's corporate philosophy of Kyosei. Through this we commit to providing a healthy corporate culture and work environment where people are valued, respected, have a sense of belonging and can thrive personally and professionally. It's consistently referenced in our communications and business performance update events and meetings. The code also explains our guiding principles - the 'San-ji (Three 'selves') Spirit' - of self-motivation, self-management, and self-awareness - which provide a basis for all our actions as employees. We respect each other as individuals and don't discriminate against others based on race, religion, nationality, gender, age, sexual orientation, or any similar characteristics. We're committed to equal opportunities and encourage a respectful and diverse workplace, in which each individual's unique value is recognised.

Priorities for 2024

Any gender pay gap tells us there's still work to do and in 2024 we will be continuing to build an inclusive culture. Priorities for this year include:

- Empowering employees to create and lead networks, which in 2024, includes a proposal to establish an Employee Network Group for LGBTQ+.
- Continuing to focus on raising awareness and learning where all employees will be encouraged to follow the online DE&I learning journey that has been curated by our People Development team.
- Continuing to celebrate national events around DE&I throughout the year, enabling us to expand our knowledge and understanding. We'll continue to take an intersectional approach in fostering an inclusive environment where our Employee Network Groups work collaboratively on events and activities.

While the actions taken in 2023 have shown improvements, we recognise the need for continued effort in closing the overall gap. We're fully committed to making further progress.

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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