

#### IV. Information About Reporting Company

##### 1. Company's shares, etc.

##### (1) Total number of shares, etc.

##### (i) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	1,214,916,736
Total	1,214,916,736

##### (ii) Outstanding shares

Class	Number of outstanding shares (Shares) (As of March 31, 2023)	Number of outstanding shares (As of the filing date: June 28, 2023)	Name of stock listing or the name of authorized financial instruments firms association	Description
Common stock	385,022,278	385,022,278	Tokyo Stock Exchange Prime Market	The Company's standard class of shares with no rights limitations. Its share trading unit is 100 shares.
Total	385,022,278	385,022,278	—	—

##### (2) Subscription rights to shares

##### (i) Details of stock option program

None

##### (ii) Details of rights plan

None

##### (iii) Other subscription rights to shares

None

##### (3) Exercises, etc. of moving strike convertible bonds, etc.

None

##### (4) Changes in number of outstanding shares, share capital, etc.

Date	Change in total number of outstanding shares (Shares)	Balance of total number of outstanding shares (Shares)	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
March 8, 2023 (Note)	(14,612,500)	385,022,278	—	53,204	—	84,321

(Note) This is the decrease of total number of outstanding shares by 14,612,500 shares due to the cancellation of treasury shares as of March 8, 2023.

## (5) Distribution of ownership among shareholders

As of March 31, 2023

As of March 31, 2023

Category	Share ownership (100 shares per unit)							Shares less than one unit (Shares)	
	Government and regional public bodies	Japanese financial institutions	Japanese securities companies	Other Japanese corporations	Foreign institutions and others		Japanese individuals and others		Total
					Institutions	Individuals			
Number of shareholders (Persons)	—	59	41	393	709	41	40,111	41,354	—
Number of shares owned (Units)	—	1,445,688	150,333	414,556	783,802	178	1,054,467	3,849,024	119,878
Percentage of shares owned (%)	—	37.55	3.91	10.77	20.36	0.00	27.41	100.00	—

### (Notes)

- 53,364,380 shares of treasury shares are included as 533,643 units under “Japanese individuals and others” and 80 shares under “Shares less than one unit.” Treasury shares do not include the Company’s shares (142,255 shares) owned by the officer compensation BIP trust.
- Six units in the name of Japan Securities Depository Center, Inc. are included under “Other Japanese corporations.”

(6) Major shareholders

As of March 31, 2023

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	78,027,300	23.52
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	26,685,700	8.04
Sanko Kigyo Kabushiki Kaisha	6-1, Ginza 5-chome, Chuo-ku, Tokyo	14,000,000	4.22
Seiko Group Corporation	5-11, Ginza 4-chome, Chuo-ku, Tokyo	12,000,000	3.61
Mizuho Trust & Banking Co., Ltd., Retirement benefit trust, Mizuho Bank, Ltd. account, Beneficiary of the re-trust, Custody Bank of Japan, Ltd.	8-12, Harumi 1-chome, Chuo-ku, Tokyo	8,153,800	2.45
Epson Group Employees' Shareholding Association	3-5, Owa 3-chome, Suwa-shi, Nagano	7,410,292	2.23
The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	6,115,200	1.84
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	4,733,777	1.42
Etsuko Hattori	Minato-ku, Tokyo	4,321,400	1.30
The Hachijuni Bank, Ltd.	178-8, Okada, Nagano-city	4,260,000	1.28
Total	—	165,707,469	49.96

(Notes)

1. Although the Company holds 53,364,380 shares of treasury shares, the Company is excluded from the above list of major shareholders. (The ratio of the treasury shares held by the Company to the total number of shares outstanding is 13.86%.) Treasury shares do not include the Company's shares (142,255 shares) owned by the officer compensation BIP trust.
2. The shares held by Mizuho Trust & Banking Co., Ltd., Retirement benefit trust, Mizuho Bank, Ltd. account, Beneficiary of the re-trust, Custody Bank of Japan, Ltd., were contributed by Mizuho Bank, Ltd. to the trust assets of the Retirement benefit trust.

3. BlackRock Japan Co., Ltd. and its joint holders submitted a Large Volume Holding Report to the Director of the Kanto Local Finance Bureau as of May 19, 2022, claiming that they hold the Company's shares as follows as of May 13, 2022. However, we have not been able to confirm the number of shares they held at the record date for voting. Therefore, they are not included in the above major shareholders.

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	6,700,000	1.68
BlackRock Investment Management LLC	251 Little Falls Drive, Wilmington, DE, United States	432,500	0.11
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	697,648	0.17
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, United Kingdom	743,577	0.19
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge Dublin, Ireland	2,007,758	0.50
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, United States	4,603,300	1.15
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, United States	4,419,350	1.11
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, United Kingdom	493,276	0.12
Total	—	20,097,409	5.03

4. Nomura Securities Co., Ltd. and its joint holders submitted a Report of Change to the Director of the Kanto Local Finance Bureau as of January 11, 2023, claiming that they hold the Company's shares as follows as of December 30, 2022. However, we have not been able to confirm the number of shares they held at the record date for voting. Therefore, they are not included in the above major shareholders.

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Nomura Securities Co., Ltd.	13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	8,258	0.00
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	1,873,760	0.47
Nomura Asset Management Co., Ltd.	2-1, Toyosu 2-chome, Koto-ku, Tokyo	31,365,600	7.85
Total	—	33,247,618	8.32

5. Sumitomo Mitsui Trust Bank, Limited and its joint holders submitted a Report of Change to the Director of the Kanto Local Finance Bureau as of January 19, 2023, claiming that they hold the Company's shares as follows as of January 13, 2023. However, we have not been able to confirm the number of shares they held at the record date for voting. Therefore, they are not included in the above major shareholders.

Name	Address	Number of shares held (Shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	10,439,800	2.61
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	13,732,200	3.44
Total	—	24,172,000	6.05

## (7) Voting rights

### (i) Outstanding shares

(As of March 31, 2023)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury shares, etc.)	—	—	—
Shares with restricted voting rights (Other)	—	—	—
Shares with complete voting rights (Treasury shares, etc.)	Common stock 53,364,300	—	—
Shares with complete voting rights (Other)	Common stock 331,538,100	3,315,381	—
Shares less than one unit	Common stock 119,878	—	—
Total number of outstanding shares	385,022,278	—	—
Total number of voting rights	—	3,315,381	—

(Note) The shares with complete voting rights (Other) section includes 142,255 of the Company's shares held by the officer compensation BIP trust (1,422 units of voting rights) and 600 shares in the name of Japan Securities Depository Center, Inc. (six units of voting rights).

### (ii) Treasury shares, etc.

(As of March 31, 2023)

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held	Shareholding ratio (%)
Seiko Epson Corporation	4-1-6 Shinjuku, Tokyo	53,364,300	—	53,364,300	13.86
Total	—	53,364,300	—	53,364,300	13.86

(Note) In addition to the above, 142,255 of the Company's shares held by the officer compensation BIP trust have been treated as treasury shares in consolidated and non-consolidated financial statements.

(8) Officer and employee stock ownership plans

**<Performance-Linked Stock Compensation Plan>**

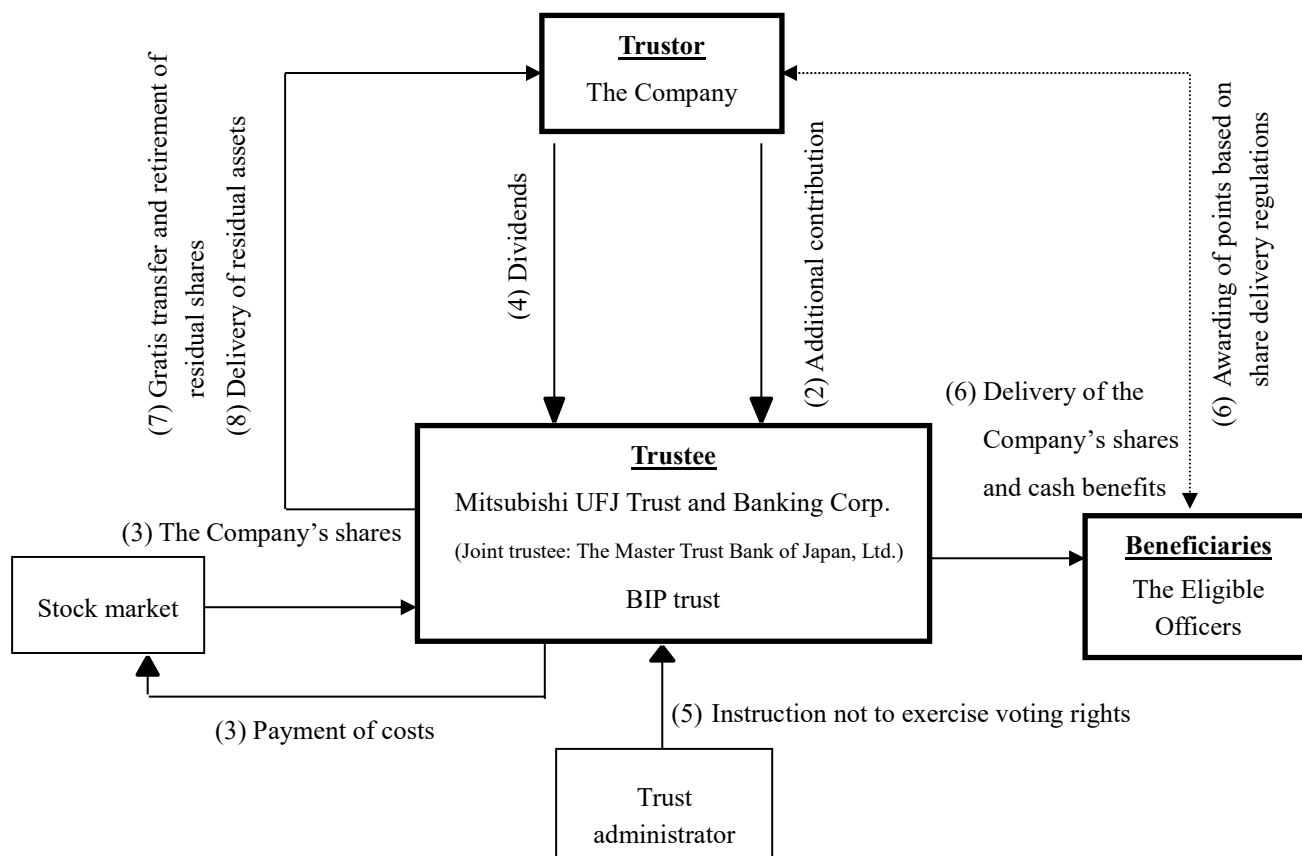
From the fiscal year ended March 31, 2017, the Company has introduced a transparent & fair performance-linked stock compensation plan (hereinafter referred to as the “Plan”) for the Company’s directors and executive officers who have been engaged by the Company (hereinafter collectively referred to as the “Eligible Officers,” and excluding outside directors and persons such as Audit & Supervisory Committee members who are not directly engaged in the operations of the Company, and persons residing outside Japan). The Plan is intended to heighten directors’ sense of shared interest with shareholders and to show a commitment to sustaining growth and increasing corporate value over the mid- to long-term. The Company resolved at the meeting of its Board of Directors held on May 16, 2019 to continue the Plan with three years from the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2022 as the period covered by the Plan.

The Company introduced a restricted stock compensation plan in place of the Plan at the 80th Ordinary General Meeting of Shareholders held on June 28, 2022. Accordingly, no additional contribution shall be made under the Plan, and the Plan is scheduled to be terminated in August 2024 as soon as we complete issuing ordinary shares of the Company corresponding to the points awarded and deliver cash equivalent to the amounts obtained through converting such shares into cash.

**1. Summary of the Plan**

The Plan has employed a framework referred to as the officer compensation BIP (Board Incentive Plan) trust (hereinafter referred to as the “BIP trust”) and is designed to deliver a variable number of shares to Eligible Officers based on the levels of achievements of mid- to long-term operating performance targets for the Company’s business profit, ROS, ROE, etc., and other factors. The BIP trust is, like the U.S. Performance Share and Restricted Stock systems, a stock compensation plan for officers under which the Company’s shares and cash equivalent to the amounts obtained through the conversion of such shares into cash are delivered and paid based on position, the levels of achievement of operating performance targets and other factors.

## (1) Resolution of the Board of Directors



- 1) The Company resolved the continuation of the Plan at the meeting of its Board of Directors held on May 16, 2019
- 2) The Company additionally contributed funds within the scope of approval by resolution at the 2016 General Meeting of Shareholders and has extended the period of a trust with beneficiaries who are the Eligible Officers who satisfy the beneficiary requirements (hereinafter referred to as the "Trust").
- 3) According to the trust administrator's instructions, the Trust uses funds remaining in the trust assets at the time of the change in the trust agreement and funds contributed as in 2) above as the source of funds to acquire the Company's shares in the stock market.
- 4) The allocation of surplus funds for the Company's shares within the Trust is handled in the same manner as for other shares of the Company, and is appropriated for necessary expenses for the Plan.
- 5) Throughout the trust period, voting rights are not to be exercised on the Company's shares within the Trust.
- 6) During the trust period, the Eligible Officers are awarded a specific number of points each year based on their position and other factors, in accordance with the share delivery regulations. Such points fluctuate depending on the levels of achievement of the mid- to long-term operating performance targets of the Company. Furthermore, the Company's shares, which correspond to a certain proportion of such points, will be delivered to the Eligible Officers, in principle, after the lapse of three years following the awarding of points. As regards the Company's shares corresponding to the remaining portion of points, the Eligible Officers will receive cash equivalent to the amounts obtained through the conversion of such shares into cash within the Trust as prescribed in the trust agreement.
- 7) If residual shares remain in the Trust at the expiry of the trust period in the event that operating performance targets are not met during the trust period, the Company may continue to use the Trust by amending the trust agreement and making additional contribution. Otherwise, the Company will acquire such residual shares, through gratis transfer, and retire them by resolution of the Board of Directors.
- 8) Upon the termination of the Trust, residual assets remaining after allocation to beneficiaries are to be attributed to the Company within the scope of trust expense reserve after subtracting funds for acquiring shares from the trust money. The portion exceeding the trust expense reserve is planned to be donated to organization(s) having no interests with the Company and any of its officers.



## 2. Overview of the trust agreement

1) Type of Trust	Monetary trust other than a designated individually operated monetary trust (third party benefit trust)
2) Purpose of the Trust	Provide incentives to the Eligible Officers
3) Trustor	The Company
4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
5) Beneficiaries	The Eligible Officers who meet the beneficiary requirements * Persons who have conducted a certain illegal activity do not meet the beneficiary requirements.
6) Trust administrator	A third-party specialist without relationship with the Company
7) Date of trust agreement	August 2, 2016
8) Trust period	August 2, 2016 through August 31, 2019 (extended through August 31, 2022 due to the change in the trust agreement)
9) Plan launch date	October 1, 2016
10) Exercise of voting rights	Voting rights not to be exercised
11) Class of shares to be acquired	Common stock of the Company
12) Maximum amount of trust money	500 million yen (including trust fees and expenses)
13) Method of acquiring shares	Acquisition in the stock market
14) Vested right holder	The Company
15) Residual assets	Residual assets that the Company may receive as the vested right holder shall be within the scope of trust expense reserve after subtracting funds for acquiring shares from the trust money.

## 3. Content of trust/stock related business

1) Trust-related business	Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. handle the trust-related business as trustees of the BIP Trust.
2) Stock-related business	DSB Co., Ltd. handles the business related to the delivery of the Company's shares to the beneficiaries in accordance with a business consignment agreement.

## 4. Total number or total amount of shares to be acquired by the Eligible Officers

190,305 shares

## 5. Scope of beneficiaries and persons entitled to other rights under the Plan

The Eligible Officers who meet the beneficiary requirements

\* Persons who have conducted a certain illegal activity do not meet the beneficiary requirements.

## 2. Acquisition and disposal of treasury shares

(Class of shares, etc.) Acquisition of common stock subject to Article 155 Paragraph 3 of the Companies Act and acquisition of common stock subject to Article 155 Paragraph 7 of the Companies Act

### (1) Acquisition by resolution of shareholders meeting

Not applicable.

### (2) Acquisition by resolution of board of directors meeting

Classification	Number of shares (Shares)	Total amount (Yen)
Details of the resolution at board of directors meeting (held on May 19, 2022) (Repurchase period May 20, 2022 to May 19, 2023)	33,000,000	30,000,000,000
Treasury shares acquired before the current fiscal year	—	—
Treasury shares acquired during the current fiscal year	14,612,500	29,999,962,900
Total number and amount of remaining resolution shares	18,387,500	37,100
Unexercised ratio as of the end of the current fiscal year (%)	55.72	0.00
Treasury shares acquired during the current period	—	—
Unexercised ratio as of the date of submission (%)	55.72	0.00

### (3) Acquisition not based on resolution of shareholders meeting or board of directors meeting

Classification	Number of shares (Shares)	Total amount (Thousands of yen)
Treasury shares acquired during the current fiscal year	458	926
Treasury shares acquired during the current period	—	—

(Notes) 1. Treasury shares acquired during the current period does not include shares of less than one unit purchased between June 1, 2023, and the filing date of the Annual Securities Report.

2. Treasury shares acquired as represented here does not include common stock acquired by the officer compensation BIP trust.

(4) Disposal of acquired treasury shares and number of treasury shares held

Classification	During the current fiscal year		During the current period	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total disposal amount (Yen)
Acquired treasury shares which were offered to subscribers	81,477	163,931,724	—	—
Acquired treasury shares which were cancelled	14,612,500	15,134,750,750	—	—
Acquired treasury shares which were transferred due to merger, share exchange, share issuance and company split	—	—	—	—
Others (—)	—	—	—	—
Total number of treasury shares held	53,364,380	—	53,364,380	—

- (Notes) 1. The total number of treasury shares held for the current fiscal year does not include shares of less than one unit purchased between June 1, 2023, and the filing date of the Annual Securities Report.
2. The total number of treasury shares as represented here does not include common stock held by the officer compensation BIP trust (142,255 shares).

### 3. Dividend policy

The Company strives to sustain business growth through the creation of customer value and to generate stable cash flow by improving profitability and using management resources efficiently. While the top priority is on strategic investment in growth, the Company also actively returns profits in parallel with its efforts to build a robust financial structure that is capable of withstanding changes in the business environment.

In line with this policy, the Company has set a consolidated dividend payout ratio in the range of 40% as a medium-term target, the ratio based on profit after an amount equivalent to the statutory effective tax rate is deducted from business profit, a profit category that shows profit from the Company's main operations (and which is very similar to operating income under Japanese accounting standards, both conceptually and numerically). The Company intends to be more active in giving back to shareholders by agilely purchasing treasury shares as warranted by share price, the capital situation, and other factors.

The Company's dividend policy is to pay cash dividends twice a year. The year-end dividend is determined by resolution of the general shareholders' meeting and the interim dividend is determined at a meeting of the board of directors. With respect to the interim dividend, the Company's Articles of Incorporation allow the Company to issue an interim dividend with a record date of September 30 every year by resolution of the board of directors.

Based on its dividend policy and the perspective of stable dividend, and as a means to commemorate its 80th anniversary of founding on May 18, 2022, the Company has paid a regular dividend of ¥62 per share and supplemented it with an anniversary dividend of ¥10 per share, for an annual dividend of ¥72 per share.

The Company's distribution of retained earnings for the fiscal year under review is as follows.

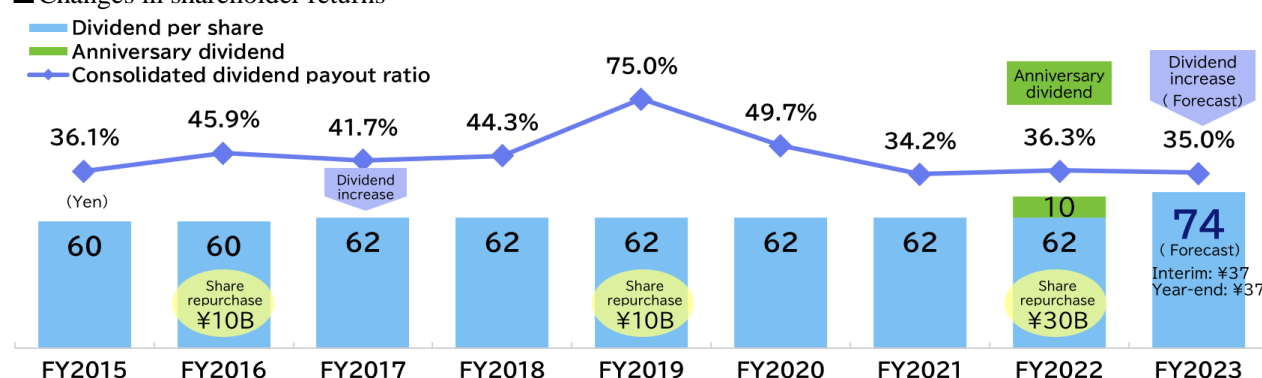
#### Distribution of retained earnings for the fiscal year under review

Date approved	Cash dividends (Millions of yen)	Cash dividend per share (Yen)
October 28, 2022, by resolution of the board of directors	10,591	31
June 27, 2023, by resolution of the general shareholders' meeting	13,597	41

(Notes)

1. The total amount of dividends to be paid based on the resolution of the board of directors on October 28, 2022 includes ¥4 million of cash dividends for the Company's shares held through the BIP trust.
2. The total amount of dividends to be paid based on the resolution of the general shareholders' meeting on June 27, 2023 includes ¥5 million of cash dividends for the Company's shares held through the BIP trust.

#### Changes in shareholder returns



(Note) The consolidated dividend payout ratio is calculated based on the remaining amount after an amount equivalent to the statutory effective tax rate is deducted from business profit.

#### 4. Corporate governance

##### (1) Overview of corporate governance

###### ① Basic corporate governance principles

The general principles of corporate governance at the Company are as follows:

- Respect the rights of shareholders, and ensure equality.
- Bear in mind the interests of, and cooperate with, stakeholders, including shareholders, customers, local communities, business partners, and Epson personnel.
- Appropriately disclose company information and maintain transparency.
- Directors, Executive Officers, and Special Audit & Supervisory Officers shall be aware of their fiduciary duties and shall fulfill the roles and responsibilities expected of them.
- Engage in constructive dialogue with shareholders.

To realize our Purpose, which expresses our aim or reason for being in society based on the Epson Way, which defines the Company's values and behaviors based on the Management Philosophy, EXCEED YOUR VISION, promote sustainable growth, and increase corporate value over the medium and long term, the Company strives to continuously enhance and strengthen corporate governance so as to realize transparent, fair, fast, and decisive decision-making.

Under a company with an Audit & Supervisory Committee, to further increase the effectiveness of corporate governance, the Company further improves the supervisory function of the Board of Directors, further enhances deliberation and speeds up management decision-making.

###### ② Overview of and reasons for adopting the current system of corporate governance

The Company is structured as a company with an Audit & Supervisory Committee. It has a Board of Directors, an Audit & Supervisory Committee, and a financial auditor. It has also voluntarily established advisory committees for matters such as the Director nomination and compensation.

This governance system was adopted to further increase the effectiveness of corporate governance by strengthening supervision over management and by enabling the Board of Directors to devote more time to discussions while speeding up decision-making by management.

The main corporate management bodies and their aims are described below:

###### **Board of Directors**

The Board of Directors, with a mandate from shareholders, is responsible for realizing efficient and effective corporate governance, through which the Company will accomplish its social mission, sustain growth, and maximize corporate value over the medium and long term. To fulfill these responsibilities, the Board of Directors will exercise a supervisory function over general management affairs, maintain management fairness and transparency, and make important business decisions, including decisions on things such as management plans, business plans, and investments exceeding a certain amount.

The Board of Directors is composed of 10 Directors, including six Outside Directors described in “(2) Officers.” Meetings of the Board of Directors are, as a rule, held once per month and as needed. Chairman of the Board, who is a non-executive director, acts as the chairman of the Board meetings.

The Board of Directors makes decisions on basic business policies, important business affairs, and other matters that the Board of Directors is responsible for deciding as provided for in internal regulations. Business affairs that the Board of Directors is not responsible for deciding are delegated to executive management, and the Board monitors these. To speed up management decisions and increase business agility as a company with an Audit & Supervisory Committee, the Company has expanded the scope of affairs delegated to executive management from the Board of Directors, including capital investments below a certain threshold.

The Company held a total of 13 meetings of the Board of Directors in FY2022 and three meetings in FY2023 from April 2023 to the Ordinary General Meeting of Shareholders in June 2023, to establish our Purpose and the review of the philosophy structure, receive reports on the status of execution of each business and the status of deliberations on mid-term strategies, and to deliberate future strategies to achieve Epson 25 Renewed. The status of attendance by each Director at such meetings was as follows. Corporate Governance Policy states that at least one-third of the board members should be Outside Directors.

*Status of attendance at meetings by each Director*

Name	Title	Attendance at meetings (attendance rate)	
		FY2022	FY2023
Minoru Usui	Chairman and Director	13/13 (100%)	3/3 (100%)
Yasunori Ogawa	President and Representative Director	13/13 (100%)	3/3 (100%)
Tatsuaki Seki	Representative Director Senior Managing Executive Officer	13/13 (100%)	3/3 (100%)
Koichi Kubota	Director	13/13 (100%)	3/3 (100%)
Hideaki Omiya	Outside Director	13/13 (100%)	3/3 (100%)
Mari Matsunaga	Outside Director	13/13 (100%)	3/3 (100%)
Masayuki Kawana	Director Full-Time Audit & Supervisory Committee Member	13/13 (100%)	3/3 (100%)
Yoshio Shirai	Outside Director Audit & Supervisory Committee Member	13/13 (100%)	3/3 (100%)
Susumu Murakoshi	Outside Director Audit & Supervisory Committee Member	13/13 (100%)	3/3 (100%)
Michiko Ohtsuka	Outside Director Audit & Supervisory Committee Member	13/13 (100%)	3/3 (100%)

(Note) Attendance at meetings (attendance rate) in FY2023 is for the period from April 2023 to the Ordinary General Meeting of Shareholders held in June 2023.

## **Audit & Supervisory Committee**

The Audit & Supervisory Committee, with a mandate from shareholders, is responsible for independently and objectively auditing and monitoring the execution of director duties and for ensuring the sound and sustained growth of the Company. The Audit & Supervisory Committee verifies the effectiveness of the internal control system and conducts audits primarily in cooperation with internal audit departments and the financial auditor. The Audit & Supervisory Committee has established basic guidelines for selecting outside financial auditors and evaluates their independence, audit quality, etc. based on certain standards. Resolutions concerning financial auditors selected by the Committee per the guidelines are submitted for approval at a general meeting of shareholders. The Audit & Supervisory Committee also discusses the selection, dismissal, resignation, and compensation of Directors who are not Audit & Supervisory Committee members and decides on the opinions to be presented at a general meeting of shareholders.

The Audit & Supervisory Committee is composed of four Audit & Supervisory Committee members, three of whom are Outside Directors. It is chaired by a full-time member of the Audit & Supervisory Committee. Meetings are held once per month and as needed.

## **Corporate Strategy Council**

The Corporate Strategy Council is an advisory body to the President whose purpose is to help ensure that the right decisions are made based on a range of opinions on the executive management side. Meetings of the Corporate Strategy Council are where Directors, Executive Officers, and Special Audit & Supervisory Officers exhaustively examine important business topics that affect the Epson Group as a whole and matters on the agenda for meetings of the Board of Directors.

## **Compliance Committee**

The Compliance Committee's function is to discuss the content of reports that it receives concerning important compliance activities, and report its findings and communicate its opinions to the Board of Directors in order to see that compliance activities are appropriately executed by line management.

As an advisory body to the Board of Directors, the Compliance Committee is composed of Outside Directors and Directors who are Audit & Supervisory Committee members. The Compliance Committee is chaired by a full-time member of the Audit & Supervisory Committee. Meetings are held every half year and as needed. Financial auditors and the head of the internal audit control departments attend meetings of the Committee as observers.

A Chief Compliance Officer (CCO) is elected by the Board of Directors and supervises and monitors compliance-related affairs on the whole. The CCO periodically reports the state of compliance affairs to the Compliance Committee.

## **Director Nomination Committee and Director Compensation Committee**

The Company has established the Director Nomination Committee and the Director Compensation Committee as voluntary deliberation bodies, and they are chaired by an Outside Director, and the majority of committee members are Outside Directors. These Committees are designed to ensure transparency and objectivity in the screening and nomination of candidates for Director, Executive Officer, and Special Audit & Supervisory Officer and in matters of Director compensation. The Human Resources Department serves as the secretariat for these deliberation committees.

The overview of each of these Committees is as follows.

### *Composition*

Both the Director Nomination Committee and the Director Compensation Committee are composed of all Outside Directors, President and Representative Director, and the Outside Directors shall select the committee chairs from among themselves. Directors who are full-time members of the Audit & Supervisory Committee can attend meetings of either Committee as observers.

### *Activities of the Director Nomination Committee*

The Committee met 13 times in FY2022 and four times in FY2023 from April 2023 to the Ordinary General Meeting of Shareholders held in June 2023. The Committee deliberated on matters including succession planning for the President and Representative Director, policies for selecting Officers (Directors, Executive Officers and Special Audit & Supervisory Officers) and proposing candidates, selection of Outside Director candidates, revision of the executive officer system and review of skill matrix.

## *Activities of the Director Compensation Committee*

The Committee met seven times in FY2022 and 3 times in FY2023 from April 2023 to the Ordinary General Meeting of Shareholders held in June 2023. The Committee deliberated on matters including the amount of base compensation for each Director, bonus payment coefficient and amount for each Director, number of shares to be allocated and amount of monetary compensation claims under the restricted stock compensation plan, a company indemnification plan, and renewal of directors and officers liability insurance.

## *Status of attendance at meetings by each Committee Member*

Name	Title	Director Nomination Committee		Director Compensation Committee	
		Attendance at meetings (attendance rate)		Attendance at meetings (attendance rate)	
		FY2022	FY2023	FY2022	FY2023
Hideaki Omiya	Outside Director/Chair	13/13 (100%)	4/4 (100%)	7/7 (100%)	3/3 (100%)
Mari Matsunaga	Outside Director	13/13 (100%)	4/4 (100%)	7/7 (100%)	3/3 (100%)
Yoshio Shirai	Outside Director	13/13 (100%)	4/4 (100%)	7/7 (100%)	3/3 (100%)
Susumu Murakoshi	Outside Director	13/13 (100%)	4/4 (100%)	7/7 (100%)	3/3 (100%)
Michiko Ohtsuka	Outside Director	13/13 (100%)	4/4 (100%)	7/7 (100%)	3/3 (100%)
Yasunori Ogawa	President and Representative Director	13/13 (100%)	4/4 (100%)	7/7 (100%)	3/3 (100%)



### ③ Approach to selecting Directors

The Company believes that a diverse Board of Directors is useful for facilitating substantive board discussions that cover all angles. Therefore, our basic policy is to maintain a board that is well-balanced and composed of persons who combine a broad spectrum of knowledge, experience, and skill in their respective areas of expertise, without regard to gender, race, ethnicity, country of origin, nationality, cultural background, age, etc.

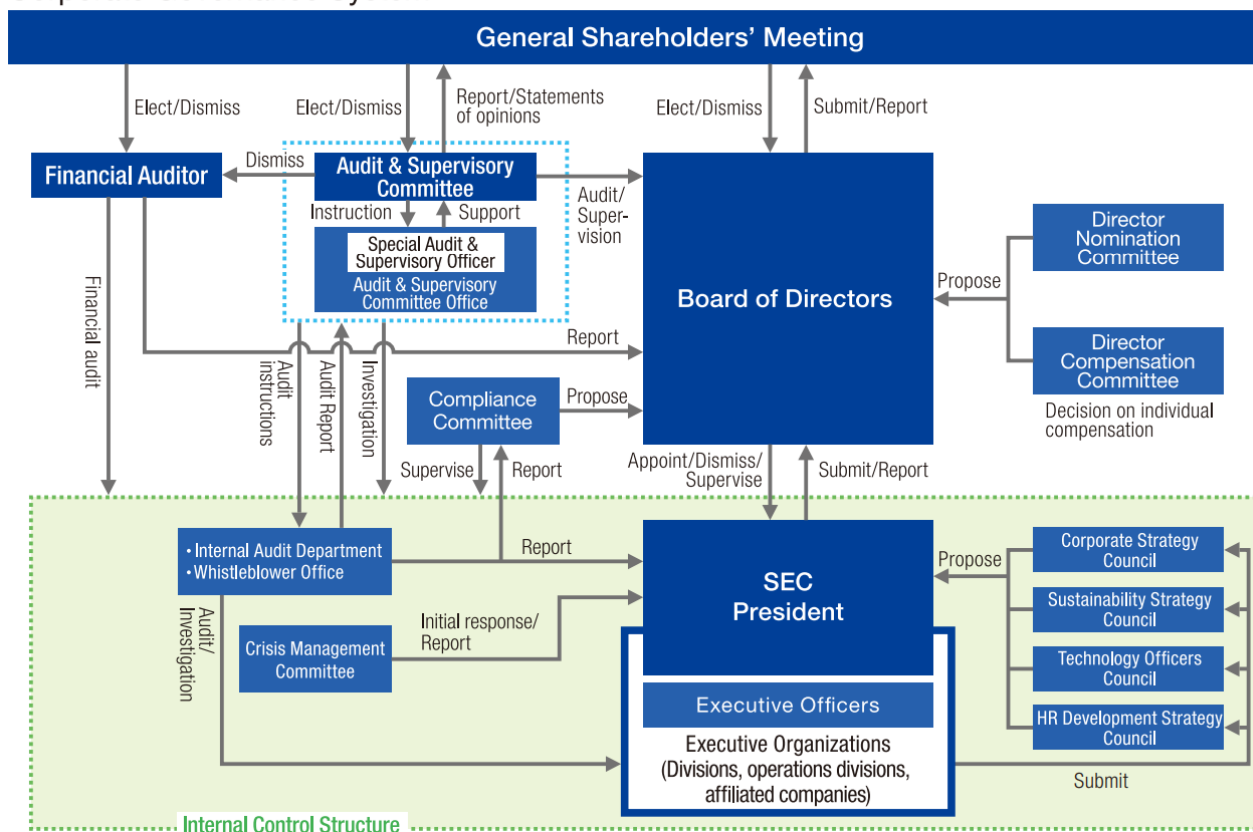
The current Board of Directors has been established based on this policy, clarifying a management system toward achieving the Management Philosophy and Corporate Vision in order to realize sustained growth and increase medium- to long-term corporate value. The skills of the Company's Directors and areas in which they are particularly expected to show expertise are as follows.

Title	Name	Areas of expertise and skills particularly expected by the Company						
		Corporate management	Development Design	Sales Marketing	IT Digital	Finance Accounting	Legal affairs Compliance	Global (Internationality)
Chairman and Director	Minoru Usui	●	●	●				
President and Representative Director	Yasunori Ogawa	●	●					●
Representative Director Senior Managing Executive Officer	Tatsuaki Seki					●	●	●
Outside Director	Mari Matsunaga			●	●			
Outside Director	Tadashi Shimamoto	●	●		●			
Outside Director	Masaki Yamauchi	●		●	●			
Director Full-Time Audit & Supervisory Committee Member	Masayuki Kawana					●	●	
Outside Director Audit & Supervisory Committee Member	Yoshio Shirai	●	●					●
Outside Director Audit & Supervisory Committee Member	Susumu Murakoshi					●	●	
Outside Director Audit & Supervisory Committee Member	Michiko Ohtsuka					●	●	

\*Up to three areas of expertise particularly expected are stated.

The Company's system of corporate governance is schematically represented below.

### Corporate Governance System



#### **④ Internal control system**

The Company's Board of Directors approved a basic policy on the internal control system (a system for ensuring that business is conducted suitably by the corporate group) as follows, and the Company has implemented the approved internal control system.

The Company has established "Epson Way," which is based on its Management Philosophy and is shared across the corporate group consisting of the Company and its subsidiaries ("the Epson Group"). The Company shall establish the following basic policy regarding the internal control system (a system for ensuring that business is conducted suitably by the Epson Group) and provide an improved internal control system for the Epson Group as a whole to ensure that the Epson Group's operations are conducted appropriately based on the Epson Way.

(\*) The Epson Way is a set of shared values and behavior within the Epson Group. It is a collective term for the Management Philosophy and EXCEED YOUR VISION, which state the fundamental, universal principles of the Epson Group; and the Principles of Corporate Behavior, which set forth values and actions that reflect our Management Philosophy, etc.

#### **1. Compliance**

- (1) The Company will establish compliance regulations for the Epson Group and spell out basic matters such as the organizational framework.
- (2) The Company has created a Compliance Committee to serve as an advisory body to the Board of Directors. The Compliance Committee is chaired by a full-time member of the Audit & Supervisory Committee and is composed of Outside Directors and members of the Audit & Supervisory Committee. The Compliance Committee meets regularly and as needed to hear and discuss important matters concerning the Company's compliance program. It reports its findings and offers opinions to the Board of Directors. Financial auditors and the head of the internal audit control departments can attend meetings of the Compliance Committee as observers.
- (3) A Chief Compliance Officer (CCO) is elected and supervises and monitors the execution of all compliance operations. The CCO periodically reports the state of compliance affairs to the Compliance Committee.
- (4) Compliance promotion and enforcement will be supervised by the president of Seiko Epson. Compliance programs common to the Epson Group will be carried out by Head Office supervisory departments with the cooperation of departments in the various operations divisions and subsidiaries. Compliance programs of the divisions and their related subsidiaries will be promoted by the respective Chief Operating Officers of the divisions. The compliance management department helps to ensure the completeness and effectiveness of compliance programs by monitoring compliance across the Epson Group and by taking corrective action or making adjustments where needed.
- (5) The Corporate Strategy Council, an advisory body to the president comprised of members of the Board of Directors, etc. of the Company, will address important matters with respect to compliance promotion and enforcement in the Epson Group as a whole. The Council will strive to ensure the effectiveness of compliance by exhaustively discussing and analyzing the implementation of programs for assuring observance of statutes, internal regulations, business ethics, and initiatives in high-risk and other key areas.
- (6) The Epson Group will strive to provide an effective whistleblowing system. Employees are encouraged and are able to easily and immediately report compliance violations using internal and external hotlines and e-mail addresses. Controls are in place to protect whistleblowers from reprisal, and allegations are reported to the Company's Board of Directors, the Audit & Supervisory Committee, the Compliance Committee, and the Corporate Strategy Council in a way that whistleblowers cannot be identified.
- (7) The Company strives to enhance compliance awareness by providing Epson Group employees with web-based training and other educational opportunities.
- (8) The president of Seiko Epson periodically reports important compliance-related matters to the Board of Directors and takes measures as needed to respond to issues.
- (9) The Company's "Principles of Corporate Behavior" states that the Company will have no association whatsoever with antisocial forces (i.e., organized crime groups). The Company takes a firm stance in rejecting any and all contact with antisocial forces that threaten social order and security.

#### **2. System for ensuring proper financial reporting**

- (1) The creation of proper financial reports is recognized as a critical issue. The Company shall build, on the orders of the president, a system that enables internal control over financial reporting to be properly arranged,

implemented, and evaluated. The financial reports will not be limited in scope to evaluations and reporting required by the Financial Instruments and Exchange Act but will also include reporting over the scope deemed necessary by management.

- (2) A basic regulation and other regulations and standards pertaining to internal control over financial reporting shall be created, and their observance shall be obligatory across the entire Epson Group.
- (3) Continuously evaluate whether the internal controls that have been put in place for financial reporting are effectively and properly functioning, and take corrective action where needed.

### **3. Business execution system**

- (1) The Company formulates long-term corporate visions and mid-range business plans, and it sets clear medium- and long-range goals for the Epson Group as a whole.
- (2) The Company has instituted a system to ensure the appropriate and efficient execution of business. To that end, the Company has established regulations governing organizational management, levels of authority, the division of responsibilities, and the management of affiliated companies, thus distributing power and authority across the entire Group.
- (3) Personnel responsible for business operations report the matters below to the Board of Directors at least once every three months.
  - 1) Current business performance and performance outlook
  - 2) Risk management responses
  - 3) Status of key business operations

### **4. Risk management**

- (1) The Company has established a regulation that stipulates the risk management system of the Company, and that defines the organization, risk management methods and procedures, and other basic elements of this system.
- (2) Overall responsibility for risk management in the Epson Group belongs to the president of Seiko Epson. Group-wide risk management common to the Epson Group is carried out by Head Office supervisory departments with the cooperation of the operations divisions and subsidiaries. Risks unique to an individual business are managed by the Chief Operating Officer of that business, including at subsidiaries consolidated under them. The Company has also set up the risk management department, monitors overall risk management Group-wide, makes corrections and adjustments thereto, and ensures the effectiveness of risk management programs.
- (3) The Corporate Strategy Council strives to ensure effective management of serious risks that could have an egregious effect on society by agilely and exhaustively discussing and analyzing ways to identify and control risks. Also, when major risks become apparent, the president leads the entire company in mounting a swift initial response in line with the Company's prescribed crisis management program.
- (4) The president of Seiko Epson periodically reports critical risk management issues to the Board of Directors and formulates appropriate measures to respond to these issues, as needed.

### **5. Ensuring the appropriateness of operations in the corporate group**

- (1) The Group-wide management structure helps to ensure that operations in the entire Group are conducted appropriately. Essentially, the Company is organized into product-based divisions. Each division is headed by a Chief Operating Officer who owns global consolidated responsibility for that business. Meanwhile, supervisory functions within the Head Office own global responsibility. Responsibility for providing the framework for business operations at subsidiaries is owned by the head of each business. Corporate functions common to the Epson Group are the responsibility of the heads of Head Office supervisory departments.
- (2) The Company has business processes that enable business to be controlled on a Group level. This is accomplished by regulations governing the management of affiliated companies that require subsidiaries to report or acquire pre-approval for certain business affairs from the parent company, the Company, and by requiring issues that meet certain criteria to be submitted to the Company's Board of Directors for resolution. The Company has established regional head offices in certain regions to supervise local subsidiaries in order to ensure the suitability and efficiency of operations Group-wide.
- (3) Per the Regulation for Internal Audits, internal audit departments serve as monitoring organizations that are independent from the management and supervisory functions of the operations divisions and the Head Office. Internal audit departments audit internal controls and the state of their implementation in all Epson Group

companies. The findings of the internal audit departments are presented to the head of the audited organization along with requests for corrective action, where needed. This information is also regularly reported to the president of Seiko Epson and to the Audit & Supervisory Committee. In this way, Epson strives to optimize operations across the entire Group.

#### **6. Safeguarding and management of work-related information**

- (1) Information on the performance of duties shall be safeguarded and managed in accordance with regulations governing, among other things, document control, management approval, and contracts. All Directors shall be able to access this information if necessary.
- (2) The Company strives to prevent the leak and loss of Epson Group internal information by managing confidential information according to the level of sensitivity, in accordance with internal information security regulations.

#### **7. Audit system**

- (1) The Audit & Supervisory Committee can interview Directors who are not members of the Audit & Supervisory Committee, executive officers, and other personnel whenever they deem necessary in the performance of duties based on the Audit & Supervisory Committee Audit Regulation.
- (2) Audit & Supervisory Committee members can attend Corporate Strategy Council sessions, corporate management meetings, and other important business meetings that will enable them to conduct audits based on the same information as that available to directors who are not members of the Audit & Supervisory Committee. Members of the Audit & Supervisory Committee also routinely review important documents related to management decision-making.
- (3) An Audit & Supervisory Committee Office was set up to assist the duties of the Audit & Supervisory Committee. The head of the Audit & Supervisory Committee Office serves as the Special Audit & Supervisory Officer and assigns full-time personnel to the Audit & Supervisory Committee Office. The head and personnel of the Audit & Supervisory Committee Office discharge their duties to assist the Audit & Supervisory Committee, obeying the orders of the Audit & Supervisory Committee alone and not orders from Directors who are not members of the Audit & Supervisory Committee. Matters relating to the personnel of the office must be approved in advance by the Audit & Supervisory Committee.
- (4) To ensure that audits by the Audit & Supervisory Committee are systematic and effective, a framework has been created to secure close cooperation between the internal audit departments and the Audit & Supervisory Committee. Furthermore, prior consent from the Audit & Supervisory Committee must be obtained for the appointment and dismissal of the head of the internal audit control departments.
- (5) If a situation involving the Audit & Supervisory Committee or cooperation with the internal audit departments or other organizations is observed to interfere with the effectiveness of audits by the Audit & Supervisory Committee, the Audit & Supervisory Committee can ask the representative director or Board of Directors to take corrective action.
- (6) The Audit & Supervisory Committee receives audit reports from internal audit departments and can issue specific instructions to internal audit departments as needed. If the instructions issued to internal audit departments by the Audit & Supervisory Committee and the president are in conflict, the president will have the internal audit departments honor the instructions of the Audit & Supervisory Committee.
- (7) Per the Audit & Supervisory Committee Audit Regulation, the Audit & Supervisory Committee can ask Directors who are not members of the Audit & Supervisory Committee, the compliance management department, and the risk management department, as well as others to report or explain the state of management within the Epson Group. It can also view supporting materials. The Audit & Supervisory Committee can also ask, as needed, subsidiary company directors, corporate auditors, internal audit departments, and other organizations to report the state of management of the subsidiary. A system shall be put in place to protect reporters from reprisal for having made a report, and the identity of the reporter shall be protected even if the representative director or Board of Directors, for example, is asked to make corrections and so forth based on the report.
- (8) The Audit & Supervisory Committee shall strive to enhance the effectiveness of audits by holding regular discussions with financial auditors.
- (9) The Audit & Supervisory Committee and the representative director regularly meet to enable the Committee to directly assess business operations.

- (10) Funds required by the Audit & Supervisory Committee to perform its duties are properly budgeted for in advance. However, funds required to perform the duties of the Audit & Supervisory Committee in emergency or extraordinary situations will be promptly paid in advance or refunded on each occasion.

Established: April 1, 2006  
Revised: April 1, 2023

## **⑤ Number of directors**

The Company's Articles of Incorporation provide for a maximum of nine directors who are not members of the Audit & Supervisory Committee and a maximum of five directors who are members of the Audit & Supervisory Committee.

## **⑥ Election and dismissal of directors**

According to its Articles of Incorporation, Directors of the Company can be elected by a majority vote by at least one-third of shareholders with voting rights, and not through cumulative voting.

Provisions regarding dismissal of directors do not vary from the provisions of the Companies Act.

## **⑦ Matters requiring resolutions of general meetings of shareholders that can be implemented by resolutions of the Board of Directors**

### **Treasury share acquisition**

The Company's Articles of Incorporation allow the Company to acquire treasury shares through stock market trade and other means by resolution of the Board of Directors. This enables a more flexible capital policy in response to a changing business environment.

### **Interim dividend**

The Company's Articles of Incorporation allow the Company to declare an interim dividend with a date of record of September 30 every year by resolution of the Board of Directors. This provides the Company with flexibility in paying dividends to shareholders.

### **Director exemption from liability**

When liability falls under the requirements stipulated in Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation allow the Company to exempt the Directors from liability for damages in Article 423, Paragraph 1 of the Companies Act up to the amount remaining after the legal minimum liability is deducted from the total liability amount by resolution of the Board of Directors so that the Directors (excluding Executive Directors) to fully apply themselves to their expected roles.

## **⑧ Overview of limited liability agreements**

The Company has executed agreements with non-executive directors Mari Matsunaga, Tadashi Shimamoto, Masaki Yamauchi, Masayuki Kawana, Yoshio Shirai, Susumu Murakoshi, and Michiko Ohtsuka that limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for by laws and regulations. The liability of the non-executive directors shall be limited only if they have acted in good faith and without gross negligence in performing their duties.

## **⑨ Outline of directors and officers liability insurance contract**

The Company has entered into a directors and officers liability insurance contract, whose outline is as follows.

### **1) Scope of the insured**

- a. Directors, Executive Officers, Professional Officers and Special Audit & Supervisory Officers of the Company
- b. Directors and Audit & Supervisory Board Members of the Company's domestic subsidiaries
- c. Employees in management positions of the Company and its domestic subsidiaries
- d. Individuals occupying officer positions of companies other than the Company or its domestic subsidiaries based on a request or an instruction from the Company
- e. The Company and its domestic subsidiaries

2) Actual ratio of premiums paid by the insured

The premiums are paid by the Company, and the insured does not effectively bear a ratio of the premiums.

3) Outline of events insured against

Damages (legal compensation for damages, litigation expenses, etc.) arising from claims for damages due to the execution of duties by the insured will be covered.

4) Measures to ensure the appropriateness of the execution of duties by officers, etc. is maintained

An exemption clause is included in the contract, which stipulates to the effect that damages arising from personal offers of illegal profit, criminal acts, etc. will not be covered.

#### **⑩ Overview of company indemnification agreements**

The Company has entered into an indemnity agreement, whose outline is as follows.

1) Names of company officers

Minoru Usui, Yasunori Ogawa, Tatsuaki Seki, Mari Matsunaga, Tadashi Shimamoto, Masaki Yamauchi, Masayuki Kawana, Yoshio Shirai, Susumu Murakoshi, and Michiko Ohtsuka

2) Outline of the indemnity agreement

The Company will indemnify for the expenses provided for in item (i) and the losses provided for in item (ii) of Article 430-2, Paragraph 1 of the Companies Act to the extent provided by laws and regulations. However, in order to ensure that the indemnity agreement does not impair the appropriateness of the execution of duties, the Board of Directors determines whether indemnity is required and the extent of such indemnity.

#### **⑪ Special resolution requirements of the general meeting of shareholders**

The Company's Articles of Incorporation set forth the requirements for a special resolution of the general meeting of shareholders stipulated in Article 309, Paragraph 2 of the Companies Act as a two-thirds majority vote by at least one-third of shareholders with voting rights. This policy is intended to ensure smooth operation of the general meeting of shareholders by relaxing the quorum requirements for special resolutions at the general meeting of shareholders.

#### **⑫ Basic policy regarding company control**

The Company's board of directors agreed on a basic policy governing persons who control our financial and business policy decisions (hereinafter the "basic policy").

##### **1) Overview**

Endowed with a rich legacy of efficient, compact, and precision technologies, the Company will seek to continuously create game-changing customer value and play a central role in creating a better world as an indispensable company by forging innovations through challenges that are bold, imaginative, and exceed our own vision.

The Company believes that its shareholders should be determined through free trade on the market. Therefore, the decision as to whether to accept a takeover offer that would allow another party to acquire a controlling share of the Company and thus gain power over the Company's financial and business decisions (hereinafter referred to as "large-scale acquisitions") should ultimately be put before the shareholders.

However, shareholders' decisions on whether to allow large-scale acquisitions need to be made appropriately. In order to ensure this, the Company believes that information and opinions necessary for shareholders should be provided by both persons seeking to do large-scale acquisitions of the Company's shares and the Board of Directors of the Company, and time necessary to examine the information and opinions needs to be secured.

The Company believes that persons who control its financial and business policy decisions need to fully understand the Company's businesses and sources of corporate value, and to understand the importance of the Company's directors, managers, and employees working as a team to create value, pursuing the Company's tradition of creativity and challenge, and earning and keeping the trust of its customers.

##### **2) Summary of measures in support of the basic policy**

a. Specific actions in support of the basic policy

In March 2021, the Company revised our Corporate Vision and established "Epson 25 Renewed," with the goal of achieving sustainability and enriching communities, which the Company has set as its aspirational goal to pursue into the future.

The Company will provide solutions that connect people, things, and information in a smart manner to society as a whole, including people's personal lives, industries, and manufacturing sites, and continue creating customer value in order to achieve its aspirational goals.

- b. Efforts to deter parties who are deemed inappropriate based on the basic policy in gaining control over the Company's financial and business policy decision making

The Company will request those who intend to conduct a large-scale acquisition of the Company's shares to provide sufficient information necessary to properly judge whether or not to accept such acquisition, for the benefit of maintaining and increasing its corporate value and common interests of shareholders. The Company will also disclose its Board's opinions on such a large-scale acquisition in order to secure time and information necessary for shareholders to judge whether or not to accept such acquisition, while taking appropriate measures pursuant to the Financial Instruments and Exchange Act, the Companies Act and other applicable laws and regulations.

**3) Decisions made by the board of directors of the Company regarding specific actions and the justification for those decisions**

The above efforts are for contributing to maintenance and increase of the Company's corporate value and the common interests of its shareholders, do not undermine the common interests of its shareholders, and reflect the above basic policy. Moreover, the Company considers that these efforts are not for keeping its Directors in their posts.



## (2) Officers

### ① List of Officers

There are eight male officers and two female officers (20.0% of the officers are women).

Position and current function	Name	Date of birth	Summary of career	Term of office	Number of shares held (Shares)
Chairman and Director	Minoru Usui	April 22, 1955	<p>Nov. 1979 Joined Shinshu Seiki Co., Ltd. (now the Company)</p> <p>Apr. 1997 General Manager, IJ Development &amp; Design Department, Imaging &amp; Information Products Operations Division of the Company</p> <p>Apr. 2002 Deputy Chief Operating Officer, Imaging &amp; Information Products Operations Division of the Company</p> <p>Jun. 2002 Director of the Company</p> <p>Nov. 2004 Deputy General Administrative Manager, Corporate Research &amp; Development Division of the Company</p> <p>Nov. 2005 General Administrative Manager, Production Engineering &amp; Development Division of the Company</p> <p>Jul. 2007 General Administrative Manager, Corporate Research &amp; Development Division of the Company</p> <p>Oct. 2007 Managing Director of the Company</p> <p>Jun. 2008 President and Representative Director of the Company</p> <p>Apr. 2020 Chairman and Director of the Company (current position)</p> <p>Jun. 2021 Outside Director of IHI Corporation (current position)</p> <p>Outside Director of Sumitomo Dainippon Pharma Co., Ltd. (now Sumitomo Pharma Co., Ltd.) (current position)</p>	Note 1	200,200
President and Representative Director	Yasunori Ogawa	April 11, 1962	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2008 General Manager, VI Business Management Department of the Company</p> <p>Oct. 2008 General Manager, VI Planning &amp; Design Department of the Company</p> <p>Apr. 2017 Chief Operating Officer, Visual Products Operations Division of the Company</p> <p>Jun. 2017 Executive Officer of the Company</p> <p>Jun. 2018 Director and Executive Officer of the Company</p> <p>Oct. 2018 General Administrative Manager, Technology Development Division of the Company</p> <p>Jun. 2019 Director and Managing Executive Officer of the Company, Chief Operating Officer, Wearable Products &amp; Industrial Solutions Operations Segment of the Company</p> <p>Apr. 2020 President and Representative Director of the Company (current position)</p>	Note 1	51,639

# SEIKO EPSON CORPORATION

Position and current function	Name	Date of birth	Summary of career	Term of office	Number of shares held (Shares)
Representative Director, Senior Managing Executive Officer General Administrative Manager, Corporate Strategy and Management Control Division General Administrative Manager, Sustainability Promotion Office	Tatsuaki Seki	December 26, 1960	<p>Apr. 1983 Joined Epson Corporation (now the Company)</p> <p>Nov. 2005 General Manager, BS Business Management Department of the Company</p> <p>Oct. 2014 General Manager, Finance &amp; General Accounting Department of the Company</p> <p>Oct. 2015 Deputy General Administrative Manager, Management Control Division of the Company</p> <p>Jun. 2016 Director and Executive Officer of the Company, Chief Compliance Officer of the Company (current position), General Administrative Manager, Management Control Division of the Company</p> <p>Jun. 2019 Director and Managing Executive Officer of the Company</p> <p>Oct. 2020 General Administrative Manager, Corporate Strategy and Management Control Division of the Company (current position), General Administrative Manager, Sustainability Promotion Office of the Company (current position)</p> <p>Apr. 2022 Director and Senior Managing Executive Officer of the Company</p> <p>April 2023 Representative Director, Senior Managing Executive Officer the Company (current position)</p>	Note 1	25,827
Outside Director	Mari Matsunaga	November 13, 1954	<p>Apr. 1977 Joined Japan Recruit Center Co., Ltd. (now Recruit Holdings Co., Ltd.)</p> <p>Jul. 1986 Editor in chief of Shushoku Journal published by Recruit Holdings Co., Ltd.</p> <p>Jul. 1988 Editor in chief of Travaille published by Recruit Holdings Co., Ltd.</p> <p>Jul. 1997 Head of Planning Office for Gateway Business Dept. of NTT Mobile Communications Network, Inc. (now NTT Docomo, Inc.)</p> <p>Apr. 2000 Representative of Mari Matsunaga Office, Inc.</p> <p>Jun. 2012 Outside Director of MS&amp;AD Insurance Group Holdings, Inc. Outside Director of Terumo Corporation</p> <p>Jun. 2014 Outside Director of Rohto Pharmaceutical Co., Ltd.</p> <p>Jun. 2016 Outside Director of the Company (current position)</p> <p>Mar. 2023 Outside Director of Asahi Group Holdings, Ltd. (current position)</p>	Note 1	12,900

# SEIKO EPSON CORPORATION

Position and current function	Name	Date of birth	Summary of career	Term of office	Number of shares held (Shares)
Outside Director	Tadashi Shimamoto	February 8, 1954	<p>Apr. 2002 Senior Managing Director of Nomura Research Institute, Ltd.</p> <p>Jun. 2008 Senior Executive Managing Director, Member of the Board and Representative Director of Nomura Research Institute, Ltd.</p> <p>Apr. 2010 President &amp; CEO, Representative Director, Member of the Board of Nomura Research Institute, Ltd.</p> <p>Apr. 2015 Chairman and President &amp; CEO, Representative Director, Member of the Board of Nomura Research Institute, Ltd.</p> <p>Apr. 2016 Chairman, Member of the Board of Nomura Research Institute, Ltd.</p> <p>Jun. 2019 Member of the Board of Nomura Research Institute, Ltd.</p> <p>Jun. 2021 Special Advisor of Nomura Research Institute, Ltd. (current position) Director of Reading Skill Test, Inc. (current position)</p> <p>Mar. 2022 Outside Director of Mitsubishi Pencil Co., Ltd. (current position)</p> <p>Jul. 2022 Member of the Public Interest Body, PricewaterhouseCoopers Aarata LLC (current position)</p> <p>Jun. 2023 Outside Director of the Company (current position)</p>	Note 1	2,000
Outside Director	Masaki Yamauchi	January 11, 1961	<p>Apr. 2005 Executive Officer of Yamato Transport Co., Ltd. (now Yamato Holdings Co., Ltd.)</p> <p>Apr. 2008 Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd. (now Yamato Transport Co., Ltd.)</p> <p>Apr. 2011 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.</p> <p>Jun. 2011 Director and Executive Officer of Yamato Holdings Co., Ltd.</p> <p>Apr. 2015 Representative Director, Executive Officer and President of Yamato Holdings Co., Ltd.</p> <p>Apr. 2019 Chairperson of the Board of Directors of Yamato Holdings Co., Ltd.</p> <p>Jun. 2020 Independent Director of Persol Holdings Co., Ltd. (current position)</p> <p>Jun. 2022 Special Advisor of Yamato Holdings Co., Ltd. Outside Director of Resona Holdings, Inc. (current position)</p> <p>Jun. 2023 Counselor of Yamato Holdings Co., Ltd. (current position) Outside Director of the Company (current position)</p>	Note 1	—

# SEIKO EPSON CORPORATION

Position and current function	Name	Date of birth	Summary of career	Term of office	Number of shares held (Shares)
Director, Full-Time Audit & Supervisory Committee Member	Masayuki Kawana	July 27, 1964	<p>Apr. 1988 Joined Seiko Epson Cooperative Union</p> <p>Mar. 1999 Joined the Company</p> <p>Oct. 2008 General Manager, Human Resources Department of the Company</p> <p>Jun. 2014 Director of the Company, General Administrative Manager, Human Resources Division of the Company</p> <p>Jun. 2015 President of Orient Watch Co., Ltd.</p> <p>Jun. 2016 Director and Executive Officer of the Company</p> <p>Oct. 2016 General Administrative Manager, CSR Management Office of the Company</p> <p>Jun. 2018 Chairman of Epson Sales Japan Corporation</p> <p>Apr. 2020 General Administrative Manager, Health Management Office of the Company</p> <p>Jun. 2021 Director and Full-Time Audit &amp; Supervisory Committee Member of the Company (current position)</p>	Note 2	21,000
Outside Director, Audit & Supervisory Committee Member	Yoshio Shirai	May 1, 1948	<p>Jun. 2001 Member of the Board of Directors of Toyota Motor Corporation</p> <p>Jun. 2003 Managing Officer of Toyota Motor Corporation</p> <p>Jun. 2005 Senior Executive Member of the Board of Directors of Toyota Motor Corporation</p> <p>Jun. 2007 Executive Vice President and Member of the Board of Hino Motors, Ltd.</p> <p>Jun. 2008 President and Member of the Board of Hino Motors, Ltd.</p> <p>Jun. 2013 Councilor of Hino Motors, Ltd. Vice Chairman of Toyota Tsusho Corporation</p> <p>Jun. 2015 Advisor of Toyota Tsusho Corporation</p> <p>Jun. 2016 Outside Director and Audit &amp; Supervisory Committee Member of the Company (current position)</p> <p>Jun. 2017 Advisor of Hino Motors, Ltd. Outside Director and Audit &amp; Supervisory Committee Member of Fujikura Ltd.</p>	Note 2	20,900

# SEIKO EPSON CORPORATION

Position and current function	Name	Date of birth	Summary of career	Term of office	Number of shares held (Shares)
Outside Director, Audit & Supervisory Committee Member	Susumu Murakoshi	September 1, 1950	<p>Apr. 1976 Registered as an attorney-at-law</p> <p>Apr. 1984 Attorney-at-law of Susumu Murakoshi Law Office</p> <p>Mar. 1988 Attorney-at-law of Shin-Chiyoda Sogo Law Office (to present)</p> <p>May 2001 Chairman, Human Rights Protection Committee of Japan Federation of Bar Associations</p> <p>Apr. 2008 Vice President of Japan Federation of Bar Associations</p> <p>President of Dai-Ichi Tokyo Bar Association</p> <p>Apr. 2014 President of Japan Federation of Bar Associations</p> <p>May 2017 President of Japan Attorneys Political Association</p> <p>Apr. 2019 Member (Chief investigator) of Compliance Team of the Ministry of Education, Culture, Sports, Science and Technology (current position)</p> <p>Jun. 2020 Outside Director and Audit &amp; Supervisory Committee Member of the Company (current position)</p>	Note 2	1,700
Outside Director, Audit & Supervisory Committee Member	Michiko Ohtsuka	November 26, 1958	<p>Apr. 1981 Joined SUMITOMO CORPORATION</p> <p>Oct. 1986 Joined Asahi Shinwa Audit &amp; Accounting Office (now KPMG AZSA LLC)</p> <p>Aug. 1990 Registered as Certified Public Accountant</p> <p>May 2013 Certified Public Accountant of Ohtsuka Certified Public Accountant Office (to present)</p> <p>Apr. 2014 Auditor (part-time) of Pharmaceuticals and Medical Devices Agency</p> <p>Apr. 2015 Auditor (part-time) of Japan National Tourism Organization (current position)</p> <p>Jun. 2015 Outside Audit &amp; Supervisory Board Member of FUJI KOSAN COMPANY, LTD.</p> <p>Jun. 2016 Outside Director and Audit &amp; Supervisory Committee Member of FUJI KOSAN COMPANY, LTD.</p> <p>Jun. 2020 Outside Director and Audit &amp; Supervisory Committee Member of the Company (current position)</p>	Note 2	1,700
Total					337,866

(Notes)

1. Mari Matsunaga, Tadashi Shimamoto, Masaki Yamauchi, Yoshio Shirai, Susumu Murakoshi and Michiko Ohtsuka are Outside Directors.
2. Audit & Supervisory Committee of the Company is as follows.  

Chairperson: Masayuki Kawana	Member: Yoshio Shirai
Member: Susumu Murakoshi	Member: Michiko Ohtsuka

 Masayuki Kawana is Full-Time Audit & Supervisory Committee Member.
3. The terms of office of the Outside Directors stipulated in Note 1 shall expire at the conclusion of the Ordinary General Meeting of Shareholders of the fiscal year ending within one year from their election of office at the Ordinary General Meeting of Shareholders held on June 27, 2023.
4. The terms of office of the Audit & Supervisory Committee Members stipulated in Note 2 shall expire at the conclusion of the Ordinary General Meeting of Shareholders of the fiscal year ending within two years from their election of office at the Ordinary General Meeting of Shareholders held on June 28, 2022.
5. The Company has introduced an executive officer system to ensure business management based on swift decision making. The Company's Executive Officers (excluding Directors serving concurrently as Executive Officers) as of the filing date of the Annual Securities Report are as follows.
 

Managing Executive Officer	Junichi Watanabe
Executive Officer	Akihiro Fukaishi
Executive Officer	Nobuyuki Shimotome
Executive Officer	Hitoshi Igarashi
Executive Officer	Keith Kratzberg
Executive Officer	Isamu Otsuka
Executive Officer	Eiichi Abe
Executive Officer	Kazuhiro Ichikawa
Executive Officer	Keijiro Naito
Executive Officer	Yoshifumi Yoshida
Executive Officer	Andrea Zoeckler
Executive Officer	Yoshiro Nagafusa
Executive Officer	Satoru Hosono
Executive Officer	Fuminori Suzumura
Executive Officer	Akifumi Takei
Executive Officer	Junkichi Yoshida
Executive Officer	Samba Moorthy
Executive Officer	Yoichi Yamada
Executive Officer	Tomoo Takaso
Executive Officer	Yasunori Yoshino
Executive Officer	Toshiaki Miyasaka
Executive Officer	Masashi Hayashi
Executive Officer	Masaharu Mizukami
Executive Officer	Toshihiko Kobayashi
Executive Officer	Siew Jin Kiat
Professional Officer	Sunao Murata
6. The Company has elected Special Audit & Supervisory Officer, a post to support the Audit & Supervisory Committee. The Special Audit & Supervisory Officer as of the filing date of the Annual Securities Report is as follows.
 

Special Audit & Supervisory Officer	Yoshihiro Mizoguchi
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## ② Outside Officers

### The role of Outside Directors

To ensure that Outside Directors are independent from the Company's management team, have a broad view, and are able to objectively supervise the making of important decisions, the Company has set forth the role of Outside Directors in the Corporate Governance Policy as below. In principle, Independent Outside Directors should comprise at least one-third of the members of the Board of Directors.

- a. Monitoring of the management
  - Monitoring of corporate executives through involvement in the officer election process and the compensation determination process based on an evaluation of the business as a whole
  - Monitoring of the business as a whole through the exercise of voting rights on important business decisions made by the Board of Directors
- b. Advisory function for improving business efficiency
- c. Monitoring of conflicts of interest
  - Monitoring of conflicts of interest between the Company and its Directors and Executive Officers
  - Monitoring of conflicts of interest between the Company and related parties

**Principle of independence**

The Company's Board of Directors has established a "Criteria for Independence of Outside Directors" and, in compliance with this standard, elects director candidates who are unlikely to have conflicts of interest with general shareholders. All current Outside Directors satisfy the independence requirements of the criteria.

The content of the amended standard is described below.

**Criteria for Independence of Outside Directors**

The Company has established the criteria below to objectively determine whether potential Outside Directors are independent.

1. A person is not independent if:
  - (1) The person considers the Company to be a major business partner<sup>1</sup>, or has served as an executive<sup>2</sup> within the past five years in an entity for which the Company is a major business partner;
  - (2) The person is a major business partner<sup>3</sup> of the Company or has served as an executive within the past five years in an entity that is a major business partner of the Company;
  - (3) The person is a business consultant, certified public accountant, or lawyer who has received a large sum of money or other forms of compensation<sup>4</sup> (other than compensation as an officer) from the Company or has, within the past three years, performed duties equivalent to those of an executive as an employee of a corporation or group, such as a union, that has received a large sum of money or other forms of compensation from the Company;
  - (4) The person is a major shareholder<sup>5</sup> of the Company or has, within the past five years, been an executive or Audit & Supervisory Board Member of an entity that is a major shareholder of the Company;
  - (5) The person is an executive or Audit & Supervisory Board Member of an entity in which the Company is currently a major shareholder;
  - (6) The person is a major lender<sup>6</sup> to the Company or has been an executive of a major lender to the Company within the past five years;
  - (7) The person has been employed by an auditing firm that has conducted a legal accounting audit of the Company within the past five years;
  - (8) The person has been employed by a leading managing underwriter of the Company within the past five years;
  - (9) The person has received a large donation<sup>7</sup> from the Company or, within the past three years, has performed duties equivalent to those of an executive as an employee of a corporation or a group, such as a union, that has received a large donation from the Company;
  - (10) The person came from an entity with a relationship of reciprocal employment of Outside Director<sup>8</sup>; or
  - (11) The spouse or other immediate family member of a person to whom any of items (1) through (9) apply.
2. Even if any of the foregoing criteria apply to a potential Outside Director, the Company can elect that person as an Outside Director if that person satisfies the requirements for Outside Directors set forth in the Companies Act, and the Company deems the person suitable as an Outside Director of the Company in light of his or her personality, knowledge, experience, or other qualifications upon explaining and announcing the reasons thereof.

**Notes**

- <sup>1</sup> A person (usually a supplier) considers the Company to be a major business partner if 2% or more of its consolidated net sales (consolidated revenue) has come from the Company in any fiscal year within the past three years.
- <sup>2</sup> "Executive" means an executive officer, executive director, operating officer, or an employee occupying a senior management position of department manager or higher.

- <sup>3</sup> A person (usually a buyer) is a major business partner if 2% or more of the Company's consolidated revenue has come from that partner in any fiscal year within the past three years.
- <sup>4</sup> "A large sum of money or other forms of compensation" means an average annual amount for the past three years that is:
- i) no less than 10 million yen for an individual; or
  - ii) no less than 2% of the annual revenues in any fiscal year for a group.
- <sup>5</sup> "Major shareholder" means a shareholder who directly or indirectly holds 10% or more of the voting rights.
- <sup>6</sup> "A major lender" means a financial institution or other major creditor that is indispensable for the Company's financing and on which the Company depends to the extent that it is irreplaceable in any fiscal year within the past three years.
- <sup>7</sup> "Large donation" means a donation whose annual average amount for the past three years exceeds either;
- i) 10 million yen or
  - ii) 30% of the annual expense of the group, whichever is higher.
- <sup>8</sup> "Reciprocal employment of Outside Director" means accepting an Outside Director from an entity that currently employs someone from the Company as an Outside Director.



## **Number of outside directors, selection criteria, and human, capital, business or other interests between outside directors and the Company**

The Company had five outside directors (of whom three are Audit & Supervisory Committee members) as of the submission date of its the security report.

a. Mari Matsunaga

Ms. Matsunaga has created new business models and has a wealth of experience and considerable insight through her involvement in the management of multiple companies as an Outside Officer. As an Outside Director of the Company, she has appropriately monitored management, actively pointing out business issues and offering recommendations particularly from the viewpoints of open innovation promotion, etc. The Company believes that she will utilize her wealth of experience and insight to continue to monitor management appropriately to achieve sustained growth and increase medium- to long-term corporate value. The Company has had no transactions with Ms. Matsunaga in the past three years.

She owns a small number of the Company's shares, but there are no human, capital, business or other interests between her and the Company.

The Company has registered her as an Independent Director with the Tokyo Stock Exchange.

b. Tadashi Shimamoto

Mr. Shimamoto has served as President and Chairman of Nomura Research Institute, Ltd. and has a wealth of experience and insight as a corporate manager and in fundamental technology, distribution, service, and industry-related systems. The Company believes that he will monitor corporate management appropriately, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term through his active opinions and proposals from the perspective of overall management and DX/IT systems, based on his familiarity with corporate management in the information and telecommunications industry, which is a different business field.

Mr. Shimamoto was involved in business affairs at Nomura Research Institute, Ltd. Although the Company has had a business relationship with Nomura Research Institute, Ltd. for the past three years, the annual transaction amount is minimal, accounting for less than 0.1% of the consolidated net sales of the Company and Nomura Research Institute, Ltd., and Nomura Research Institute, Ltd. does not account for a major business partner as defined in the Criteria for Independence of Outside Directors.

He owns a small number of the Company's shares, but there are no human, capital, business or other interests between him and the Company.

The Company has registered him as an Independent Director with the Tokyo Stock Exchange.

c. Masaki Yamauchi

Mr. Yamauchi has served as President and Chairperson of the Board of Directors of Yamato Holdings Co., Ltd. and has a wealth of insight and experience in corporate management. The Company believes that, based on his experience in practicing satisfaction-creating management that makes full use of digital technology, his efforts to instill Yamato's DNA (values) in employees and his track record of fostering organizational culture, he will monitor corporate management appropriately, aiming at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term through his active opinions and proposals from the perspectives of organizational management, DX/IT, and sustainability that relate to the fundamentals of corporate management.

Mr. Yamauchi was involved in business affairs at Yamato Holdings Co., Ltd. Although the Company has had a business relationship with Yamato Transport Co., Ltd., a consolidated subsidiary of Yamato Holdings Co., Ltd., for the past three years, the annual transaction amount is minimal, accounting for less than 0.1% of the consolidated net sales of the Company and Yamato Holdings Co., Ltd., and Yamato Holdings Co., Ltd. does not account for a major business partner as defined in the Criteria for Independence of Outside Directors.

He owns none of the Company's shares, and there are no human, capital, business or other interests between him and the Company.

The Company has registered him as an Independent Director with the Tokyo Stock Exchange.

d. Yoshio Shirai (Outside Director who is an Audit & Supervisory Committee member)

Mr. Shirai has served as Directors at Toyota Motor Corporation, Hino Motors, Ltd. and Toyota Tsusho Corporation, and has considerable insight and a wealth of experience as a corporate manager, and achievements as an Outside Director who is Audit & Supervisory Committee member of the Company. The Company believes that he will utilize his wealth of experience and insight to continuously contribute to monitoring management appropriately to achieve sustained growth and increase medium- to long-term corporate value, as well to ensure soundness of the management.

He owns a small number of the Company's shares, but there are no human, capital, business or other interests between him and the Company.

The Company has registered him as an Independent Director with the Tokyo Stock Exchange.

e. Susumu Murakoshi (Outside Director who is an Audit & Supervisory Committee member)

Mr. Murakoshi has a high level of expertise as an attorney. Having served as the President of Japan Federation of Bar Associations and the President of Japan Attorneys Political Association, he has a wealth of experience in the legal community. The Company believes that he will utilize his wealth of experience and insight to continuously contribute to monitoring management appropriately to achieve sustained growth and increase medium- to long-term corporate value, as well to ensure soundness of the management. He has never been involved in corporate management except as an outside officer. However, given the reasons above, the Company believes that he can appropriately perform his duties as an Outside Director who is an Audit & Supervisory Committee member.

The Company has not entered into a consulting agreement, and has not conducted any consignment of business activities under any individual agreement, with Mr. Murakoshi who is an attorney-at-law, and the law office to which he belongs.

He owns a small number of the Company's shares, but there are no human, capital, business or other interests between him and the Company.

The Company has registered him as an Independent Director with the Tokyo Stock Exchange.

f. Michiko Ohtsuka (Outside Director who is an Audit & Supervisory Committee member)

Ms. Ohtsuka has a high level of expertise as a certified public accountant. She has a considerable insight and experience as an independent officer of a listed company. The Company believes that she will utilize her wealth of experience and insight to continuously contribute to monitoring management appropriately to achieve sustained growth and increase medium- to long-term corporate value, as well to ensure soundness of the management. She has never been involved in corporate management except as an outside officer. However, given the reasons above, the Company believes that she can appropriately perform her duties as an Outside Director who is an Audit & Supervisory Committee member.

The Company has not entered into a consulting agreement, and has not conducted any consignment of business activities under any individual agreement, with Ms. Ohtsuka who is a certified public accountant, and there is no transactional relationship.

She owns a small number of the Company's shares, but there are no human, capital, business or other interests between her and the Company.

The Company has registered her as an Independent Director with the Tokyo Stock Exchange.

### **③ Interconnections between supervision or audits by Outside Directors and internal audits, Audit & Supervisory Committee audits, and accounting audits; as well as relationship of these supervision/audits to the internal control department**

#### **Interconnections among Audit & Supervisory Committee audits, internal audits, and accounting audits, and the relationship of these audits to the internal control department**

In order to make Audit & Supervisory Committee audits systematic and efficient, the Company ensures close collaboration between internal audit departments and the Audit & Supervisory Committee. In relation to the structure of the Audit & Supervisory Committee Office and the coordination system with internal audit departments, if circumstances hindering the effectiveness of the audit by the Audit & Supervisory Committee are found, the Audit & Supervisory Committee requests the representative directors or the Board of Directors to rectify them. Furthermore, prior consent from the Audit & Supervisory Committee should be obtained for the appointment and dismissal of the head of the internal audit control departments. As part of a structure that can continuously pursue the maintenance and improvement of efforts to strengthen coordination between the Audit & Supervisory Committee and internal audit departments, etc., we have put in place a structure in which the head of the internal audit control departments can attend, as an observer, meetings of a Compliance Committee, which is made up of Outside Directors and a Director who is a member of the Audit & Supervisory Committee.

The Company's internal audit departments regularly report their audit plans, audit results and improvement plans for audited companies based on the audit findings to the Audit & Supervisory Committee. In response, the Audit & Supervisory Committee can, when it deems necessary, ask internal audit departments to investigate affairs or can provide specific instructions regarding the performance of their duties. Through these measures, Epson has secured the effectiveness of systematic audit performed by the Audit & Supervisory Committee.

Internal audit departments are seen as a keystone for internal control functions built by the President and operations

departments. On the other hand, to ensure the effectiveness and independence of audits by the Audit & Supervisory Committee and internal audit departments, if the instructions issued to internal audit departments by the Audit & Supervisory Committee and the President are in conflict, the instructions issued by the Audit & Supervisory Committee are given priority.

The division in charge of whistleblowing regularly keeps the Audit & Supervisory Committee updated on compliance violation matters. The division provides the Committee with detailed reports especially on matters of material importance immediately after it is notified of such matters, and the Committee examines whether it should deal with the matter based on the detailed report. Also, controls are in place to protect whistleblowers from reprisal for having made a report. Allegations shall be reported to the Board of Directors, the Audit & Supervisory Committee, the Compliance Committee composed primarily of Outside Directors, and the Corporate Strategy Council in a way that whistleblowers cannot be identified; and the identity of the reporter shall be protected even if the president or a Board of Directors, for example, is asked to correct the matter based on the report.

The Audit & Supervisory Committee and financial auditors work together to enhance the effectiveness of audit by sharing the results of their risk assessment at the beginning of each fiscal year and then confirm the audit plan of financial auditors, and also periodically discuss issues during the period. Financial auditors have the right to observe meetings of the Compliance Committee, which is made up of Outside Directors and a Director who is a member of the Audit & Supervisory Committee.

### **Cooperation between Outside Directors and internal control functions**

Outside Directors who are Audit & Supervisory Committee members and those who are not work cooperatively by attending meetings of the Compliance Committee, regular meetings with Chairman of the Board of Directors and representative directors, and meetings solely of Outside Directors; and also work to enhance collaboration between the supervision or audits by Outside Directors and the internal control functions through on-site audits and on-site visits at subsidiaries both home and abroad.

### **(3) Internal audits**

#### **① Audit & Supervisory Committee audits**

##### **Structure of the Audit & Supervisory Committee**

The Company's Audit & Supervisory Committee is composed of four Directors, three of whom are Outside Directors. The three Audit & Supervisory Committee members who are Outside Directors have experienced serving as an attorney-at-law, certified public accountant and corporate manager, and each of them has a high level of expertise, a wealth of experience and considerable insight and has executed balanced audit and supervisory activities as the Audit & Supervisory Committee. Masayuki Kawana was selected to serve as a Full-Time Audit & Supervisory Committee member to help ensure that the Audit & Supervisory Committee works effectively, as it was concluded that it would be necessary for someone to prepare an environment to facilitate audits, attend important internal meetings to smoothly collect internal information, work closely with groups such as the internal audit department, and monitor the daily internal control system.

Audit & Supervisory Committee member Michiko Ohtsuka is a certified public accountant and has an appreciable degree of knowledge and insight into finance and accounting.

In addition, the Company set up an Audit & Supervisory Committee Office headed by the Special Audit & Supervisory Officer as an organization dedicated to supporting the Audit & Supervisory Committee. The Audit & Supervisory Committee Office is independent from executive management and supports the Audit & Supervisory Committee, with a direct reporting line to it.

##### **Activities of the Audit & Supervisory Committee**

All Audit & Supervisory Committee members properly check and monitor the demonstrating of functions by the Board of Directors, decision-making on important matters, such as business strategies and corporate governance, and execution of business affairs by attending important meetings such as meetings of the Board of Directors, the Director Nomination Committee and the Director Compensation Committee, and regularly discussing with Chairman of the Board of Directors and representative directors, among others. Moreover, Audit & Supervisory Committee members audit and supervise the state of legal compliance and results of execution of operations through regular hearing and conformation letters for execution of duties for each Director and Executive Officer. In addition, Audit & Supervisory Committee members confirm the status of improvement and operation of the internal control system and other matters (including internal control over compliance system, risk management system, and financial reporting) through regular hearing from internal audit departments, supervisory departments

for internal control, Head Office supervisory departments, audit & supervisory board members of the Group's subsidiaries, and others. In addition, the Audit & Supervisory Committee or individual Audit & Supervisory Committee members conduct on-site inspection of or remote interviews with business offices and subsidiaries in Japan and overseas, and if it is considered necessary, they ask internal audit departments and the financial auditor for inspection and provide specific directions on the execution of the duties. Through these measures, the Company has secured the effectiveness of systematic audit performed by the Audit & Supervisory Committee.

As for appropriateness of audits of the financial auditor, the Audit & Supervisory Committee confirms the audit plan of the financial auditor after risk assessment is shared between each other at the beginning of the fiscal year, and checks the implementation of audits by regularly holding discussion during the fiscal year, while increasing effectiveness of audits of the both.

With regard to the effectiveness assessment of the Audit & Supervisory Committee, which has been implemented each year since FY2017 after the transition to a company with an Audit & Supervisory Committee, reporting to and sharing with the Board of Directors have been regularized from FY2019. In FY2022, the assessment result that effectiveness of the Audit & Supervisory Committee was ensured was shared at the Board of Directors meeting, and the recommendations for the Board of Directors on improvement in the Company's internal control and governance system, which were extracted in the effectiveness assessment of the Audit & Supervisory Committee, were made.

#### **Holding and attendance of the Audit & Supervisory Committee meeting**

In FY2022, the Audit & Supervisory Committee conducted discussions and examinations throughout the fiscal year. It focused on uniform coordination among the internal audit departments, internal control departments, and Head Office supervisory departments and the effectiveness of autonomous-decentralized internal control. It also monitored the state of the response to the organizational culture, watched over the strengthening of the Board of Directors' monitoring function, and monitored the setting of key concrete measures under Epson 25 Renewed and the progress thereof, from the perspective of important audit and supervision.

The Audit & Supervisory Committee meeting was held 17 times in FY2022 and five times in FY2023 from April 2023 to the Ordinary General Meeting of Shareholders in June 2023. The status of attendance by each Audit & Supervisory Committee member is as shown in the following table.

Name	Title	Attendance at meetings of the Audit & Supervisory Committee (Attendance rate)	
		FY2022	FY2023
Masayuki Kawana	Director, Full-Time Audit & Supervisory Committee Member	17/17 (100%)	5/5 (100%)
Yoshio Shirai	Outside Director, Audit & Supervisory Committee Member	17/17 (100%)	5/5 (100%)
Susumu Murakoshi	Outside Director, Audit & Supervisory Committee Member	17/17 (100%)	5/5 (100%)
Michiko Ohtsuka	Outside Director, Audit & Supervisory Committee Member	17/17 (100%)	5/5 (100%)

(Note) Attendance at meetings (attendance rate) in FY2023 is for the period from April 2022 to the Ordinary General Meeting of Shareholders held in June 2023.

#### **② Internal audits**

The Company's internal compliance system guards against potential legal and internal regulatory violations in departmental operations. Internal audit departments serve as monitoring organizations that are independent from the management and supervisory functions of the operations divisions and the Head Office. They audit internal controls and the implementation of controls in all Epson Group companies, including subsidiaries.

Internal audit departments conduct internal audits based on an annual audit plan. After conducting internal audits, they report their observations, including recommendations for improvements based on the facts, to the president and to the Audit & Supervisory Committee in a timely manner. Internal audit departments also regularly report the

internal audit situation to the president and Audit & Supervisory Committee. In FY2022, amid restrictions on auditing activities due to the spread of the COVID-19 infection, they conducted audits by using online communication and revising the audit process, upon reviewing the subjects of audits and timing of implementation planned at the beginning of the fiscal year.

**③ Interconnections among Audit & Supervisory Committee audits, internal audits, and accounting audits, and the relationship of these audits to the internal control department**

In order to make Audit & Supervisory Committee audits systematic and efficient, the Company ensures close collaboration between internal audit departments and the Audit & Supervisory Committee. In relation to the structure of the Audit & Supervisory Committee Office and the coordination system with internal audit departments, if circumstances hindering the effectiveness of the audit by the Audit & Supervisory Committee are found, the Audit & Supervisory Committee requests the representative directors or the Board of Directors to rectify them. Furthermore, prior consent from the Audit & Supervisory Committee should be obtained for the appointment and dismissal of the head of the internal audit control departments. As part of a structure that can continuously pursue the maintenance and improvement of efforts to strengthen coordination between the Audit & Supervisory Committee and internal audit departments, etc., we have put in place a structure in which the head of the internal audit control departments can attend, as an observer, meetings of a Compliance Committee, which is made up of Outside Directors and a Director who is a member of the Audit & Supervisory Committee.

The Company's internal audit departments regularly report their audit plans, audit results and improvement plans for audited companies based on the audit findings to the Audit & Supervisory Committee. In response, the Audit & Supervisory Committee can, when it deems necessary, ask internal audit departments to investigate affairs or can provide specific instructions regarding the performance of their duties. Through these measures, the Company has secured the effectiveness of systematic audit performed by the Audit & Supervisory Committee.

Internal audit departments are seen as a keystone for internal control functions built by the President and operations departments. On the other hand, to ensure the effectiveness and independence of audits by the Audit & Supervisory Committee and internal audit departments, if the instructions issued to internal audit departments by the Audit & Supervisory Committee and the President are in conflict, the instructions issued by the Audit & Supervisory Committee are given priority.

The division in charge of whistleblowing regularly keeps the Audit & Supervisory Committee updated on compliance violation matters. The division provides the Committee with detailed reports especially on matters of material importance immediately after it is notified of such matters, and the Committee examines whether it should deal with the matter based on the detailed report. Also, controls are in place to protect whistleblowers from reprisal for having made a report. Allegations shall be reported to the Board of Directors, the Audit & Supervisory Committee, the Compliance Committee composed primarily of Outside Directors, and the Corporate Strategy Council in a way that whistleblowers cannot be identified; and the identity of the reporter shall be protected even if the president or a Board of Directors, for example, is asked to correct the matter based on the report.

The Audit & Supervisory Committee and financial auditors enhance the effectiveness of audits by sharing the results of their risk assessment at the beginning of each fiscal year and then confirming the audit plan of financial auditors, and also periodically discuss issues during the period. Financial auditors have the right to observe meetings of the Compliance Committee, which is made up of Outside Directors and a Director who is a member of the Audit & Supervisory Committee.

## ④ Accounting audits

- a. Name of accounting firm  
Ernst & Young ShinNihon LLC

- b. Continuous audit period  
39 years

(Note) The Company entered into an auditing agreement with Misuzu Audit Corporation (then named Chuo Audit Corporation) from 1984 to 2007 (including the period from July 1, 2006 to August 31, 2006 when a temporary accounting firm was selected to substitute for Misuzu Audit Corporation (then named ChuoAoyama Audit Corporation). Accompanying Misuzu Audit Corporation's dissolution, the Company entered into an auditing agreement with Ernst & Young ShinNihon LLC (then named Ernst & Young ShinNihon) from 2007. However, the certified public accountants who had been executing the auditing operations for the Company also transferred to Ernst & Young ShinNihon LLC (then named Ernst & Young ShinNihon), and they have been performing audit work for the Company continuously since their aforesaid relocation. Accordingly, as it can be considered that the same accounting firm has been continuously executing the Company's audit work, the audit period of the accounting firm before the relocation of said certified public accountants has been included in the continuous audit period.

- c. Certified public accountants performing audits

Name of CPA		No. of successive years performing audits
Designated and Engagement Partner, Certified Public Accountant	Makoto Usui	4
Designated and Engagement Partner, Certified Public Accountant	Yoshiyuki Sakuma	7
Designated and Engagement Partner, Certified Public Accountant	Ryuichi Minami	3

- d. Composition of auditing team

The auditing team comprises 40 staff including 8 certified public accountants, 8 accountant examination passers, and 24 other accounting staff.

- e. Policy and reasons for selection of audit firm

The Audit & Supervisory Committee has established the "Policies on Dismissal / Non-reappointment of Financial Auditors" and "Standards in Relation to Selection / Non-reappointment and Procedures for the Reappointment of Financial Auditors" prescribing details of the procedures whereby Epson can maintain and further strengthen its optimal financial audit system.

As a result of evaluations in accordance with these standards, the Committee concluded that the accounting auditor has established systems for the proper performance of its duties, including an audit quality management system, a governance system that supports the management of audit quality, and a global audit system, and that the accounting auditor is conducting appropriate audits as a professional expert while maintaining an independent position. The Committee has determined that it is appropriate to reappoint EY Ernst & Young ShinNihon LLC, the current financial auditor, as financial auditor for the next fiscal year.

In the event that any of the items set forth in the clauses of Article 340, Paragraph 1 of the Companies Act is met, and the Audit & Supervisory Committee deems it appropriate to dismiss the financial auditor, the Audit & Supervisory Committee shall dismiss the financial auditor subject to the unanimous consent of Audit & Supervisory Committee members. In addition, if the Audit & Supervisory Committee deems that (i) the quality of audit, quality control, independence and other aspects of the financial auditor are likely to hinder the execution of proper audits, (ii) an audit system more appropriate to the Company would be achieved by replacing the audit firm, or (iii) otherwise it would be necessary, the Audit & Supervisory Committee shall, based on its resolution, determine the details of the proposal to dismiss or not reappoint the financial auditor for submission to the General Meeting of Shareholders.

f. Evaluation of financial auditor by the Audit & Supervisory Committee

The Audit & Supervisory Committee evaluates the Financial Auditor's ability to perform audits based on seven evaluation items: (1) quality management by the audit firm, (2) the audit team, (3) audit fees, (4) communication with the Audit & Supervisory Committee, (5) relationship with management, (6) group audits, and (7) fraud risks, based on the Practical Guidelines for Auditors Concerning the Evaluation of Accounting Auditors and the Establishment of Selection Standards, established by the Japan Audit & Supervisory Board Members Association, and through interviews with the executors.

⑤ Details of audit remuneration

a. Remuneration for audits by certified public accountants

(Millions of yen)

Category	Previous fiscal year		Fiscal year under review	
	Remuneration for audit certification work	Remuneration for non-audit work	Remuneration for audit certification work	Remuneration for non-audit work
Filing company	159	0	165	—
Consolidated subsidiaries	39	—	43	—
Total	198	0	208	—

Non-audit services performed for the Company include various consultancy services.

b. Remuneration for audits by certified public accountants belonging to the Ernst & Young network (excluding a.)

(Millions of yen)

Category	Previous fiscal year		Fiscal year under review	
	Remuneration for audit certification work	Remuneration for non-audit work	Remuneration for audit certification work	Remuneration for non-audit work
Filing company	—	7	—	7
Consolidated subsidiaries	547	184	677	145
Total	547	191	677	152

Details of the non-audit services performed for the Company and its consolidated subsidiaries consist mainly of various consultancy services, mostly tax related.

c. Description of other fees for important audit certificate services

Other than the items applicable to a. and b. above, there were no significant items applicable to fees for audit certificate services of the Company and its consolidated subsidiaries in the previous fiscal year or fiscal year under review.

d. Governing policy for audit remuneration and reason for the Audit & Supervisory Committee consenting to the fees, etc. of the Financial Auditor

Taking into consideration the "Practical Guidelines for Cooperation with Financial Auditor" announced by the Japan Audit & Supervisory Board Members Association, Audit & Supervisory Committee has given consent to the compensation, etc., to be paid to the financial auditor as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of confirming the policies and the content of the auditing plan that form the basis of compensation to the financial auditor, auditing time and auditing compensation, as well as the auditing plan and its results for the previous fiscal year, and examining the validity of quotation for the auditing.

(4) Officer compensation, etc.

The Company revised its officer compensation system based on the resolution of the Board of Directors on April 28 and May 19, 2022 and the resolution at the Ordinary General Meeting of Shareholders on June 28, 2022. The new system will be adopted effective from FY2022 (June 28, 2022 for restricted stock compensation). No additional contribution will be made to the former performance-linked stock compensation plan (BIP trust) in the future, and the plan is expected to terminate in August 2024 upon completion of the delivery and payment of the Company's common shares pertaining to the points already granted and the cash equivalent to an amount obtained through the conversion of the Company's common shares into cash.

**① Amount of officer compensation, etc. and policies for determining the method of calculating the amount**

With the aim of ensuring transparency and objectivity, compensation of officers is determined through resolutions at the General Meeting of Shareholders and the Board of Directors' meeting for Directors who are not Audit & Supervisory Committee members, or through resolutions at the General Meeting of Shareholders and discussions by Audit & Supervisory Committee members for Directors who are Audit & Supervisory Committee members, after going through fair, transparent and rigorous reporting by the Director Compensation Committee which is chaired by an Outside Director, and the majority of whose members are Outside Directors.

With regard to compensation of the Directors who are not Audit & Supervisory Committee members, the Audit & Supervisory Committee shares and discusses what have been examined by the Director Compensation Committee to confirm whether there are special items to be stated at the General Meeting of Shareholders.

Matters related to the compensation, including the individual amounts, of the Directors who are not Audit & Supervisory Committee members are left to the discretion of the Director Compensation Committee.

The overview of the Director Compensation Committee is as follows.

*Composition*

The Committee consists of all Outside Directors and President and Representative Director. Outside Directors shall select the committee chair from among themselves. Directors who are full-time members of the Audit & Supervisory Committee can attend meetings of the Committee as observers.

*Activities of the Director Compensation Committee*

The Committee met 10 times during the period from April 2022 to the Ordinary General Meeting of Shareholders held in June 2023. The Committee deliberated on matters including the amount of base compensation for each Director, number of shares to be allocated and amount of monetary compensation claims under the restricted stock compensation plan, a company indemnification plan, and renewal of directors and officers liability insurance.

**Policies**

1) Decision-making policies, etc. on compensation for individual Directors who are not Audit & Supervisory Committee members

The Company has established its decision-making policies on compensation for individual Directors who are not Audit & Supervisory Committee members.

<Outline of contents of the decision-making policies>

i) Basic stance

The Company's officer compensation shall consist of base compensation, which is comprised of fixed compensation, bonuses, which is performance-linked compensation, and stock compensation, which is non-monetary compensation. Given their roles to monitor the management as a whole as well as their independence from the business affairs, the Company pays only base compensation to non-executive officers and therefore does not pay bonuses and stock compensation.

Compensation for executive officers

- (a) Compensation shall provide an incentive to improve business performance and reflect the commitment thereof in order to promote the Epson Group's sustainable growth and corporate value in the medium and long term.
- (b) Compensation shall be sufficient to attract and retain qualified persons both from within the Company and from outside.



- (c) Compensation shall be commensurate with period performance so that directors and executive officers can demonstrate their management capabilities to the fullest during their tenure.
- (d) Compensation shall clearly reflect the linkage between officer compensation and the value of the Company's shares and strengthen awareness of the need to share profits with shareholders.
- (e) A mechanism to suppress fraud shall be embedded.
- (f) The process for determining compensation shall be highly transparent, objective and fair.

## Compensation for non-executive officers

- (a) The composition of compensation shall guarantee independence so that these officers can suitably exert their general management supervisory function, etc.
- (b) Compensation shall be sufficient to attract and retain qualified persons both from within the Company and from outside.

- ii) Decision-making policies on base compensation for individual Directors who are not Audit & Supervisory Committee members

### *Base compensation*

Base compensation is a monetary compensation that is determined in accordance with the position and the magnitude of roles including the contents of operations commissioned and delegated ("Role Grade"). It is paid monthly during the terms of office. Depending on the operating performance of the company and other reasons, the Board of Directors may take measures to increase or decrease the amount.

- iii) Decision-making policies on performance-linked compensation for Directors who are not Audit & Supervisory Committee members

### *Bonuses*

Bonus is an annually paid variable performance-linked compensation for officers with executive duties that is determined by the achievement level of the annual operating performance targets and personal goals.

[Details of performance indicators and reasons for selection thereof]

In consideration of the nature of bonuses as a short-term incentive, the amount of annual company-wide ROE among others is set as a performance indicator, taking into account factors such as the achievement level of personal goals.

[Calculation method]

The amount of bonuses payable is calculated by multiplying the annual total compensation calculated based on position and Role Grade by the ratio of bonus (25% to 30%) by position and Role Grade to derive the base bonus amount, and taking the base bonus amount and multiplying it by a coefficient (0% to 200%) corresponding to the achievement level against the company-wide ROE target and other performance indicators and a coefficient ( $\pm 40\%$ ) corresponding to the achievement level of personal goals.

[Results of performance indicators]

The company-wide ROE used as a performance indicator is 10.5%. Company-wide ROE is calculated excluding treasury shares acquired during the fiscal year under review.

- iv) Decision-making policies on non-monetary compensation for Directors who are not Audit & Supervisory Committee members

### *Restricted stock compensation*

The restricted stock compensation is a stock compensation aimed at further promoting sharing of value with shareholders and providing officers with a greater incentive than before to increase the stock price, sustain growth, and increase medium- to long-term corporate value. It is paid to Directors with executive duties once a year.

Pursuant to the resolution of the Board of Directors of the Company, the Company will pay monetary compensation claims up to the aforesaid annual amount of 200 million yen as compensation, etc., for restricted stock. In turn, Eligible Directors will pay all monetary compensation claims provided by the Company as in-kind contributions and will receive an allotment of restricted stock.

The aforesaid monetary compensation claims will be paid on condition that Eligible Directors have agreed

to the aforesaid in-kind contributions and have concluded a restricted stock allotment agreement.

The total number of restricted stock shares to be allotted to Eligible Directors will not exceed 200,000 shares annually.

The restricted stock allotment agreement will include the following:

a) Nature of restrictions on transfer

Eligible Directors shall not transfer, pledge, grant security interests, gift during their lifetime, or bequeath, to any third party, or otherwise dispose of restricted stock (hereafter “the Allotted Stock”) during the period from the date of allotment to the date on which they resign or retire from their position as either a director, executive officer, or employee of the Company.

b) Gratis acquisition of restricted stock

If an Eligible Director resigns or retires from his or her position as a director, executive officer, or employee of the Company during the Restricted Period, the Company will rightfully acquire the Allotted Stock without compensation, unless there are extenuating circumstances that the Company’s Board of Directors deem reasonable.

c) Lifting of the Transfer Restrictions

The Company will lift Transfer Restrictions for all the Allotted Stock upon the end of the final day of the Transfer Restriction Period, provided that the Eligible Director holds the position of director, executive officer or employee of the Company continuously from the date the Transfer Restriction Period starts to the date of the first General Meeting of Shareholders thereafter.

d) Malus and clawback provisions

The Company will establish provisions to acquire without contribution some or all of the Allotted Stock allotted to Eligible Directors or common shares of the Company for which Transfer Restrictions have been lifted, or to be paid an amount equivalent to the value of the Allotted Stock or common shares of the Company for which Transfer Restrictions have been lifted, in cases in which the Board of Directors recognizes that Eligible Directors have violated laws, regulations, or internal rules, etc. in any material respect during the Transfer Restriction Period or after the lifting of the Transfer Restrictions, and when certain circumstances determined by the Board of Directors have occurred, including serious accounting irregularities or large losses, etc.

e) Treatment in organizational restructuring, etc.

If, during the Transfer Restriction Period, matters concerning organizational restructuring, etc., are approved at a General Meeting of Shareholders, the Company will, by resolution of the Board of Directors, lift the Transfer Restrictions prior to the effective date of the organizational restructuring, etc., for the number of Allotted Stock that is reasonably determined based on the period from the date the Transfer Restriction Period starts to the date the organizational restructuring, etc., is approved.

In such cases, the Company will rightfully acquire the Allotted Stock to which Transfer Restrictions still apply immediately after the Transfer Restrictions are lifted pursuant to the aforesaid provisions.

\* The Company plans to also allocate restricted stock like the restricted stock described above to Executive Officers who are not Directors of the Company.

[Details of performance indicators and reasons for selection thereof]

To share the benefits and risks of changes in the stock price with general shareholders and to enhance the incentive to increase the stock price, sustain growth, and increase medium- to long-term corporate value, the achievement levels against the indicators including the company-wide ROIC and sustainability goals are set as indicators.

[Calculation method]

The number of shares to be allotted during the target period is calculated by multiplying the amount of annual total compensation calculated based on the position and Role Grade of each Director by the ratio of stock compensation (20% to 25%) commensurate with position and Role Grade by the coefficient (80% to 120% for each) corresponding to the achievement levels against the indicators including the company-wide ROIC and sustainability goals to derive the base compensation amount, and dividing the base compensation amount by the value of restricted stock per share determined by the Board of Directors.

The amount of monetary compensation claim paid to each Director as compensation, etc. concerning restricted stock is calculated by multiplying the number of shares to be allotted by the closing price of the

common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution regarding the issuance or disposal.

[Results of performance indicators]

The company-wide ROIC used as a performance indicator is 7.0%. Company-wide ROIC is calculated excluding treasury shares acquired during the fiscal year under review. In addition, the achievement rate for sustainability goals, etc. is 90%.

- v) Decision-making policies on the ratio of compensation for individual Directors who are not Audit & Supervisory Committee members

With regard to the policies on decisions on the ratio of compensation by category for Directors who are not Audit & Supervisory Committee members (excluding the Chairman and Directors without the right of representation and Outside Directors), the total annual compensation is used as the basis to calculate bonuses, which are calculated by multiplying the base bonus amount, which ranges between 25% and 30% of bonuses, by a coefficient corresponding to the achievement levels of performance indicators. In addition, stock compensation is calculated by multiplying the total annual compensation by the ratio of stock compensation ranging from 20% to 25% and subsequently multiplying the amount derived by a coefficient corresponding to the achievement level against the company-wide ROIC target, sustainability goals, etc. It is designed so that the ratio of "bonuses" and "stock compensation" increases, commensurate to the position and Role Grade. For FY2022, the composition ratio of the total amount of compensation for Directors who are not Audit & Supervisory Committee members (excluding Chairman and Director without the right of representation and Outside Directors) was as follows: approximately 43.0% as base compensation, approximately 42.7% as bonuses, and approximately 14.3% as stock compensation.

- vi) Matters regarding delegation of decisions on compensation for individual Directors who are not Audit & Supervisory Committee members

Decisions on the amounts of compensation for the fiscal year ended March 2023 are left to the discretion of the Director Compensation Committee. To ensure that the said authority is exercised appropriately, Outside Directors account for the majority of members of the Director Compensation Committee and the chairperson of the Committee is selected among the Outside Directors by the members.

- vii) Other important matters regarding decisions on the details of compensation for individual Directors who are not Audit & Supervisory Committee members

The Company establishes provisions (malus and clawback clauses) to acquire without contribution some or all of the allotted shares to eligible Directors or ordinary shares of the Company for which transfer restrictions have been lifted, or to be paid an amount equivalent to the value of the allotted shares or ordinary shares of the Company for which transfer restrictions have been lifted. This applies in cases where the Company's Board of Directors recognizes that eligible Directors have violated laws, regulations, or internal rules, etc. in any material aspect and when certain circumstances determined by the Board of Directors have occurred, including serious accounting irregularities or large losses.

<Reasons why the Board of Directors has determined that the details of compensation for individual Directors who are not Audit & Supervisory Committee members for the fiscal year under review comply with the said decision-making policies>

The Board of Directors has confirmed the following points and determined that the compensation for Directors who are not Audit & Supervisory Committee members for the fiscal year under review complies with the said policies.

- A fair, transparent, and rigorous reporting by the Director Compensation Committee, which is chaired by an Outside Director, and the majority of whose members are Outside Directors has been conducted.
- The Audit & Supervisory Committee shared and discussed the details that were discussed by the Director Compensation Committee and reported that there were no items to be stated at the General Meeting of Shareholders.

2) Decision-making policies, etc. on compensation for individual Directors who are Audit & Supervisory Committee members

The Company has established its decision-making policies on compensation for individual Directors who are Audit & Supervisory Committee members.

<Method of determining the decision-making policies>

Decision-making policies are determined by the Audit & Supervisory Committee.

<Outline of contents of the decision-making policies>

The Company's compensation for individual Directors who are Audit & Supervisory Committee members shall be decided by taking into consideration factors such as whether he or she is Full-Time or not, how the audit work has been divided, and the details and levels of compensation for Directors who are not Audit & Supervisory Committee members.

Given their roles to monitor the management as a whole based on independence from the business affairs, the Company pays only fixed compensation to Directors who are Audit & Supervisory Committee members. In addition, basic stance for such fixed compensation is as stated in "Compensation for non-executive officers," and it is determined by the Board of Directors upon deliberation of its contents at the Director Compensation Committee, which is chaired by an Outside Director, and the majority of whose members are Outside Directors.

3) Resolutions by the General Meeting of Shareholders on compensation for Directors

*Base compensation*

Upon the resolution at the Ordinary General Meeting of Shareholders of June 28, 2016, the maximum base compensation was set at 62 million yen per month for Directors who are not Audit & Supervisory Committee members (including 10 million yen per month for Outside Directors). At the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors who are not Audit & Supervisory Committee members was eight (including two Outside Directors).

In addition, upon the resolution at the said Ordinary General Meeting of Shareholders, the maximum base compensation was set at 20 million yen per month for Directors who are Audit & Supervisory Committee members. At the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors who are Audit & Supervisory Committee members was four.

*Restricted stock compensation*

Upon the resolution at the Ordinary General Meeting of Shareholders on June 28, 2022 with respect to restricted stock compensation for Directors who are not Audit & Supervisory Committee members (excluding persons in positions independent from business execution, such as Outside Directors, as well as those residing overseas), the total number of monetary compensation claims paid as compensation, etc. concerning restricted stock under a framework separate from the aforementioned amounts of compensation of Directors (base compensation) and performance-linked stock compensation (officer compensation BIP trust), is set to be no more than an annual amount of 200 million yen. At the conclusion of the said Ordinary General Meeting of Shareholders, the number of Directors who are not Audit & Supervisory Committee members was three.

**② Total amount of compensation, total compensation by type, and number of officers to be paid by each category**

Category	Total compensation (millions of yen)	Total compensation by type (millions of yen)			Number of individuals
		Base compensation	Performance-linked compensation	Restricted stock compensation (non-monetary)	
		Fixed (monetary)	Bonus (monetary)		
Directors who are not Audit & Supervisory Committee members (amount accounted for by Outside Directors)	352 (30)	205 (30)	110 (-)	36 (-)	6 (2)
Directors who are Audit & Supervisory Committee members (amount accounted for by Outside Directors)	81 (48)	81 (48)	- (-)	- (-)	4 (3)
Total	434	287	110	36	10

(Notes)

- The Company has introduced an officer stock ownership plan to link compensation more closely to shareholders' value. A portion of the base compensation is discretionally allotted for the acquisition of the Company's shares. Epson has established the criteria for shareholding by its officers based on internal regulations defined by the Board of Directors to demonstrate its commitment to and responsibilities for business operations to all shareholders.
- The amount above includes bonuses to be paid to Directors in the amount of 110 million yen (amount to be paid to three Directors excluding Chairman and Director without the right of representation, Outside Directors, and Directors who are Audit & Supervisory Committee members), as resolved at the Ordinary General Meeting of Shareholders held on June 27, 2023.
- The above stock compensation with transfer restrictions represents the amount recorded as an expense in the fiscal year under review under Japanese Generally Accepted Accounting Principles (JGAAP).
- Stock options are not granted.

**③ Total compensation paid to persons whose total consolidated compensation is 100 million yen or more**

Name	Total consolidated compensation (millions of yen)	Category	Total consolidated compensation by type (millions of yen)		
			Base compensation	Performance-linked compensation	Restricted stock compensation (non-monetary)
			Fixed (monetary)	Bonus (monetary)	
Yasunori Ogawa	108	Director who is not an Audit & Supervisory Committee member	45	45	17

(Note) The above stock compensation with transfer restrictions represents the amount recorded as an expense in the fiscal year under review under Japanese Generally Accepted Accounting Principles (JGAAP).

## (5) Securities held by the Company

## ① Criteria for and approach to classification of investment securities

The Company has classified its investment equity securities held only for earning capital or income gains into stocks held purely for investment purposes and those held for other purposes as stocks held for cross-shareholding purposes.

The Company currently holds no securities classified as stocks held purely for investment purposes.

## ② Stocks held for reasons other than pure investment

- a. Method of examining the rationale of shareholding policy and shareholding, and deliberations on whether or not the Company should hold specific shares at the Board of Directors' or other meetings

The Company may acquire and hold shares in companies, including the suppliers of key components and parts, major buyers of its products, major providers of funds and major providers of financial services, when it judges that such acquisition/holding of shares will help maintain and strengthen steady business relationships with these companies and ultimately enhance its corporate value over the medium- to long-term. Such acquisition/holding of shares, however, is preceded by a screening process to confirm the creditworthiness and safety of investing in these companies (equity securities held based on this policy is referred to as "stocks held for cross-shareholding purposes").

Every year, the Board of Directors evaluates on an individual basis, both quantitatively and comprehensively, the risks of the stocks it invests in for cross-shareholding purposes, as well as the profits obtainable by maintaining and strengthening trading relationships with the companies in comparison through comparing them against the internal hurdle rate specified based on the cost of capital, and it examines the rationality of holding such stocks for cross-shareholding purposes from a medium- to long-term perspective. When it deems that holding of the stocks for cross-shareholding purposes as unreasonable, the Company reduces the shareholding.

- b. Balance sheet total of stocks held for reasons other than pure investment

	Number of issues	Balance sheet total (millions of yen)
Unlisted stocks	6	1,050
Stocks other than unlisted stocks	11	8,583

Issues for which the number of shares held by Epson increased during the current fiscal year

	Number of issues	Total acquisition price to increase shares (millions of yen)
Unlisted stocks	—	—
Stocks other than unlisted stocks	—	—

Issues for which the number of shares held by Epson decreased during the current fiscal year

	Number of issues	Total sale proceeds from decreasing shares (millions of yen)
Unlisted stocks	2	150
Stocks other than unlisted stocks	—	—

- c. Number of special investment securities / equity securities deemed to be held for each issue and information including amounts recorded on the balance sheet

Special investment securities

Company	FY2022	FY2021	Reasons for holding shares, outline of business tie-ups, quantitative effect of holding shares, and reasons for the increase of the number of shares	Shares held by the Company
	Stocks (shares)	Stocks (shares)		
	Balance sheet total (millions of yen)	Balance sheet total (millions of yen)		
Mizuho Financial Group, Inc.	1,500,888	1,500,888	To maintain and strengthen the business relationship with a source of steady funding and a provider of financial services. The effect of holding the shares was examined at the Board of Directors' meeting (held in April 2023) based on the method in (2) a. above but its quantitative results are not disclosed here as the results fall under insider information on business operation (the same applies hereunder).	Yes
	2,818	2,351		
NGK Insulators, Ltd.	1,257,000	1,257,000	To maintain and strengthen the business relationship with a supplier of key parts used in the Company's products. The Company has a transactional relationship primarily with the Manufacturing-related and wearables business segment.	Yes
	2,202	2,203		
Seiko Group Corporation	328,816	328,816	To maintain and strengthen the business relationship with a major buyer of the Company's products. The Company has a transactional relationship primarily with the Manufacturing-related and wearables business segment.	Yes
	951	754		
Hakuto Co., Ltd.	190,000	190,000	To maintain and strengthen the business relationship with a major buyer of the Company's products. The Company has a transactional relationship primarily with the Manufacturing-related and wearables business segment.	Yes
	933	465		
Otsuka Corporation	120,000	120,000	To maintain and strengthen the business relationship with a major buyer of the Company's products. The Company has a transactional relationship primarily with the Printing Solutions business segment.	None
	562	521		

# SEIKO EPSON CORPORATION

Company	FY2022	FY2021	Reasons for holding shares, outline of business tie-ups, quantitative effect of holding shares, and reasons for the increase of the number of shares	Shares held by the Company
	Stocks (shares)	Stocks (shares)		
	Balance sheet total (millions of yen)	Balance sheet total (millions of yen)		
Marubun Corporation	332,640	332,640	To maintain and strengthen the business relationship with a major buyer of the Company's products.	Yes
	454	237	The Company has a transactional relationship primarily with the Manufacturing-related and wearables business segment.	
The Hachijuni Bank, Ltd.	489,500	489,500	To maintain and strengthen the business relationship with a source of steady funding and a provider of financial services.	Yes
	281	199		
King Jim Co., Ltd.	221,980	221,980	To maintain and strengthen the business relationship with a major buyer of the Company's products.	None
	201	203	The Company has a transactional relationship primarily with the Printing Solutions business segment.	
Joshin Denki Co., Ltd.	65,000	65,000	To maintain and strengthen the business relationship with a major buyer of the Company's products.	None
	127	124	The Company has a transactional relationship primarily with the Printing Solutions business segment.	
Nippon BS Broadcasting Corporation	33,200	33,200	To maintain and strengthen the business relationship with a company whose parent company is a major buyer of the Company's products.	None
	30	34	The Company has a transactional relationship primarily with the Printing Solutions business segment.	
Pixelworks, Inc.	100,000	100,000	To maintain and strengthen the business relationship with a supplier of key parts used in the Company's products.	None
	19	36	The Company has a transactional relationship primarily with the Visual Communications business segment.	

## ③ Stocks held purely for investment purposes

None