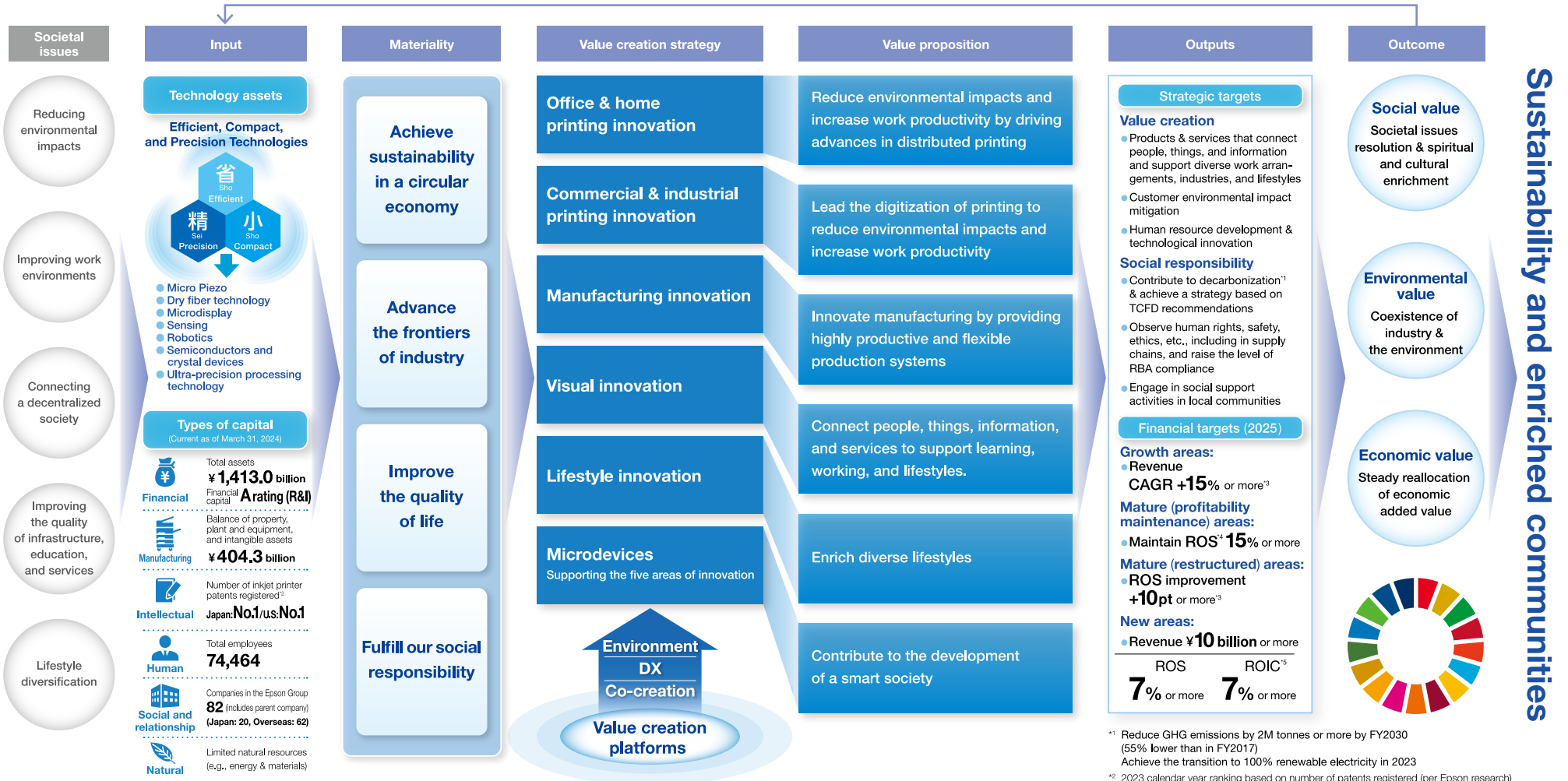


Sustainability Management

Value Creation Story

Epson has identified material sustainability issues that we can address to help solve societal issues. We will achieve sustainability and enrich communities by using our unique core technology to drive innovation and provide social, environmental, and economic value. This is aligned with the sustainable development goals (SDGs) and demonstrates how we plan to realize the aspirations embedded in the corporate purpose.



¹⁾ Reduce GHG emissions by 2M tonnes or more by FY2030 (55% lower than in FY2017). Achieve the transition to 100% renewable electricity in 2023
²⁾ 2023 calendar year ranking based on number of patents registered (per Epson research)
³⁾ FY2020→FY2025 revenue
⁴⁾ Business profit / revenue
⁵⁾ Return on invested capital

Sustainability Management

Epson's Management Philosophy, which states our commitment to customer satisfaction and sustainability, embodies the ideals of the SDGs and sustainability management. Guided by this Philosophy, we are contributing to social solutions. With the world looking for a pathway to true sustainability, we practice sustainability management to both drive business growth and solve societal issues with partners who share our vision of enriching the world for future generations.

Sustainability Promotion Organization

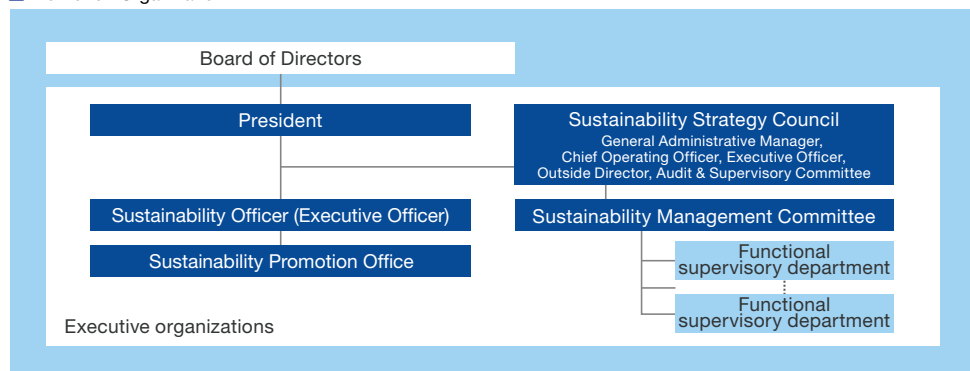
Epson's Sustainability Promotion Office reports directly to the president. The office is headed by an executive officer who has responsibility and authority for sustainability activities (sustainable growth based on societal needs) across the entire Epson Group.

The Sustainability Strategy Council, which is made up of senior executives along with outside directors and members of the Audit & Supervisory Committee, serves as an advisory body to the president. It is responsible for deciding Group-wide sustainability strategies. The Sustainability Strategy Council reviews social trends, formulates the Group's long-term sustainability strategies, reviews actions taken, and discusses initiatives for addressing important issues.

The Sustainability Management Committee is subordinate to the Sustainability Strategy Council. It studies and discusses matters related to sustainability that require specialized knowledge. This council, which is composed of the general managers of certain supervisory departments, advises and reports to the Sustainability Strategy Council.

The Sustainability Promotion Office handles the administrative affairs of these two meeting bodies, regularly reports to the board, and endeavors to increase the activity effectiveness.

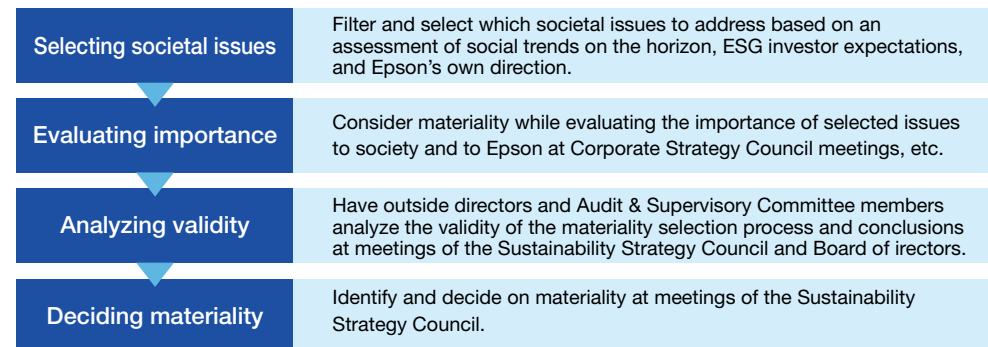
Promotion Organization



Deciding Materiality

When establishing the Epson 25 Renewed corporate vision in 2021, Epson referenced the societal issues and megatrends described in the SDGs, ISO 26000 and other sources, evaluated them from both a company perspective and a social perspective, and identified four high-priority issues ("materialities") that Epson should address to solve societal issues.

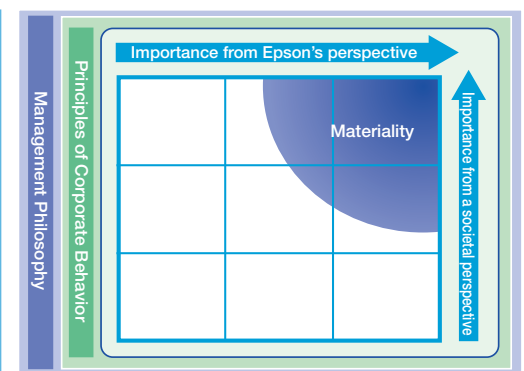
The Process for Determining Materiality



Evaluate the topics from a corporate and societal perspective

Material Trends and Frameworks Referenced

- The Sustainable Development Goals (SDGs)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Macro trends in the social and economic fields, including climate change (European Green Deal Policy, Paris Agreement, etc.)
- Global Japan: 2050 Simulations and Strategies
- GRI Standard
- SASB Standard
- ISO 26000
- Socially Responsible Investing (SRI) survey items
- Responsible Business Alliance (RBA) Code of Conduct



Key Sustainability Topics and KPIs

To increase effectiveness with which we can address the materialities, we mapped 12 key sustainability topics to the materialities, considered how we could contribute to solving societal issues, set concrete key performance indicators (KPIs), and then got to work. In FY2022, some of the KPIs were incorporated in evaluations used to determine executive management compensation.

Third-party sustainability evaluation results were also used in the past when deciding executive management compensation, but we made executive management’s role and responsibility for sustainability even clearer by directly linking their compensation to performance as measured by the KPIs.

→ For details, see P68 “Officer Compensation System.”

Materiality	Key Sustainability Topics	(○) Opportunity (●) Risk	RS Index ¹	Initiative Topics	Key Performance Indicators (KPI)	FY2023 (Target)	FY2023 (Result)	FY2024 (Target)	Case Study		
Achieve sustainability in a circular economy	Decarbonization initiatives	<ul style="list-style-type: none"> ○ Growing need for environmentally friendly products and services due to the introduction of a carbon tax, soaring electricity prices, rising waste disposal costs, and the need to produce the right amount of products and reduce resources ○ Market growth in the fields of global warming countermeasures and waste treatment and effective utilization of resources ○ Market growth in recycled plastics, bioplastics, and metal recycling due to the shift to a circular economy ● Growing momentum toward a paperless office from the perspective of forest protection awareness ● Increase in operating costs due to changes in policies and regulations ● Credit loss and damage to corporate value due to delayed response to decarbonization and resource recycling ● Damage to corporate value due to failure to achieve plans for or delays in the development of environmental technologies that will lead to a reduction in environmental impact 	●	Using energy-saving equipment and facilities, removing greenhouse gases, engaging suppliers, and pursuing carbon-free logistics to become carbon negative by 2050	Scope 1 and 2 GHG emissions reduction ratio	Reduce by 65% compared to FY2017	Reduced by 80% compared to FY2017	Reduced by 80% compared to FY2017 (SBT: FY2025 Target 34%)	P37-39 Value Creation Platforms		
			●	Using renewable electricity to achieve RE100	Renewable electricity adoption ratio	Achieve 100% globally	Achieved adoption ratio of 100% globally	Maintain adoption ratio of 100% globally			
				Becoming underground resource ² free by 2050: <ul style="list-style-type: none"> ● Using resources efficiently by reducing size and weight, using recycled materials, etc. ● Establishing closed-loop production systems that minimize production losses 	Ratio of sustainable resources ³	27%	32%	35%			
	Closed resource-loop initiatives					Final landfilled rate ⁴	≤1%	0.6%	≤1%		
			Customer environmental impact mitigation			Maximizing avoided emissions with products and services that have a lower environmental impact ⁵	Emissions avoided through products & services	Commence the calculation based on a new calculation logic and determine target values	- Started calculating the reduction contribution of A3 color inkjet printers using the new calculation logic. - FY23 Results: 15.1 thousand t-CO ₂ e ⁶	Exceeding the previous year	P29-30 Value Creation Strategy
	Environmental technology development					Eliminating virgin plastics and closing resource loops by using Dry Fiber Technology to produce recycled materials and natural materials. <ul style="list-style-type: none"> ● Packaging materials ● Housing materials 	Progress of development process	Expand the scope of practical application	- Packaging: Development aimed at expanded use (cotton scraps) - Housings: Development of composite plastic materials (improved performance of materials)	Expand the scope of practical application	P43-46 Value Creation Platforms
						Establishing high-added-value recycling technology for used metal	Progress of development process	Technology for high-value-added metal powders (molding material) for practical application	Completed the development of elemental technology as a molding material, with PoC ⁷ in progress	Technology for high-value-added metal powders (molding material) for practical application	

¹ Compensation (Restricted Stock) evaluation indicator

² Non-renewable resources such as oil and metals

³ Ratio of sustainable resources (renewable resources + closed-loop materials + less depletable resources) to raw materials

⁴ Ratio of landfilled amount of production resources against the volume of resources input

⁵ Quantified the contribution of products and services toward GHG emissions reductions

⁶ Based on the calculation method confirmed by Mizuho Research & Technologies Co., Ltd., the value obtained by multiplying the difference between the weighted average of the publicly disclosed lifetime CO₂ emissions of major laser printers in the global market and the lifetime CO₂ emissions of our A3 color inkjet printers by the number of Epson A3 color inkjet printer units sold in the relevant fiscal year.

⁷ PoC (Proof of Concept): A process to verify the feasibility and actual effect, etc. of a new technology, etc.

Key Sustainability Topics and KPIs




Materiality	Key Sustainability Topics	(○) Opportunity (●) Risk	RS Index ¹	Initiative Topics	Key Performance Indicators (KPI)	FY2023 (Target)	FY2023 (Result)	FY2024 (Target)	Case Study
Advance the frontiers of industry	Increasing productivity through digitization and automation	<ul style="list-style-type: none"> ○ Transition to resource-saving and highly efficient production processes due to diversifying consumer needs and the growing importance of environmental considerations ○ Decentralization of production plants for the purpose of BCP response based on factors such as geopolitical risk ● Loss of business opportunities due to delays in launching products and services that meet market demands ● Delays in developing easy-to-use solutions and digital services 		Leading the digitization of commercial and industrial printing with inkjet technology and diverse solutions, to create clean, space-efficient workplaces, reduce environmental impact, and improve productivity	Sales growth rate of commercial and industrial inkjet printers compared to the previous year	10%	1%	3%	P31-32 Value Creation Strategy
		<ul style="list-style-type: none"> ○ Changes of offices due to diversification of work styles and advancement of information technology ○ Expansion of at-home study support programs ● Loss of business opportunities due to delays in launching products and services that meet market demands ● Decrease in the need for printing in the education market due to the increased use of tablets and other electronic devices 		Reducing environmental impact and improving productivity with inkjet technology and open solutions, to lead the evolution of home study and distributed office printing	Sales growth rate of high-capacity inkjet printers for SOHO and home users compared to the previous year	5%	(9%)	5%	
	Improving working environment and improving educational environment	<ul style="list-style-type: none"> ○ Increasing and broadening need for automation using robots to compensate for global labor shortages against a backdrop of declining birthrates and aging populations ○ Growing need for innovation in production systems to improve the working environment and strengthen the resilience of manufacturing sites ● Continuation of labor-intensive system centered on human labor through the shift of production to regions with ample labor force (emerging and developing countries) ● Lack of human resources capable of implementing automation ● Changing customer needs and loss of competitive advantage due to diversification 		Alleviating labor shortages through automation with robots	Number of unfilled positions automated ²	28,000 persons	25,000 persons	29,000 persons	P33-34 Value Creation Strategy
		<ul style="list-style-type: none"> ○ Increasing need to resolve stress burdens and lowered work efficiency due to reduced physical communication in telecommuting and web conferencing ○ Growing momentum to achieve common global decarbonization goals (reduction of CO₂ emissions stemming from human mobility) ● Decreased need to connect the real and remote due to increased office attendance following the decline of the coronavirus ● Intensifying competition with large-screen display devices other than projectors and personal terminals, and relative decline in the presence of our solutions 		Providing a fair, natural, and comfortable communication environment without boundaries, combining the real and remote, with both a sense of presence and information content	Number of co-creation and collaboration projects, or number of partners (FY2023) Number of adopting companies, or number of partners (FY2024 after)	Number of partners: 2	Number of partners: 2	Continuing + new: ≥2 companies	
		<ul style="list-style-type: none"> ○ Increasing use of ICT to bridge the gap in learning places and opportunities in developing countries ○ Dissemination of digital educational materials and educational platforms ○ Expansion of the education market due to the increase in the number of people enrolled in school in emerging and developing countries ○ Resolving teacher and teaching support shortages through ICT ● Delays in sound budgeting for and investment in education due to delayed economic development and political instability in developing countries 		Creating equal learning opportunities through smart, portable displays that enable large-screen communication in a compact form, to mitigate learning disparities stemming from differences in regional and social conditions	Number of local demonstration programs through co-creation and collaboration Number of countries with PoC verifying mitigation of learning disparities in general education and awareness of societal issues.	20 programs —	29 programs Selected countries with PoC programs	40 programs (Total) Countries with PoC programs:2	
Improve the quality of life	Proposing diverse lifestyles	<ul style="list-style-type: none"> ○ Growing need for data utilization to help improve performance in various sports due to diversifying lifestyles ○ Emergence of new data service businesses such as health support ○ Heightened mindfulness of maintaining health with the increase in life expectancies ○ National government policy initiatives to extend healthy life expectancy as a response to the declining working-age population and increasing social security costs in the developed countries ● Decline in presence due to evolution of competing data services ● Impact on the data service business due to declining interest in health consciousness 		Enriching the diverse lifestyles of people through lifestyle-related disease prevention and helping people improve their sports performance by providing personalized value in an easy-to-understand visual manner using proprietary sensing technology and algorithms	Percentage of revenue that the data business in sensing business sales ³	20%	22%	28%	
		<ul style="list-style-type: none"> ○ Demand for luxury goods that cater to diverse values, hobbies, and tastes ● Declining presence in the wearable device market due to changing values 		Providing attractive and high-quality products with our efficient, compact, and precision technologies and our artisanal skills, to enrich the diverse lifestyles of our customers	Sales growth rate of attractive, high-quality products compared to the previous year	4%Ffi	4%	12%	

¹ Compensation (Restricted Stock) evaluation indicator

² Calculated based on the effectiveness of Epson's internal projects

³ Business model that provides value by converting data based on algorithms

Key Sustainability Topics and KPIs

Materiality	Key Sustainability Topics	(○) Opportunity (●) Risk	RS Index ¹	Initiative Topics	Key Performance Indicators (KPI)	FY2023 (Target)	FY2023 (Result)	FY2024 (Target)	Case Study	
Fulfill our social responsibility	Increasing stakeholder engagement	<ul style="list-style-type: none"> ○ Growing stakeholder interest in sustainability ● Loss of trust from stakeholders and damage to corporate value due to inappropriate responses to issues 		Responding to needs and social demands by strengthening dialogue with stakeholders	Social support activities, monetary value of support Number of dialogs with shareholders and investors and reflecting opinions on management Evaluation indices of external evaluation agencies	≥0.1% of sales ≥ 200 meetings with shareholders & investors Acquire high recognition ¹⁰	0.1%of sales 240 times Acquired high recognition	≥0.1% of sales ≥200 times Acquired high recognition	  	
			Realizing responsible supply chains		Reinforcing supply chain BCM	Impact on customers due to disruption and stagnation in supply chain (Aiming to have no impact on sales in FY2024)	Achieve no impact on sales due to disruption in supply chain to the extent possible	Impact of supply chain disruption: None		Zero sales impact
					● Realizing responsible supply chains	CSR risk levels of suppliers	CSR risk ranks of main suppliers: (Direct materials) - 0% high risk, ≤4% middle risk (Indirect materials) - 0% high risk	(Direct materials) - High risk: 0% - Middle risk: 4.2% (Indirect materials) - High risk: 0% - Middle risk:≤20%		(Direct materials) - High risk: 0% - Middle risk: ≤2% (Indirect materials) - High risk: 0% - Middle risk:≤20%
		Realizing responsible sourcing of minerals		Conflict-free (CF) ratio of products Survey response ratio ¹¹	- Release CF information for CF strategic products - 100%	- Preparation for the disclosure of the result of CF information - 100%	- New products that are conflict-mineral free - 100%			
	Respecting human rights and promoting diversity	<ul style="list-style-type: none"> ○ Improvement in corporate performance by fostering a free and open organizational climate ○ Growing worldwide interest in business and human rights ○ Transformation in awareness and understanding of DE&I and social minorities ● Decreased engagement and lack of innovation due to slow progress in improving organizational culture ● Damage to corporate value in the event of serious human rights violations, including those in the supply chain ● Decreased engagement due to slow progress in DE&I 		Creating a free and open organizational culture	Organizational climate assessment score for "strength to work in teams"	- Motivation cloud engagement rating: BB - Number of workplaces with D rating: 31	- Motivation cloud engagement rating: BB - Number of workplaces with D rating: 45	- Motivation cloud engagement rating: BBB - Number of workplaces with D rating: 15		
					Number of high risk workplaces with "general health risk" in the mental health check ¹²	Reduce the number of high risk workplaces from the previous year, heading toward zero	The number of high-risk workplaces increased compared to FY2022	Reduce the number of high risk workplaces with "general health risk" from the previous year, heading toward zero		
				Implementation of harassment prevention measures (education and training, case sharing, appointment process, etc.), ensuring to report cases to the head office	- Revise training content based on social trends, incidents and common issues - Hold training for those at consultation contact points on a periodic basis - Identify company-wide trends - Confirm common operations and verify whether contact points with high operational burden should be outsourced partially	Made progress as planned for planned training, including the renewal of content	- Continued harassment prevention training at different echelons - Regular training for advisory service staff			
				Respect for human rights through dissemination of the new "Human Rights Policy" within the Group	Embedding and improving the commitment for respecting human rights, human rights due diligence (DD) & remediation mechanisms	Embed and improve PDCA cycle for respecting human rights - In Japan: Build a system for coordinating with various consultation contact points - Overseas: Develop a system for consolidating information and grasping the situation by clarifying reporting rules from contact points at respective local subsidiaries	(PDCA cycle) - Continued activities for respecting human rights using RBA's scheme - Re-assessed the risk of violating human rights and conducted human rights DD (Remediation mechanisms) - In Japan: Built cooperative structures for internal consultation points, and began using JaCER ¹³ as a consultation point for those outside the Company. - Overseas: Started to pull together information on this project	Establishing and improving the PDCA cycle for respecting human rights. - Regular review of human rights policy - Continuing and improving human rights due diligence through RBA schemes, etc. - Understanding and establishing the system and situation of advisory services overseas.		
				● Utilizing human resources in a way that respects diversity	- Female manager ratio (the Company) - 1 or more female executive officers by FY2025 (in Japan)	- Female manager ratio: 5% - Female supervisory position ratio: 8%	- Female manager ratio: 4.7% - Female supervisory position ratio: 7.7%	- Female manager ratio: 6% - Female supervisory position ratio: 9%		
	Strengthening governance	<ul style="list-style-type: none"> ○ Strengthening of the governance system leading to acceleration of strategy implementation and increased responsiveness to change ○ Increased competitiveness through appropriate risk-taking ● Delays in strategic progress and decreased organizational power due to governance failures ● Generation of losses and loss of public trust due to noncompliance 		● Reinforcing the compliance management platform	Number of serious compliance violations ¹⁴	0 cases	0 cases	0 cases		
				Enhancement of Group compliance level	Implementation ratio of compliance training (e-learning) to all Group companies	Completion rate in Epson Group: 100%	Completion rate in Epson Group: 100%	Completion rate in Epson Group: 100%		
				Maintaining and strengthening the governance structure to realize transparent, fair, prompt and decisive decision-making	- Ratio of Outside Directors in the Board of Directors - Ratio of Outside Directors in Nomination & Compensation Committees	- Maintain the ratio of Outside Directors on the board at ≥1/3 - Maintain the ratio of Outside Directors on the Nomination & Compensation Committees at ≥80%	- Maintain the ratio of Outside Directors on the board at ≥1/3 - Maintain the ratio of Outside Directors on the Nomination & Compensation Committees at ≥80%	- Maintain the ratio of Outside Directors on the board at ≥1/3 - Maintain the ratio of Outside Directors on the Nomination & Compensation Committees at ≥80%		
	Number of serious information security incidents	0 cases	0 cases	0 cases						

¹ Compensation (Restricted Stock) evaluation indicator

¹⁰ Sustainalytics: Low; FTSE: 4 or higher; Top 50 or higher in "Toyo Keizai CSR ranking"

¹¹ Ratio of suppliers submitting responses to suppliers we have sent survey requests

¹² Target-value control is performed for workplaces with 10 or more respondents.

¹³ JaCER: Japan Center for Engagement and Remedy on Business and Human Rights

¹⁴ Violation that correspond to timely disclosure matters