

For Our Customers, For Society

Epson Group

Sustainability Report
2014

April 2013 - March 2014

Management Philosophy

Epson is a progressive company,
trusted throughout the world
because of our commitment to customer satisfaction,
environmental conservation, individuality, and teamwork.
We are confident of our collective skills
and meet challenges with innovative and creative solutions.

EXCEED YOUR VISION

As Epson employees,
we always strive to exceed our own vision,
and to produce results that bring surprise and delight
to our customers.



.....

Epson conducts its business activities with the aim of becoming a company that is indispensable to customers and society. These activities are rooted in our Management Philosophy and in the employee mission underpinning the "EXCEED YOUR VISION" tagline.

Sustainability Report 2014 Editorial Policy

- This report describes Epson's CSR initiatives in chapters named after parts of the Epson Management Philosophy.
- Starting in FY2014, we are taking website information and presenting it in the form of an annual initiatives report. A separate publication called Sustainability Report 2014 Highlights, available in September, will present the Epson's CSR initiative highlights in a concise and compact form. The two reports together will provide a comprehensive Epson's CSR report with completeness and materiality.

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Reporting Period

April 2013 to March 2014

Note: Contains some information on activities conducted after March 2014.

Scope

This report describes the sustainability efforts of Seiko Epson Corporation and 94 consolidated subsidiaries. The scope of environmental reporting, however, covers Seiko Epson Corporation, 57 affiliates.

Note: "Epson" refers to the Epson Group, unless indicated otherwise.

Organizational Changes in This Reporting Period

- Removal of two consolidated subsidiaries

Memberships

- Global Compact Japan Network
- Japan Portable Rechargeable Battery Recycling Center
- Japan Electronics and Information Technology Industries Association
- Japan Business Machine and Information System Industries Association
- Communications and Information Network Association of Japan
- Home Electric Appliances Fair Trade Conference
- Japanese Business Federation (Nippon Keidanren)

Referenced Guidelines

- GRI¹ Sustainability Reporting Guidelines v3.1
- Environmental Reporting Guideline issued by the Japanese Ministry of Environment (2012)
- ISO 26000:2010 / JIS Z 26000:2012 (Guidance on social responsibility)

¹ Global Reporting Initiative: This international organization creates global guidelines that organizations can use to measure and report their economic, environmental, and social performance.

Previous Reports

Epson has been publishing a report every year since 1999. In 2003, the name of the report was changed from Environmental Report to Sustainability Report.

Next Scheduled Report

Sustainability Report	August 2015
Sustainability Report Highlights	September 2015



Inquiries about Sustainability Report

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CSR activity website
<http://global.epson.com/SR/>

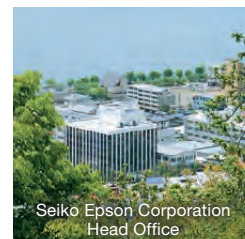
Disclaimer

This report includes forward-looking statements, estimates, and plans based on the information available at the time of publication. Actual results may be different from those discussed.

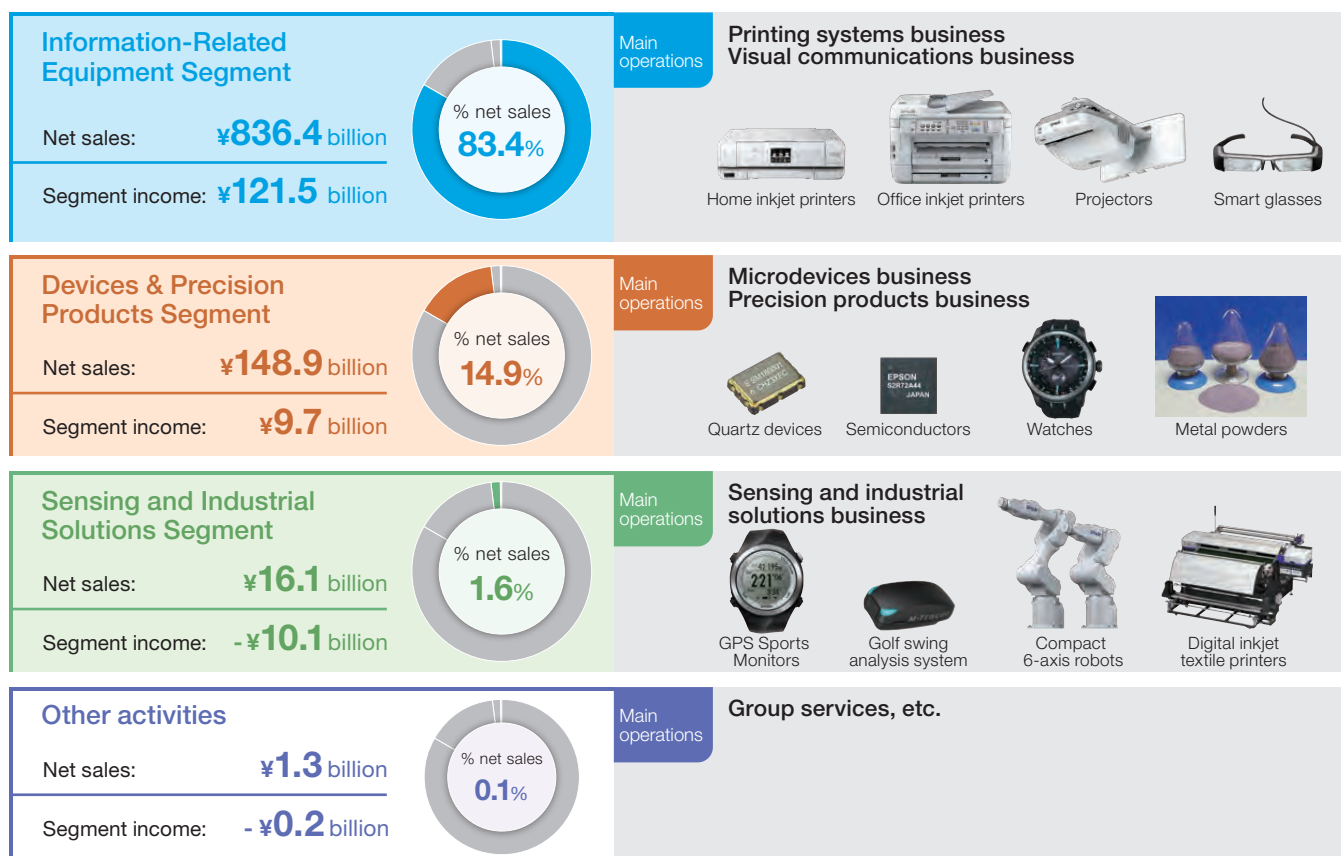
Overview of the Epson Group

Company Profile (As of March 31, 2014)

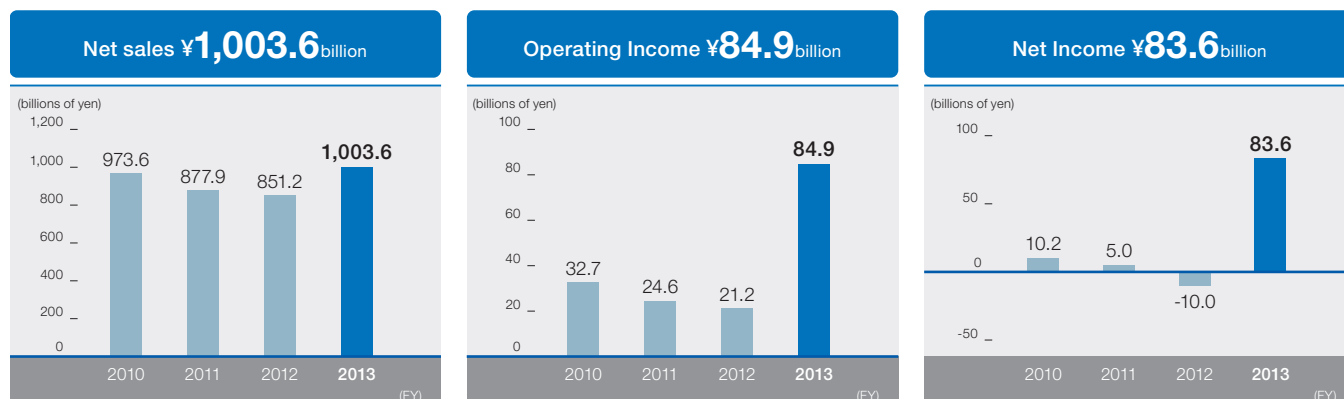
Company	Seiko Epson Corporation	Capital	¥53,204 million
Founded	May 18, 1942	Number of Employees	Consolidated: 73,171 Parent Company: 11,680
Head Office	3-3-5 Owa, Suwa-shi, Nagano-ken, Japan 392-8502		
Group Companies	94 (including Seiko Epson Corp.)		



FY2013 Performance by Business Segment



Consolidated Results Trends



Message from Management



To Our Stakeholders

To fulfill our corporate social responsibility (CSR), we at Epson want to help address environmental and other social issues by providing value that exceeds the expectations of our customers and society.

Epson draws its strength from unique compact, energy-saving and high precision technologies that help us to reduce product size and weight, save space, conserve energy, and provide outstanding precision and accuracy. These technologies significantly help reduce environmental impacts, primarily by conserving resources and limiting CO₂ emissions, which contribute to global warming. Epson believes that it can mitigate environmental impacts in a meaningful way by providing customers around the world with goods and services built around these core technologies.

Corporate conduct in areas such as compliance, business ethics, and respect for human rights and diversity is another critical component in terms of fulfilling our social responsibility. As an international concern and a participant in the United Nations Global Compact since 2004, Epson has

maintained a program for ensuring that our conduct as a corporation is consistent with the ten principles of the Global Compact. Going forward, issues affecting Epson are likely to become both more complex and more diverse as society changes and our businesses expand. We intend to fulfill our social responsibility on an ongoing basis by showing evidence of progress in addressing these issues through business activities that are grounded in the United Nations Global Compact.

Epson wants to continue to be an indispensable company to our customers. Toward this end, we operate by the principles of our Management Philosophy and realize our “Exceed Your Vision” global tagline by providing goods and services that significantly exceed the expectations of our customers.

A handwritten signature in black ink that reads "Minoru Usui".

Minoru Usui

President

Seiko Epson Corporation

June 2014

Business Vision

The Updated SE15 Mid-Range Business Plan

In March 2013, we established the business plan for the three years through FY2015. Epson's policy under the plan is to maintain the strategic direction of its SE15 Long-Range Corporate Vision while managing its businesses with a priority on generating steady profit rather than the pursuit of revenue growth. As such, we are creating a financial structure that prioritizes cash generation and are realizing our business to form a profit-generating structure that will take us to the next stage of growth.

Further ahead, under the next mid-range business plan that start in FY2016, we aim to complete our transition from being primarily a provider of consumer imaging products into a business that once again posts strong growth by creating new information solutions and equipment for businesses and professionals as well. We are positioning the three years of the current business plan as a time to lay the foundation for this metamorphosis. We will readjust our product mixes and adopt new business models in existing segments and aggressively develop markets in new segments.

The Updated SE15 Mid-Range Business Plan

Basic Policy

Manage businesses so that they create steady income, and avoid the single-minded pursuit of net sales growth.

Initiatives for achieving the SE15 Long-Range Corporate Vision

- Strengthen the financial structure with an emphasis on generating cash.
- Change the profit structure with an eye toward fresh growth.

Corporate Vision

FY18

Next mid-range business plan

A company that once again posts strong growth by creating and providing new information tools and equipment for businesses and professionals, as well as consumers.

FY16

Updated Mid-Range Business Plan

Transform existing business domains

Develop new business domains

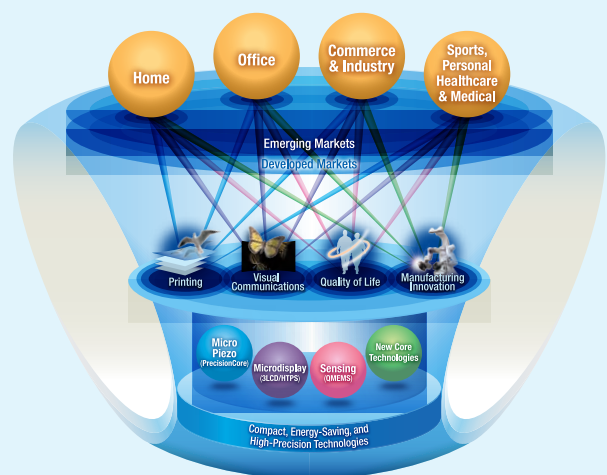
FY15

FY13

Epson today

Primarily a consumer imaging product provider

Direction of the corporate vision



The source of Epson's competitive strengths is provided by three core technologies (Micro Piezo inkjet printhead, micro-displays, and sensing) that help reduce the power usage of products, shrink their dimensions, and improve precision. We will actively expand our business domains by improving these core technologies and offering products and services that exceed customer expectations in printing, visual communications, quality of life improvement, and manufacturing innovation.



Printing

Use our unique Micro Piezo technology as the basis for fulfilling all our customers printing needs.



Visual Communications

Use our unique micro-display technology as the basis for transforming human communication.



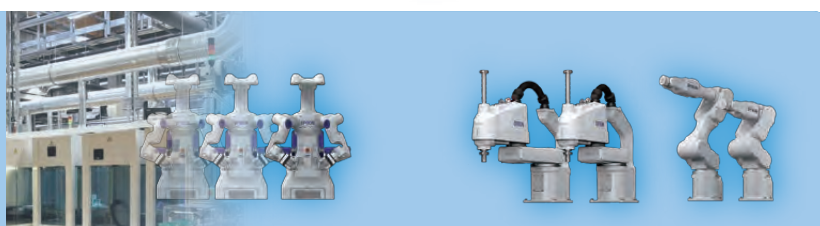
Quality of Life

Use our unique electronic device and sensing technologies for improving people's health, safety, and peace of mind.



Manufacturing Innovation

Use robotics based on compact, energy-saving, high-precision technologies to contribute to manufacturing innovation.

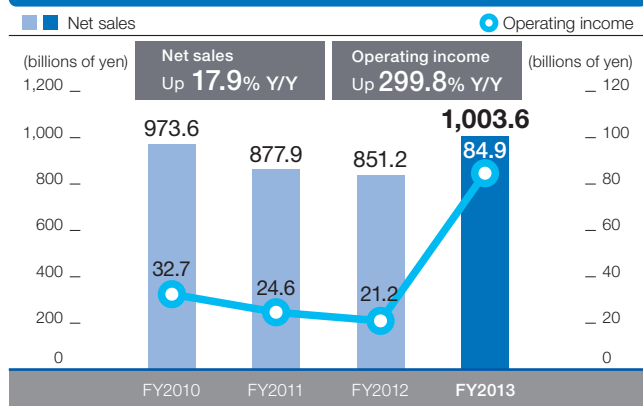


Looking back on FY2013

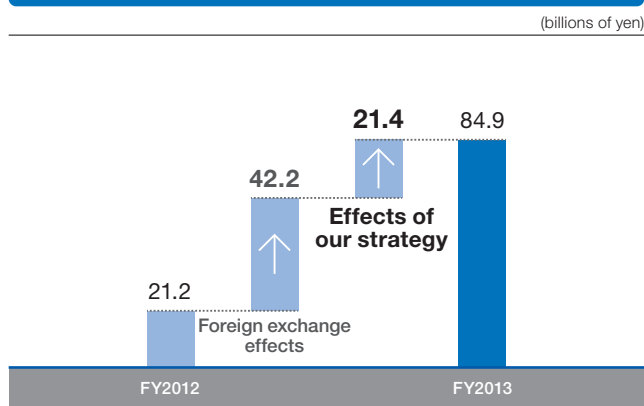
Proceeding according to our strategy, we succeeded in generating steady results in FY2013, the first year of our mid-range business plan. The weakened yen also gave us a boost, helping to yield a big increase in profit compared to the previous year. In FY2014 we aim to maintain the direction of our strategy and speed up our initiatives.

We will continue to create new customer value based on our unique core technologies. We look forward to providing products and services that exceed customer expectations in much wider business domain.

Revenue and Earnings Trend



Factors affecting operating income in FY2013



Epson's CSR

What is Epson's CSR?

Epson's Management Philosophy is the bedrock on which our businesses are run. Our mission is to build stakeholder trust as we grow and prosper with communities and to help create a better world. To this end, we strive to practice the values preached in the Management Philosophy, maintain legal and regulatory compliance, adhere to the highest standards for business ethics, and create value that exceeds the expectations of our customers. We consider any action designed to realize the Management Philosophy to be a CSR activity.

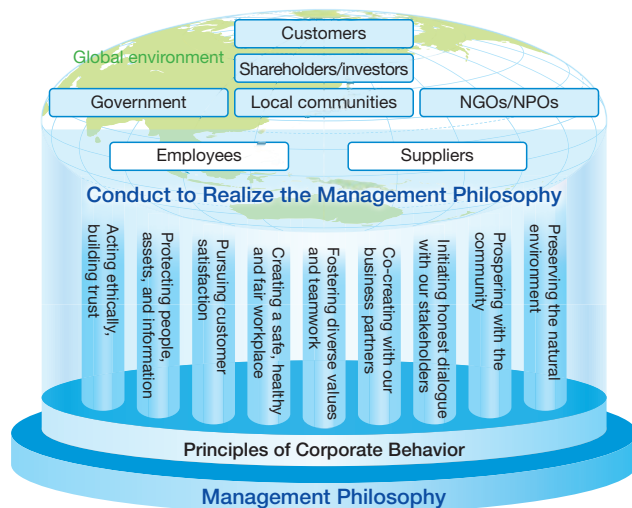
[Management Philosophy](#) (Please refer to page 99 of “ Appedices”).

Principles of Corporate Behavior and Epson Code of Conduct

Established in 2005 and applying to the entire Epson Group, Principles of Corporate Behavior spells out principles of conduct for realizing the Management Philosophy. The Epson Code of Conduct, which was established in 2006 and applies to all Epson Group companies in Japan, articulates proper employee conduct based on these principles. We frequently update the Epson Code of Conduct (most recently in April 2014) in response to social, legal, regulatory, and other changes.

The graphic below illustrates the nine core principles that form the foundations of corporate activities for realizing the Management Philosophy.

● CSR Initiatives at Epson



The “Epson Code of Conduct,” “Principles of Corporate Behavior,” and “Interpreting the Management Philosophy”

[Principles of Corporate Behavior](#) (Please refer to page 100 of “ Appedices”).

The United Nations Global Compact

Epson has participated in the United Nations Global Compact since 2004. We have pledged to uphold the ten principles of the Global Compact, and we participated in driving global initiatives in the area of human rights, labor, environment, and anti-corruption.

● Epson's Codes of Conduct Framework and the ten Principles of the U.N. Global Compact

Management Philosophy



Principles of
Corporate Behavior



Epson Code
of Conduct

United Nations
Global Compact

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Programs to Instill the Management Philosophy

CSR Month

October is CSR Month at Epson, a time for all employees to reflect on the kind of conduct that builds stakeholder trust. For 2013, Epson Group companies in Japan sought to raise compliance awareness to achieve the Management Philosophy. Toward this end, each organization broke into groups to read aloud the Management Philosophy, a message from the president, and other mandatory sections of the Epson Code of Conduct, as well as sections chosen by each department. Also, all employees were required to complete the online course "Epson Code of Conduct (2013)." In addition, a special feature article, "Raising Compliance Awareness," was compiled for the company magazine. The article included messages from the director in charge of compliance, outside directors, and outside auditors. These were put to good use during CSR Month.

We conduct a survey after CSR Month to find out what each department did and discussed, to pick up on any compliance concerns, and to gather opinions and suggestions about CSR Month activities. We compile and analyze the results, which we share with employees and use to help shape activities for the following year.

Customer Commitment

Our Vision

Our Vision

Epson established its Quality Policy as a guide for achieving customer satisfaction, one of the core commitments included in Epson's Management Philosophy, and as a means to ingrain customer-centric behavior within the corporate culture. Day-to-day decision-making and conduct are guided by the "SE15 CS / Quality Midterm Action Guidelines," which Epson established in 2009.

In line with these guidelines, product planners and design engineers directly visit, observe, and listen to customers to gather information on customer needs and problems, which is then used to provide customer-pleasing products and services. Initiatives aimed at achieving 100% conformance begin at the development and design engineering stages. By identifying problems early and addressing their root causes, we can build quality into products instead of relying on inspection at the end of the production process.

We will continue to emphasize a conscious approach to identifying genuine customer value and to building that value into the products and services we deliver.

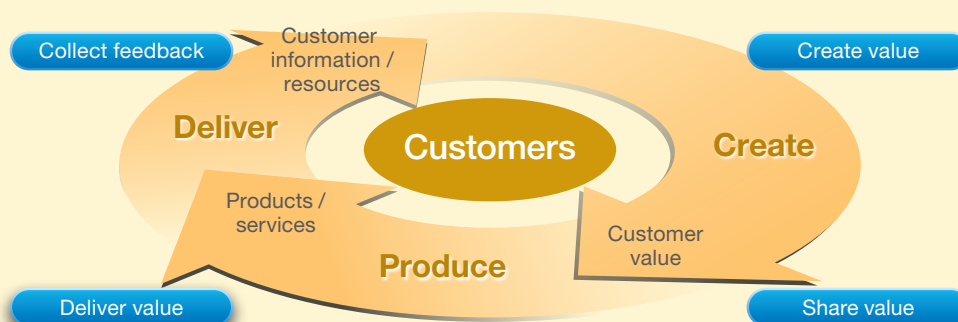
Quality Policy (Please refer to page 104 of " Appedices".)

SE15 CS/Quality Mid-Term Action Guidelines

Basic Policy (CS Quality Statement)

Create products and offer services fit for the people closest to us

Overall Vision (Creating Customer Value)



Customer Commitment

Customer Satisfaction

Customer Satisfaction

Keeping Customers' Operations Flowing with TM-P80 Mobile Receipt Printers

We developed the TM-P80, a portable receipt printer, as a line-buster¹ in the retail and food service industries.

Tablets and other smart devices are increasingly being used for order entry and line-busting instead of dedicated stationary terminals. The TM-P80 thermal printer complements these devices by supporting direct wireless printing from them. It is also lightweight, ultra-compact, and battery-powered to ensure great mobility. The printer's mobility makes it possible for sales associates to roam the floor, taking customer orders, printing them out, and processing payment.

A product that is likely to see demand growth, the TM-P80 is designed to keep our customers' operations flowing by employing a durable case that protects it from water, dust, and damage when dropped.

¹ Line-buster: A product or system that allows sales associates to take orders and/or collect payments anywhere on the floor using handheld devices, thus avoiding lines. In North America, retailers and restaurants often set up temporary registers during busy seasons or peak hours of the day. This receipt printer can be combined with a handheld terminal (a smart device with a card reader) to create a simple POS register to process payments by credit card.

Epson knows that customers expect and deserve good quick service and cannot be kept waiting because of equipment failures.

The TM-P80 has a robust design that is resistant to dust and water and capable of withstanding being dropped from a height of 120 cm onto a concrete floor without breaking. It has cleared the rigorous dust and water-resistance requirements of the IP54 standard² and operates normally even after being tested for eight hours under harsh conditions in a dust chamber.

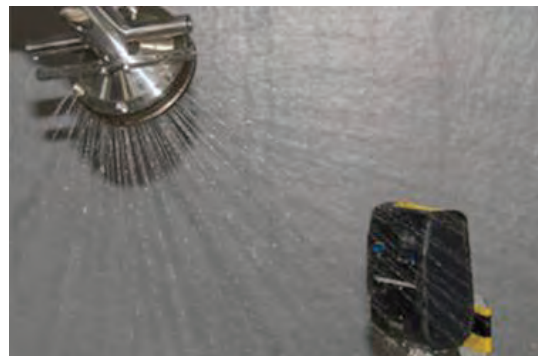


TM-P80 has an IP54-rated dust and water-resistant case

² The IP54 rating means that dust must not enter the enclosure of electric equipment in amounts sufficient to interfere with satisfactory and safe operation of the equipment, and that water splashing against the enclosure from any direction shall have no harmful effect.



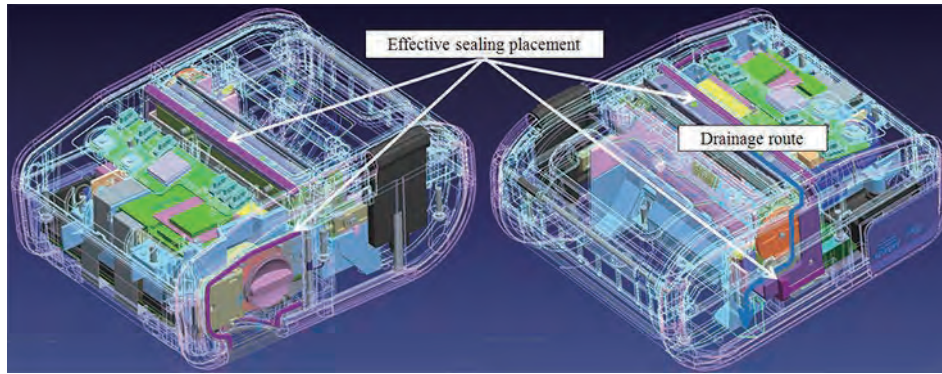
Dust resistance test



Water exposure test

The TM-P80 is designed, built, and sealed to provide protection against the intrusion of water even in heavy rain.³

³ This is tested under IP54 by spraying the enclosure with 10 liters of water per minute.



Water is kept out of the printer by using effective sealing placement

In addition, great care was taken to maximize the ease with which the printer can be used. For example, the battery cover is constructed so that the batteries do not pop out if the printer is dropped, and, even though the printer is small, the buttons are designed such that they are easy to press.



A photo captured during drop testing by a high-speed camera (left) compared with a simulation image

In the past, drop tests were conducted by repeatedly dropping test samples. For the TM-P80, however, the impact resistance was verified by creating a data model for use in a simulated drop test. The results of simulated impact analyses were translated into visual images that allow us to use a PC to check the points of impact, angle, and magnitude of stress applied when a printer is dropped, and to ascertain whether parts are damaged. Moreover, since numerical data can be used to determine the type of physical impact a drop will have on various parts, we are able to see on a part-by-part basis how thin and light we can make the case while still maintaining the required strength. This also allows us to improve product functions and shorten development times.

We guarantee the reliability of evaluation results by using a high-speed camera to film actual printers as they are dropped, comparing these images against simulation results, and verifying that the two are consistent.

Yoshiki Kinoshita, who was in charge of planning and development, says, “I think the TM-P80 has a very good usability balance for a mobile receipt printer that supports 80-mm media. Going forward, the development team will work together to develop a printer that is even lighter, tougher, and better looking. We want our products to be professional tools that serve the needs of customers in a variety of businesses.”



Yoshiki Kinoshita, head of planning and development

Smart Canvas Satisfies Customer Needs Identified by Receptivity Survey

In February 2014, Epson released in Japan the first products in its series of Smart Canvas EPD wrist wear. These products, designed around an all-new concept of sensing and enjoying time, offer value quite unlike that of traditional wristwatches that use hands and numbers to convey the time of day.



Epson technology enables Smart Canvas products to present wearers with the time of day in a unique way.

How did these new products come about?

In October 2010, Epson held an exhibit in the Tokyo Midtown Complex. The exhibit was titled “Smart Canvas x 8. What is time? Eight designers present new ways to experience time.” These eight designers were hired by Epson to propose new ways to express time. They then cast their net to capture information that would enable them to flesh out the embryonic concept of what it means to sense and enjoy time.

Exhibit visitors responded in a big way, prompting Epson to begin its product development. The need to know the time of day is universal, but individual needs differ when it comes to sensing and enjoying time. To meet these divergent needs, we need to arrive at a more accurate understanding of the desires of individuals. Toward this end, we showed Smart Canvas prototypes to people who exhibited strong interests and preferences. We then conducted a receptivity survey to explore how they actually felt about these devices and find out what they are looking for. In addition to designing the survey with scrupulous care, developers and product planners interviewed subjects personally to provide them first-hand insight into what consumers are looking for.

Technology that Epson has accumulated over the years was essential for translating the needs that were identified into concrete form. These devices sport an active-matrix electrophoretic display (EPD)-a type of display most often used for electronic paper. EPDs offer sharp contrast and high, 300-dpi resolution, enabling them to render smooth text and playful graphic images along with the time of day. Using its inkjet technology, Epson prints sharp, crisp images on the glass and band. The images tie the design of the band and display together into a cohesive whole. To meet the varied demands of customers, Epson adopted an on-demand production system, manufacturing the products to order. Going forward, Epson plans to uncover further consumer needs and expand the number of models in the Smart Canvas family to meet those needs.

Product Monitoring Program

Epson has a monitor program in which employees and their family members can participate. Persons registered as monitors evaluate products not as employees but as customers. The objective is to identify ways to improve product usability, quality, and design. This program, which began in 2001, has seen the number of monitors steadily rise.

In the 2013 fiscal year Epson had 775 registered monitors. The monitors evaluated 15 products, such as printers, projectors, and watches. We use the feedback from monitors to improve things such as user manual readability and product usability.



An employee monitor evaluating the usability of keystone correction on a projector

Case study: EP-805A Improvement

Prototypes for the EP-805A series of inkjet printers released in 2012 used text to indicate the direction in which to insert memory cards. However, evaluations by employee monitors showed that users had trouble deciphering the correct direction, so an illustration was used instead. The new design was used on subsequent models.



Prototype (left) and finished product (right)

Customer Commitment

Sales / Service & Support

Sales / Service & Support

Epson provides customer value through its products and services. We want consumers to be able to identify products that meet their needs, so we always look to provide accurate, readily understandable product information and quality after-sales service so that they can use our products with assurance.

After-Sales Service for Epson PCs

Epson Direct Corporation's support policy reads as follows: "Every second counts. Never make customers wait. Earn customer satisfaction and ongoing loyalty."

Our customers' work does not wait when their PC fails. Obviously a strong quality program is essential for preventing PC failures in the first place, but when failures do occur, minimizing customer downtime becomes the top priority. We provide a one-day guarantee on repairs, during both the standard warranty period and for the extended pick-up warranty. If an Epson PC should fail during the coverage period, Epson Direct will repair it and return it the next day, weekends included.

Epson Direct ranked No. 1 in Japan in support satisfaction for the sixth consecutive year according to the PC satisfaction rankings published by Nikkei Computer (September 9, 2013 edition). Tsutomu Hatakeyama of the CS & Quality Control Department, which handles after-sales service, said, "We have made steady efforts to provide customers with a level of service and support that they want. It shows that we are doing something right. We are going to continue our efforts to maximize customer satisfaction."



Members of the CS & Quality Control Department
(Tsutomu Hatakeyama is the third from the right in the front row.)

Service Personnel Skills Competition

Every year Epson Sales Japan holds a skills competition for customer engineers (CE), the people who repair Epson equipment in the field, at customer sites. The 2013 competition was a motivational experience that gave participants the opportunity to develop their repair and customer skills through friendly competition in the normal repair process, which starts with customer visitation and ends with reporting and advice. Twelve of the top CEs from around Japan were selected to compete in a qualifying round. The top three finishers moved on to the finals. The competition afforded observers a rare peek behind the scenes of the repair process and gave them a sense of the importance of designing products that can easily be repaired. One observer commented that he got a sense that the way CEs interact with customers affects brand image and product sales as much as the quality of repairs. Epson CEs recognize the importance of quality customer support and interaction, and they understand that the opportunity to directly interact with users of Epson products is valuable and comes with certain responsibilities.

Kenkichi Hongo who represented northern Japan won the FY2013 competition. He, both surprised and thrilled by his victory, appeared to feel the responsibility that comes with being No. 1 in the nation.



Service Personnel Skills Competition champion
Kenkichi Hongo

Photo Seminars

EpSITE¹ holds a wide range of appealing and useful seminars designed to share the fun of printing and displaying photos. There are free lectures that anyone can drop in on, no registration required. There are also practical skills courses and workshops that can be taken for a fee and that require registration.

More and more people today are viewing and sharing photos online, on social networking sites and the like. At the same time, however, there is a growing contingent that sees the value in physical photographic prints and that purchases prints for decorative purposes. Through these photo seminars, Epson hopes to enrich the photographic experience by teaching people how to produce the prints they envisioned, develop an eye for good prints, and learn how to display their photos attractively.



Course in faded photo restoration

¹ EpSITE, a facility dedicated to photography, is equipped with a photo gallery, rental photo lab, and facilities for hosting a variety of events, including photo seminars and photo exhibits.

Epson Photo Team

The Epson Photo Team shares the joy of making photo prints with people from across Japan by organizing events at which they share their technical knowledge and enthusiasm for creating great photos to people of all skill levels, from beginners who just purchased their first DSLR camera to experienced photographers who have been taking photos for years.

Events follow a seminar format, beginning with a course on the basics of inkjet prints. This is followed by a series of seminars that take participants through the essential steps in making great prints, including, in turn, the shooting, selection and printing of photos. Also popular at these events are photo exhibits featuring the work of local photographers, workshops in which visitors can make prints from their own photo data, and a consultation corner where visitors can get help with their printing issues. All comers are welcome to visit and enjoy a full day of activities.



The Epson Photo Team in Shimizu

Worldwide Service and Support Meeting

Sales staff and heads of operations divisions from Epson Group companies around the world periodically congregate to exchange ideas and information.

This is an opportunity for the divisions that plan and develop the products to interact with the sales departments that actually meet with customers and provide service and support so they can work together to improve customer satisfaction.

Participants look at case studies where customer feedback garnered from service and support activities was reflected in product improvements. These meetings play a vital role in ensuring that product development, service, and support stay closely in tune with our customers worldwide.



Worldwide Service and Support Meeting

Customer Commitment

Activities to Improve Quality

Activities to Improve Quality

Epson conducts a variety of programs in line with a quality policy we established to provide concrete guidelines for continuing to create products and services that please and are trusted by customers. Good programs are shared across the global organization to boost the level of the Epson Group as a whole.

Quality Control Training

Epson provides QC training to all employees. The goal is to continuously improve quality by developing people who can identify and address the root causes of problems. Employees receive practical training that they can put to immediate use. In the basic course they learn the fundamentals of QC along with problem-solving tools and techniques. Epson also offers professional courses that teach advanced analytical techniques.

● Quality control training program

	Primary	Intermediate	Advanced
Common	QC Introduction Course	QC-A Course (Manufacturing)	
		QC-B Course (Engineering)	
		QC-C Course (Administration)	
Small group/Team		Problem-solving type QC story training	
		Target-achievement type QC story training	
		Why-Why analysis training	
Professional course	Quality engineering introduction course	Robustness evaluation course	
		Parameter design course	
		On-line (LPI) course	
		With orthogonal array, soft inspection course	
		Factor analysis course	
			Reliability evaluation advanced course

* QC-ABC courses shall be selected one or more.

● Standard QC Courses for All Employees (Japan)

Course	People trained	% trained
QC Introduction	200	89.5%
QC-ABC	291	79.9%

Trainer Training at Overseas Production Sites

Epson's products should be of the same high quality no matter where they are manufactured. That is why Epson also puts a great deal of effort into QC training overseas.

Employees of overseas production sites who have undergone QC trainer training and who are recognized to have reached a certain level of knowledge and teaching proficiency become licensed as trainers.

● Licensed Quality Control Training Trainers

Region	Number of Production Sites with Licensed Trainers	Licensed Trainers ¹
Southeast Asia	7 companies	112
China	8 companies	76

¹ Number of licensed trainers as of March 31, 2014



Trainer Training (Singapore)



Licensed Trainers list (China)

Quality Improvement Initiatives (E-KAIZEN Activities)

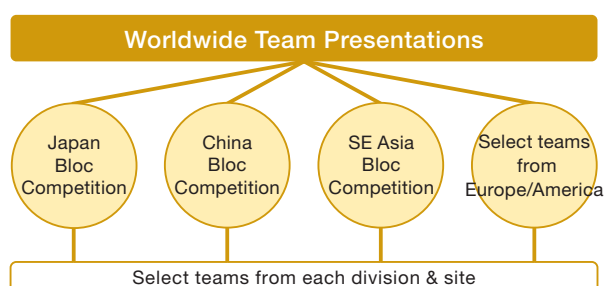
In the Epson Group, “E-KAIZEN” activities are taken on the individual and team level to systematically solve issues encountered on the job.

In the 2013 fiscal year we implemented actions to achieve Epson’s mid-term CS/quality goal of constantly improving quality and team strength so that we can keep delivering new value to customers.

Every year, the results of team-based improvement activities are presented in blocs. There are four blocs, consisting of Japan, China, Southeast Asia, and Europe/America. The teams with the best presentations in each bloc are invited to the Worldwide Team Presentations in Japan, where the teams with the best presentations are recognized with awards. In addition to sharing presentations at the various events, we upload details about activities to the company intranet. The objective is to promote similar activities across the Epson Group, for mutual improvement and enlightenment.

The Worldwide Team Presentations conference was held in October 2013, with 12 elite teams from the various blocs giving their

● Selection Process



presentations. Ultimately, the Tension Analyzers, a team from manufacturing affiliate Epson Precision (Philippines) Inc., was recognized for its outstanding activities and presented with the highest honor, the President’s Award. Said Jun Agno, leader of the award-winning team, “We were happy that all the time and effort we spent to improve quality was recognized, and we are looking forward to using the knowledge and experience we gained from our E-KAIZEN activities to further improve QCD and help make Epson a stronger company.”



The FY2013 Worldwide Team Presentations, in Japan



The President’s Award-winning team, the Tension Analyzers (Jun Agno is in the center)

CS & Quality Month

November is CS & Quality Month at Epson. During this month Epson Group companies carry out special actions to increase customer satisfaction and quality across the Epson Group.

Posters promoting CS & Quality Month are hung around Epson’s global business sites to raise awareness of quality assurance activities. Meanwhile, roundtable discussions are held on the department level to drill down on quality issues, identify the root causes of problems, and come up with further improvements.



FY2013 poster promoting CS & Quality Month

Customer Commitment

Product Safety Initiatives

Strict, Unified Global Standards for Customer Security, Safety and Satisfaction

Epson has established unified Epson Group regulations governing quality assurance and product safety management to help ensure that it offers the same product quality to customers around the world.

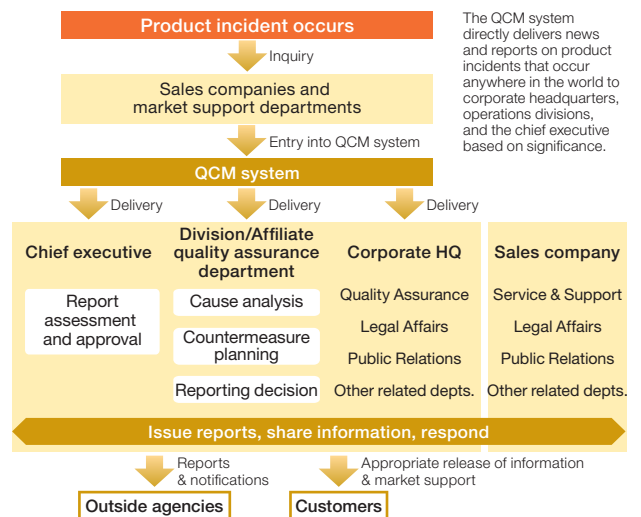
Our product safety and environmental compliance requirements are set forth in the Epson Quality Standard (EQS), a set of unified standards implemented across the entire Epson Group. EQS specifies independent controls that we widely implement to meet or exceed legal and regulatory requirements in each country. Epson painstakingly evaluates product safety in every area and from all angles to prevent product incidents and provide our customers with safe, secure products.

Process for Rapidly Responding to Product Incidents

If there is an incident involving a product, an Epson sales company or market support organization immediately issues a preliminary report using the Epson Group's Quality Crisis Management (QCM) system. The QCM system directly delivers news and reports on product incidents that occur anywhere in the world to personnel in Epson's business units and, depending on the seriousness of the incident, the chief executive.

Departments are notified of the incident via the QCM system, and the quality assurance department of the operations division or affiliated company rapidly responds by analyzing the cause and planning countermeasures. The chief executive and affected departments, including those at corporate Head Office, exchange information whenever an incident occurs and, putting the needs of the customers first, announce the incident to the public, provide market support, and furnish outside organizations with the reports and notices required by all applicable laws and regulations.

● Epson Product Incident Response Process



Analyses to Prevent Product Incidents

Electronic components procured for use in Epson products, and especially those that are crucial in terms of safety, are evaluated and analyzed to judge their quality, safety and reliability.

Epson uses analytic techniques learned and honed over the years to analyze in-market safety incidents and determine root cause. The lessons learned are shared throughout the Epson Group to prevent recurrence of similar incidents.

Epson has set up a combustion laboratory that enables it to conduct tests that cannot be performed in ordinary laboratories, such as tests that use flames or could cause parts or products to ignite, emit smoke, or rupture. In this lab Epson analyzes the causes of incidents and research combustion-resistant structures and materials. We use the findings from these and other tests and studies to develop standards for creating safe, secure products, therefore seeking to prevent product-related incidents.



Analysis using an X-ray CT machine

Safety Evaluations on Substances Released by Products

Products may release trace amounts of chemical substances during use. Epson goes beyond simply evaluating releases of controlled substances specified under the requirements for environmental labels such as Japan's Eco Mark and Germany's Blue Angel¹, and also evaluates the level and safety of substances for which the Japanese Health, Labor and Welfare Ministry has issued indoor concentration guideline values². An in-house laboratory enables us to swiftly feed the findings from these evaluations back into our products and conduct tests using the measurement methods prescribed by ISO/IEC 28360.

Epson seeks to deliver safe, secure printers, projectors, and other products by verifying that releases from these products meet Epson's strict, independent standards—standards that exceed the rigorousness of the Health, Labor and Welfare Ministry's indoor concentration guideline values.



Measurement of substances released by products

¹ Blue Angel, introduced in Germany in 1978, is the world's first environmental label.

² Indoor concentration guideline values are the levels of airborne chemical substances that are considered to be unlikely to have harmful personal health effects even if persons take in throughout life the substances at the indicated concentrations.

Product Information Security Initiatives

Once reserved for laser, business inkjet, and other office printers, network connectivity is now routinely provided with home inkjet printers and other consumer devices, which can be accessed via wireless LANs, smartphones, tablets, and other Wi-Fi-capable equipment. Network connectivity is a great convenience, but it also exposes users to security risks, such as cyber-attacks that could lead to the destruction of data or the theft of confidential information by persons or organizations who exploit network device software vulnerabilities³.

To ensure the security of Epson products, Epson evaluates the vulnerability of embedded software, printer drivers, and other software based on information security requirements included in the Epson Quality Standard (EQS). Requirements for web services such as Epson Email Print were also included in the EQS, in 2012.

³ Software vulnerabilities are system flaws or design problems that hackers or other cyber-criminals can use to hijack a computer, network, or other information system or to steal or alter confidential information.

Epson and the Environmental

Environmental Vision 2050

Environmental Vision 2050

Recognizing that the Earth's carrying capacity* is limited and believing that everyone must share responsibility for reducing environmental impacts equally, Epson is aiming to reduce CO₂ emissions by 90% across the lifecycle of all products and services by the year 2050.

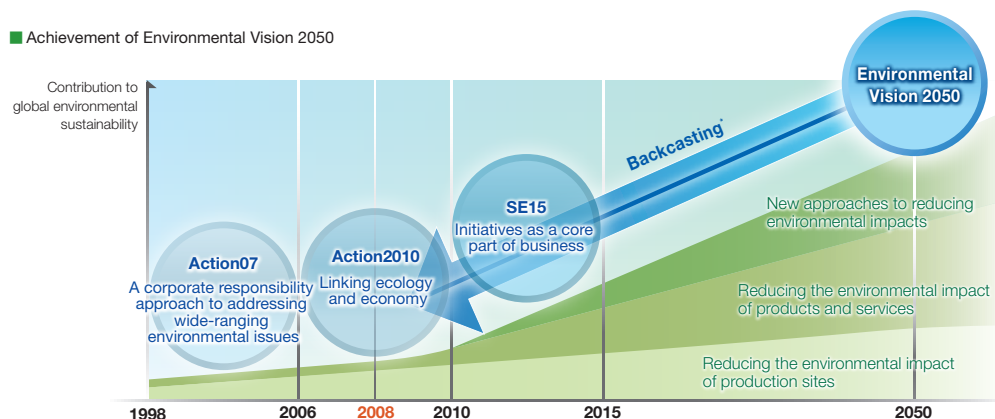
At the same time, as a member of the ecosystem Epson will continue to work towards restoring and protecting biodiversity* together with local communities.



Epson has set key conditions below to work towards achieving “Environmental Vision 2050”.

1. Reduction of CO₂ emissions by 90% across the entire product life cycle
2. Inclusion of all products in the resource reuse and recycling loop*
3. Reduction of direct CO₂ emissions by 90%, and elimination of global warming gas emissions other than CO₂
4. Restoration and preservation of biodiversity as a member of the ecosystem, together with local communities

Environmental Vision 2050 and backcasting*



Glossary

Carrying capacity

The amount of human activity and environmentally harmful materials (substances that degrade or pollute the environment) that can be supported without impairing the environment.

In “Environmental Vision 2050” carbon dioxide is cited as a representative environmentally harmful material, and the environmental carrying capacity is assumed to be the capacity of the Earth’s natural environment to support it.

Biodiversity

Biological diversity, i.e. the existence of diverse forms of life in a given ecosystem.

The Convention on Biological Diversity defines this term as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.”

Resource recycling loop

A system in which the input of new resources is gradually reduced by repeatedly reusing and recycling resources used in earlier products.

Backcasting

The amount of CO₂ emissions has to be kept within the Earth’s absorption capacity. Just as people in all parts of the world can emit CO₂, each and every one of us must also strive to reduce emissions. Taking into account the projected population ratio of 2050, Epson has set targets of reducing our CO₂ emissions by 90%.

Reduction of CO₂ Emissions

The amount of CO₂ emissions has to be kept within the Earth’s absorption capacity. Just as people in all parts of the world can emit CO₂, each and every one of us must also strive to reduce emissions. Taking into account the projected population ratio of 2050, Epson has set targets of reducing our CO₂ emissions by 90%.



* According to the Fourth IPCC (Intergovernmental Panel on Climate Change) Assessment Report, the Earth can absorb an estimated 11 billion tons of CO₂.

Business Actions to Minimize Environmental Impacts

Tackling environmental issues as a pioneer leads to the creation of new competitive strengths.

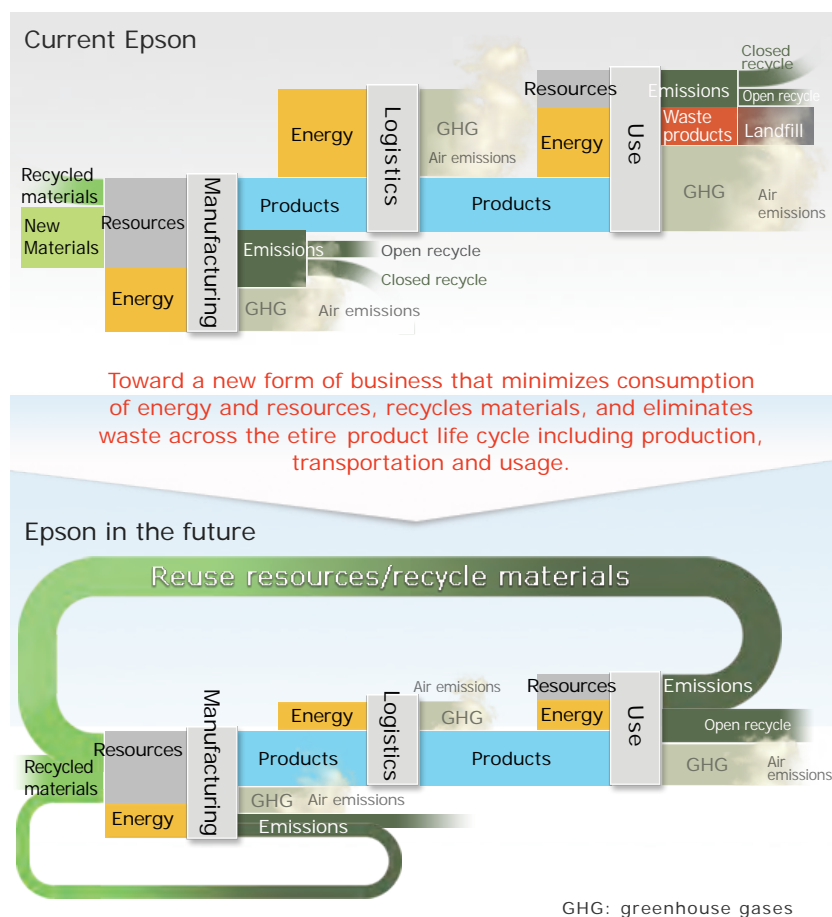
For example, applying Micro Piezo technology*¹ in an expanded range of commercial and industrial fields and replacing conventional analog printing processes with Epson's digital printing processes can be expected to sharply reduce environmental impacts. Epson aims to achieve in 2050 a 90% reduction in CO₂ emissions versus the environmental impacts of current operations and those of business markets that we are looking to enter. We aim to achieve this by reducing the environmental impacts of our products themselves as well as by reducing their impacts during use.



Environmental Vision 2050: Conceptual illustration of the 90% reduction in CO₂ emissions across the life-cycles of products and services

*¹ Micro Piezo technology is a sophisticated combination of ink, ink cartridge, ink system, media, paper handling mechanism and image processing technologies all centered around Epson's original Micro Piezo print head, which are at the heart of the company's inkjet technology.

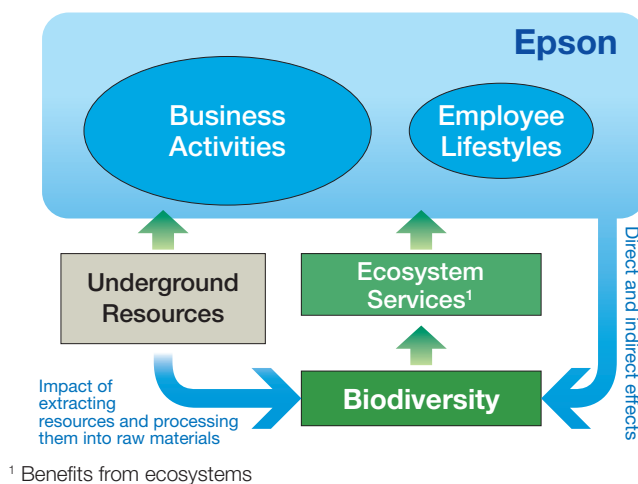
Resource Recycling Loop



Approach to Biodiversity

We both benefit from and affect biodiversity in myriad ways. Epson believes that preserving biodiversity is also vital to maintaining our business activities and our employees' lifestyles. Basically, we look to preserve biodiversity throughout our business activities and to raise employee awareness of its importance.

● Epson and Biodiversity



We are steadily mitigating the impact of five factors that cause biodiversity loss with initiatives in the areas of global warming prevention, resource recycling and conservation, and substance management.

Factor	Relationship to Epson	Theme	Main Initiatives
Climate change	Greenhouse gas emissions	Prevention of global warming	Energy-saving product designs Production & transport measures
Land use	Land alterations accompanying underground resource mining	Resource recycling Resource saving	Reduced-resource products & recycling Reduced resource inputs Waste recycling
Non-native species	Introduced along with imports of raw materials, parts, etc.		
Overconsumption	Consumption of timber resources		
Pollution	Release of chemicals into the environment due to insufficient control	Substance management	Reduced inclusion in products & use during manufacturing of hazardous substances

Epson and the Environmental

2015 Goals

To achieve the vision described in Environmental Vision 2050, we set certain intermediate goals to fill the gaps between where we are and where we want to be. Epson's SE15 Mid-Term Environmental Policy spells out our 2015 goals in the following areas: new perspective, products, production, and environmental community. These environmental actions have been incorporated into our business strategies.

Provide customer value by using our compact, energy-saving, high-precision technologies to reduce environmental impacts across our products and services and all areas of operations.



New Perspective

Going beyond only reducing the environmental impacts of products themselves, Epson proposes new products, services, functions, and uses that change the behavior and businesses of customers.

Products

Create compelling, customer-pleasing products that have a 50% lower impact across their life cycle by making them smaller and lighter, reducing their power requirements, designing them for easy recycling, and extending their service life.

Production

Achieve efficient, low-impact production processes that will provide underlying support for greener products in conjunction with programs that reduce total costs and raise quality.

Eco Community

We are challenging ourselves to achieve new socially and economically sustainable practices through environmental community action centered on products and services.

Defining the New Perspective

We define the new perspective as a view toward taking action to create and provide innovative products and services that dramatically reduce the environmental footprint of our customers.

Helping customers shrink their environmental footprint is part of our duty as a manufacturer and is something we intend to do going forward.

Environmental Performance

Epson introduced the SE15 Mid-Term Environmental Policy in 2010. In line with the policy, we are reducing the environmental impacts of our products and services. In the 2013 fiscal year we achieved our environmental impact reduction targets for products themselves by making them smaller, lighter, and so forth. We also achieved our market launch targets for “new perspective” products and services that will reduce environmental impacts while making the businesses of our customers faster, easier, and more convenient. We took measures that helped us achieve our Groupwide impact reduction targets for production.

Epson Group Environmental Performance (FY2013)

	FY2013 Actions	FY2013 Results	FY2014 Targets
New Perspective	Launch new products that increase the efficiency of customers' workflows and minimize interruptions and waste with high-capacity ink tanks.	Launched the SC-F2000, a direct-to-garment printer that can reduce the workflow by 50% Reduced waste by equipping printers with high-capacity ink tanks and offering refills via ink packs. Launched the SC-F7100 dye-sublimation printer, which reduces environmental impacts via a digital workflow.	Launch and promote products and services that change customer behavior and businesses.
	Expand and enhance products that enable the building of global point-of-sale (POS) systems that support Web-based services.	Expanded and enhanced the lineup of TM Intelligent Printer (now has 8). Infrastructure: Developed firmware for customers' usage environment and applications (adopted by 18 companies internationally)	
	2015 Goals: Going beyond only reducing the environmental impacts of products themselves, Epson proposes new products, services, functions, and uses that change the behavior and businesses of customers.		
Products	Energy-saving: Comply with ENERGY STAR® Ver. 2.0	Designed and registered compliant products in every category. Reduced large-format printer Sleep mode power consumption to less than 1/3rd that of previous models.	Develop industry-leading energy-saving designs and technology
	Energy-saving: Provide eco features on projectors.	Light optimizer: A feature that automatically adjusts the brightness of the lamp according to the image being projected. Ultra-Low Brightness mode: Reduces power consumption when the unit is not projecting.	Expand the number of products equipped with eco features.
	Long life: Create highly durable printers.	Launched inkjet printers that have a durability rating of 300,000 pages. (WF-8510/WF-8590/WP-8010/WP-8090)	Engineer highly durable designs and launch products to market
	Size reductions: Develop a smaller EVF*1 that shrinks products in which they are used.	Reduced the size of panels used in Moverio BT-200 smart glasses from 0.52" to 0.42".	Create the smallest visual devices with the highest light usage efficiency
	Resources and power conservation: Expand the number of Eco Mark watches.	Eco Mark products accounted for 67% of total watch sales (the target was 64%). Expanded our lines of Solar, Spring Drive, and Kinetic watches, which do not require battery replacement.	Expand Eco Mark products.
2015 Goals: Create compelling, customer-pleasing products that have a 50% lower impact across their life cycle by making them smaller and lighter, reducing their power requirements, designing them for easy recycling, and extending their service life.			

Production	Reduce CO ₂ emissions	Reduced by 40.9% Target: Reduce emissions 32% vs. FY06	Reduce emissions 34% vs. FY06
	Reduce PRTR substance emissions	Reduced by 29.3% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce total VOC emissions	Reduced by 53.4% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce waste emissions	Reduced by 38.4% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce water use	Reduced by 57.6% Target: Reduce usage 50% vs. FY06	Reduce usage 50% vs. FY06
2015 Goals: Achieve efficient, low-impact production processes that will provide underlying support for greener products in conjunction with programs that reduce total costs and raise quality.			
Eco community	Increase brand power and promote sales by highlighting environmental programs at Epson sites.	<ul style="list-style-type: none"> - Supported a nature photography festival (Germany) - Created an artificial reef (Thailand) - Engaged in various reforestation projects - Expanded the scope of energy-saving patrols (Taiwan) - Presented best practices presentations during Environmental Awareness Month (Japan) - Continued an environmental education program for future leaders (Taiwan) - Exhibited at eco-product fairs (Taiwan, Japan) 	Renew the corporate web site. Carry out policies/actions depending on site needs.
2015 Goals: We are challenging ourselves to achieve new socially and economically sustainable practices through environmental community action centered on products and services.			

*1 Electronic viewfinder We are developing tiny, high-resolution, full color "Ultimicron" high-temperature polysilicon TFT panels (HTPS).

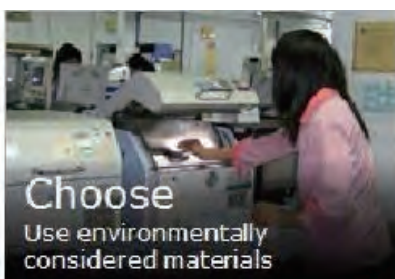
Epson and the Environmental

Life Cycle Thinking

Epson defines an “eco-considerate” product as one for which environmental impacts are considered from product conception to mission completion; that is, at every phase of the life cycle, from design and manufacturing to transport, usage and recycling. Through the creation of eco-considerate products, we are cooperating with customers and business partners to expand our environmental impact mitigation efforts beyond Epson's doors.



Design for Environment
(Please refer to page 30.)



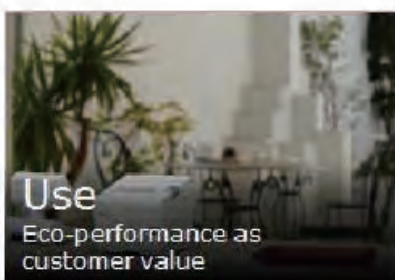
Eliminating Hazardous Substances
(Please refer to page 42.)



Production
(Please refer to page 45.)



Transport
(Please refer to page 47.)



New Perspective
(Please refer to page 32.)
Product Environmental Information
(Please refer to page 40.)

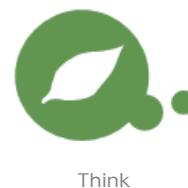


Product Recycling
(Please refer to page 49.)

Design for Environment

The environmental impacts of a product across its life cycle, from cradle to grave, are largely determined at the planning and design-engineering stages.

Epson takes a life-cycle thinking approach in efforts to minimize customers' environmental impacts by providing products that change the way they work and live, and (2) provide products that offer the environmental performance they should have as a basic feature. We set concrete targets for environmental specifications that should be achieved at the product planning stage. And, we have introduced a design-for-environment (DfE) process in which we evaluate how well we did in and after the design stage.



Primary Environmental Performance Features

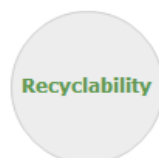
Below are some of the representative environmental performance features that we evaluate as part of our DfE process.



We explore various hardware and software approaches to save energy. These can include anything from developing energy-efficient basic technologies to implementing low-power product control schemes. We strive to realize low-power products by setting and attaining concrete numeric targets several years out for each model.



Epson sets concrete size and weight targets for products, since reducing these helps to significantly mitigate environmental impacts, not only because fewer materials are consumed but also because products can be transported and warehoused more efficiently. We also make every effort to design products so as to minimize wastes on the customer's end. We do this by, for example, minimizing the amount of packaging used for products and consumables or by providing new printing functions that eliminate unnecessary prints.



We design our products to be easy to recycle after use. Specifically, we try to achieve a recyclable rate^{*1} of 75% or better as estimated from product engineering drawings.

*1 Recyclable rate: Recyclable materials as a percentage of total product weight, excluding materials used as reducing agents in blast furnaces or as fuel sources.

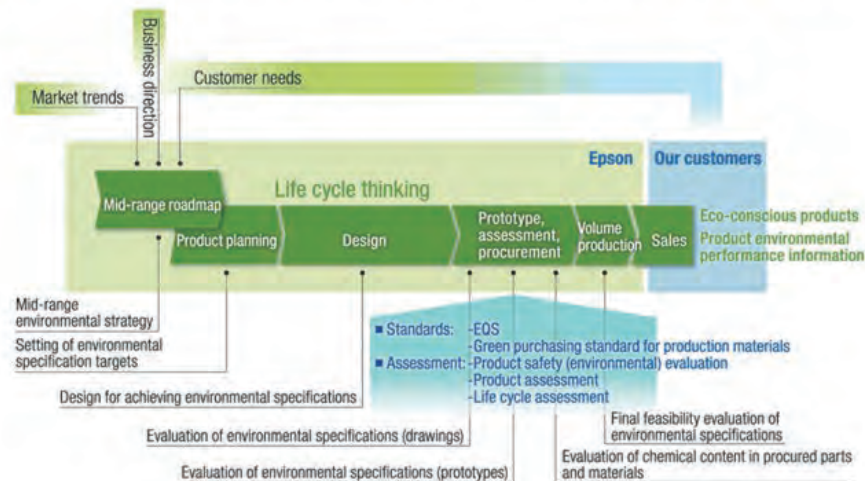


Epson standards specify substances that are prohibited from inclusion in products and substances whose inclusion must be controlled. Information on these substances is gathered in a database to help ensure safety in all processes, from design and procurement to volume production.

Design-for-Environment Framework

Epson prepares internal specifications, provides evaluation tools, and develops and commercializes products in line with work standards that set forth rules and procedures. The materialization of the environmental specifications is reviewed at each step of the product's commercialization before the item is finally sold as a product.

Eco-conscious product commercialization flow (Example for the printer business)



Standards

- EQS (Epson Quality Standard)
Includes internal standards for safety and environmental requirements that all Epson Group products and parts must meet in their design, production and procurement
- Green purchasing standard for production materials
Basic opinion on "Product Chemical Content Guarantees," and written standards covering specific criteria and application, for use when purchasing production materials

Evaluation

- Product safety (environmental) evaluation
Compliance check
- Product assessment
Checklists and evaluation sheets for evaluating the feasibility of individual environmental specifications during the drawing stage and experimental manufacturing stage
- Life cycle assessment (LCA)
Tools for quantifying environmental impacts (global warming impacts) in a product's life cycle and for efficiently and accurately exposing areas whose design should be improved

Epson and the Environmental

New Perspective

We define the new perspective as a view toward taking action to change the way our customers work and live, and to create and provide innovative products and services that dramatically reduce their environmental footprint.

Epson will continue to drive improvements in the basic eco-performance of its products. In addition, we will mitigate global environmental impacts by expanding our presence in markets for unique, next-generation Epson technologies, products, and services that tread more lightly on the Earth.

Textiles

Revolutionizing the textile printing process with digital technology

By ushering in digital processes, Epson's inkjet technology provides good value to customers in the textile printing industry and helps them sharply reduce their environmental footprint.

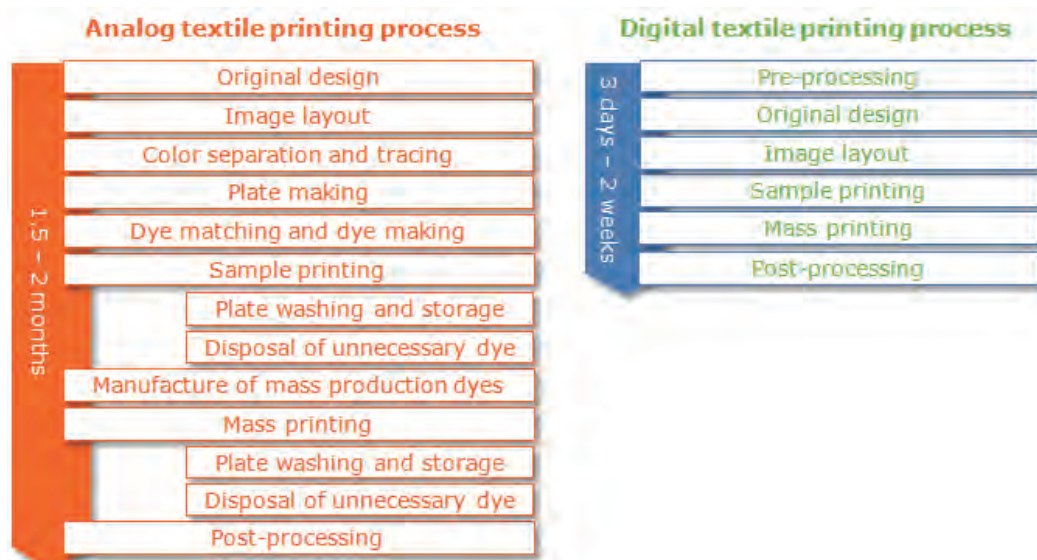


*1 Monna Lisa: An industrial inkjet digital textile printer jointly developed by Epson and Italian textile production equipment manufacturer Robustelli s.r.l.

Streamlined manufacturing process

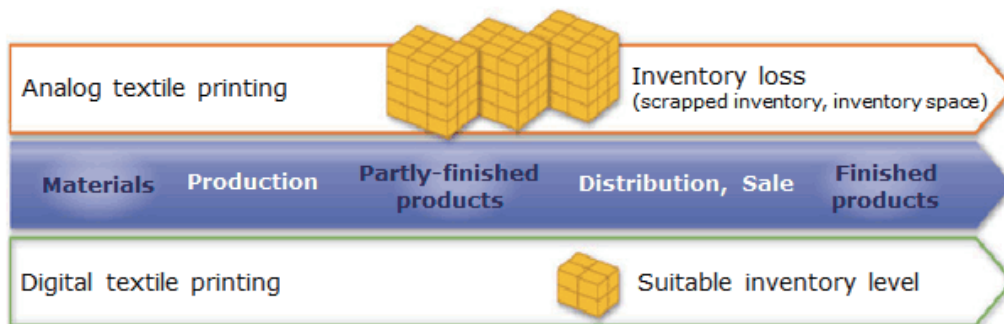
Digital textile printing is greener than traditional "analog" textile printing. Since the digital process is shorter and does not require plates, it uses anywhere from 40% to 75% less electrical power and water than a traditional process, as well as far less ink and fewer chemical products*2.

*2 Based on Epson's own research

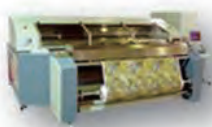


Efficient inventory management

Digital textile printing minimizes inventory losses associated with materials, partly-finished products, and finished products, from production through distribution and sale.



Eco Features



Monna Lisa



SurePress FP-30160

- The digital textile printing process, which is shorter than the traditional “analog” process and does not require plates, uses anywhere from 40% to 75% less electrical power and water than a traditional process, and wastes far less ink.
- Digital printing is ideal for short-run production and minimizes loss at every step, from production to sales.
- Printing firms can maximize throughput while minimizing energy use per production volume by using a Monna Lisa for volume production and a fully compatible SurePress FP-30160 for short-run^{*1} print jobs.

^{*1} The SurePress FP-30160 is designed for multiple small jobs with fast turnaround and for the production of samples.

Garment

An Inkjet workflow for brightly colored garments with fineness of detail

There is a growing market for the printing of original images on T-shirts, polo shirts, tote bags and other cotton products. We are answering the needs of this market with advanced inkjet printing technology that renders images in vivid colors and intricate, faithful detail with low environmental impacts.



Garment Printer
SureColor SC-F2000

Transforming the garment printing workflow

Traditional silk-screen printing requires extensive preparation, including the production of screens and the mixing of ink, as well as maintenance. For photos and other multicolored prints with gradations, the print process is long, and the longer the process, the more energy, water, materials, and other resources are used.

Digital prints produced with a SureColor SC-F2000 print digital data from a PC directly onto T-shirts and other garments. So, not only is there no need for screens or plates but images and photos can be reproduced with smooth gradations and in full color. The SureColor SC-F2000 shortens the garment printing workflow.

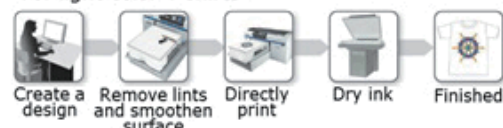
Moreover, the inkjet process saves resources and is more environmentally conscious than analog processes because there are no films, screens, or plates to produce, wash, or store.

Silk screen printing



Direct-to-Garment printing with the SureColor SC-F2000

• For light color T-shirts



• For dark color T-shirts



NOTE: Heat press sold separately.

Infant-safe prints on textiles

Printing processes using Epson UltraChrome DG ink are certified in accordance with Product Class I of the Oeko-Tex Standard® 100*, the strictest of the four product classes. Even printed textile items that directly contact the skin of infants and toddlers are guaranteed to be safe.

*1 Oeko-Tex Standard® 100

Oeko-Tex Standard® 100 is a globally uniform testing and certification system for textile raw materials and intermediate and end products at all stages of production. The aim of the system is to completely eliminate harmful substances from textiles. Scientific testing is performed to verify that textile products do not contain illegal or legally regulated substances or any other substances known to be harmful to health. Printers themselves are not the object of certification.



Eco Features



SureColor SC-F2000

- Streamlined garment printing workflow compared to silk-screen printing.
- Saves resources because no plates or screens are used, unlike traditional printing processes that require a separate film and screen for each color. No washing required, since there are no screens.
- Certified according to Product Class I of Oeko-Tex Standard® 100.

Epson and the Environmental

Products

Environmentally Conscious Products

Create compelling, customer-pleasing products that have a 50% lower impact across their life cycle by making them smaller and lighter, reducing their power requirements, designing them for easy recycling, and extending their service life.

* A life cycle icon is used to clearly communicate the stage of the product's life cycle in which particularly outstanding environmental impacts reductions were achieved.

An all-in-one printer small enough to place where you want it

Released in 2013, the Expression Premium XP-610 was engineered to be as compact as possible so that it fits in even the most space-constrained home. Smaller products use fewer materials, have smaller retail boxes, and are thus more efficient to ship.



Expression Premium XP-610

Providing environmental value with compact printers

* Comparison of the Expression Premium XP-610 with the Artisan 730.

Depth Miniaturization of built-in duplexer (two sided printing unit)

Newly developed compact reversing unit

Compact two-sided printing unit with five media feed routes

1,2: Standalone two-tier tray

3: Disc tray

4: Two-sided printing unit

5: Rear paper feed

A: Ink cartridge

B: Print head

- Paper feed routes consolidated in one unit
- Reduced the diameter of the reversing unit from 57 mm to 45 mm

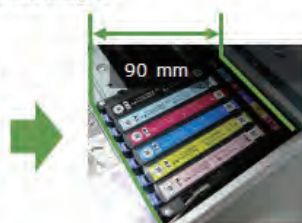


Depth On-carriage ink cartridges

- On-carriage system that supplies ink directly to the head
- Low-height print head and ink cartridges



Off-carriage system



On-carriage system

Width

Miniaturized main board & optimized layout

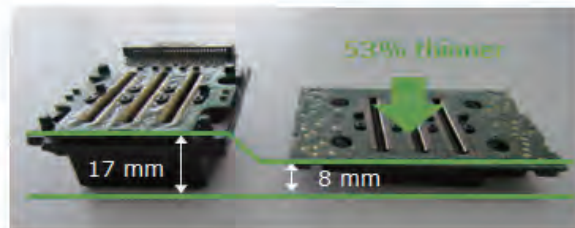
- Dense boards & optimized placement of components
- Arranged over the carriage driving area

Height

Thinner (lower) print head and ink cartridges

Slimmer print head

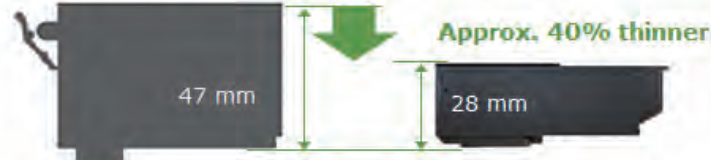
- Ink channels in the new head were arranged horizontally instead of on an incline
- The height of the piezoelectric element unit was reduced
- Every part was reviewed and redesigned to make it as small as possible



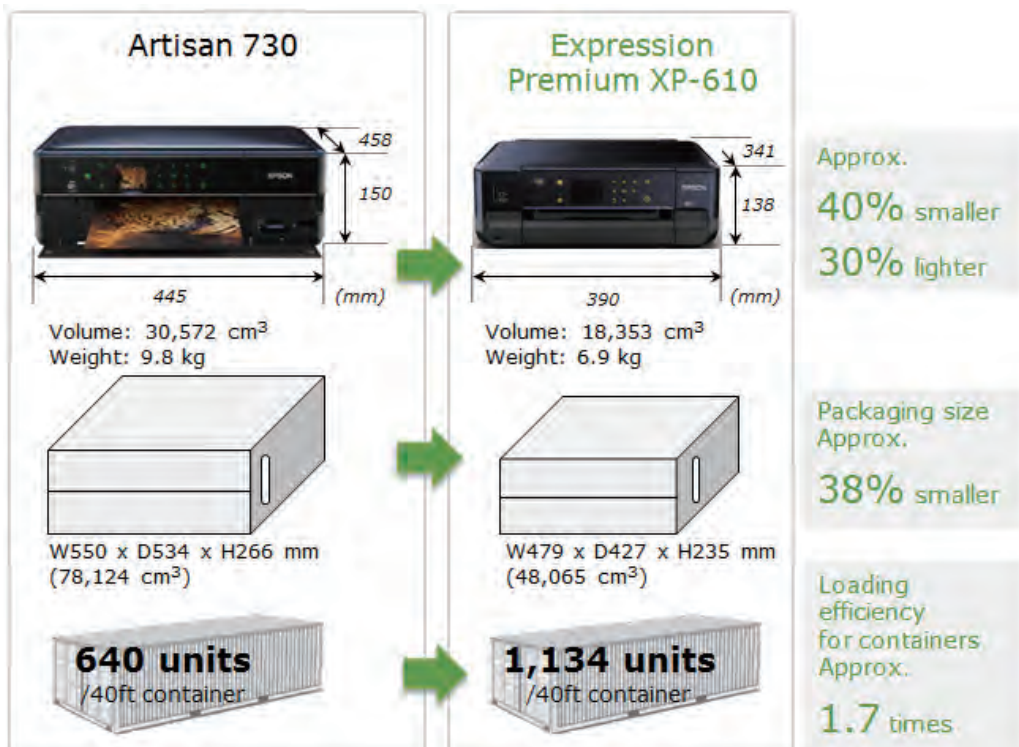
*Comparison of height of the case head unit

Ink cartridges thinner

- The size of the ink cartridges was reduced by simplifying the internal structure to maximize volumetric efficiency
- The height of the cartridges was reduced by switching from a needle connection to a surface connecting system

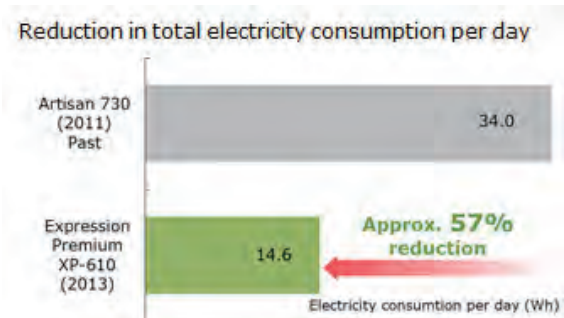


Improving transport efficiency with smaller products and packaging



Energy-saving performance

The Expression Premium XP-610 is equipped with a power-saving SOC (System-On-a-Chip) that enables approx. 57% lower power consumption than the Artisan 730.



Reduction of global warming impacts across the life cycle

The Expression Premium XP-610 can reduce global warming impacts by about 31% across the product life cycle compared to our past models thanks to a much smaller size and reduced power requirements.



* A Life Cycle Assessment was used to calculate the global warming impacts of the product at each phase of its assumed 3-year life cycle and express this as a CO₂ equivalent. The life cycle includes material & product manufacturing, distribution, use by customer, and disposal/recycling of end-of-life products. Calculated assuming 5 A4-size color documents per day, per month (with 20 working days a month). 115V is used for calculation, based on the U.S. specifications. The unit indicator by the Japan Ship Technology Research Association is used for calculating emissions during sea transport. Global warming impacts and energy consumption will vary according to the customer's printer usage conditions. The reduction in CO₂ emissions is expressed as a soccer ball equivalent, wherein 1 kg of CO₂ is equivalent to the cubic volume of 100 soccer balls.

Eco Features

- Compact design. Offers the customer more freedom when it comes to installation location and reduces the environmental impacts.
- Save power and its cost using "Auto power off" function.
- Save paper and its cost using the "Copy preview" function, which enables users to check and adjust copied documents, helping to prevent misprints.
- Less environmental impacts and save power with Mercury-free LEDs as light sources.

Standard office models with a variety of power-saving features

EB-X24/W18/X18/S18, EX7220/6220/5230/5220/3220, PowerLite 1262W/1222/X24+/W18+/S18+ and CB-X24/W18/X18/S18/S18+ were launched to market in 2013 as standard office models. They reduce users' environmental footprint with a variety of functions that minimize power consumption both when projecting images and when idle.



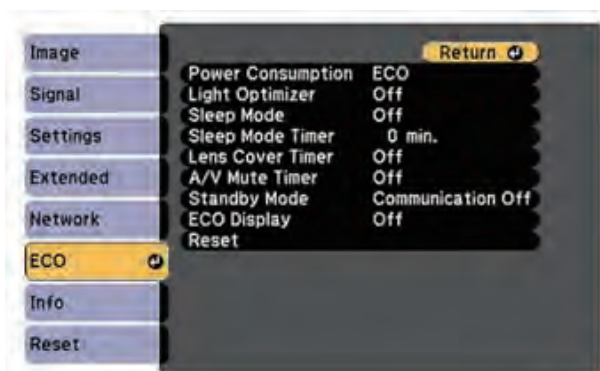
EB-W18

ECO menu offers a range of power-saving options

When projected images are too bright, such as when you are using the projector in a dark room or projecting onto a small screen, you can switch to ECO mode to lower the brightness and reduce power consumption by 27% during projection. You can use the newly developed Light Optimizer*¹ function to automatically adjust lamp brightness based on the projected image. Power consumption is reduced by as much as 27% when projecting dark images. These projectors are also designed to use less power when they are not projecting images. They are equipped with a new Super Low Brightness Mode.

When Sleep Mode, the Lens Cover Timer, and the A/V Mute Timer are used, power consumption is reduced compared to the previous model.

*¹ Light Optimizer can only be selected when the Power Consumption setting is "Normal." The percentage by which power consumption is reduced differs depending on the images projected.



ECO menu



Bright projected image



Dark projected image

Light Optimizer function

Lower power consumption in Standby mode*²

Consumes just 0.24 W of power (at 100-120 V). The Instant Off feature allows you to turn off and immediately unplug the projector after use, eliminating cool-down time and saving energy.

*² Power consumption in Standby mode: Power consumed when the projector's main power switch is on and the projector can be restarted with the remote control panel or switch.

Eco Features

- These projectors reduce energy waste with an energy-efficient basic design and power-saving options on the ECO menu.
- Save power by setting the projector's Power Consumption setting to ECO or by using Light Optimizer to automatically adjust lamp brightness based on the projected image.
- A new Super Low Brightness Mode is now available. Use Sleep Mode, the Lens Cover Timer, and the A/V Mute Timer to reduce power consumption when the unit is not projecting.
- Consumes just 0.24 W of power (at 100-120 V) in standby mode.

Product Environmental Information

Epson is taking steps to comply with the labeling requirements in major countries around the world.

Compliance with environmental labels

An environmental label is a tool for making environmental declarations and providing other information about a product's environmental features or performance. The requirements for environmental labels are prescribed by various groups, including the International Standards Organization (ISO). The ISO defines the three types of environmental labels described below.

Type I

Indicates that the product has met the criteria set by a certified third-party organization.

Type II

A "self-declaration" label that indicates a company volunteers environmental information about its products. (Epson's ecology profiles and eco labels fall under the Type II category.)

Type III

Indicates that the environmental effects of a product throughout its life cycle - from raw material procurement through manufacturing, distribution, use, disposal and recycling - are analyzed using LCA methodology and that the results of such analyses are published as quantitative data. The accuracy and reliability of the claimed data must be verified before being made public.

Eco labels acquired in different product categories

Country / Region	Type I						
	U.S.	Germany	China	Taiwan	South Korea	Singapore	Japan
EcoLabel	EPEAT®	Blue Angel	China Environmental Labelling	Green Mark	Korea Eco-Label	Green Label	Eco Mark
Inkjet Printers (incl. MFPs)	●	●	●	●	●	●	●
Page Printers (Laser & LED)		●		●	●	●	●
SIDM Printers			●	●			●
POS Printers							
Scanners	●			●			
Ink/Toner Cartridges			● (Ink cartridge)	● (Toner cartridge)			●
Paper							●
Projectors				●	●		●
Label Works							
PCs (incl. monitors)							

	Type II			Type III	Other		
Country / Region	Europe	Japan	Worldwide	Japan	Japan, US, Europe	China	Japan
EcoLabel	THE ECO DECLARATION	PC Green Label	Epson Type II Environmental Labelling Program	Eco-Leaf	ENERGY STAR [®] *1	Energy saving regulations	FSC [®] certification
Inkjet Printers (incl. MFPs)	●		●		●	●	
Page Printers (Laser & LED)	●		●		●	●	
SIDM Printers	●		●		●	●	
POS Printers	●		●		●		
Scanners	●		●		●		
Ink/Toner Cartridges							
Paper							●
Projectors	●		●	●		●	
Label Works					●		
PCs (incl. monitors)		●			●		

*1 The ENERGY STAR[®] Program is also being implemented by EFTA, Switzerland, Canada, Australia, New Zealand and Taiwan. It began requiring third-party certification in the North America from January, 2011.

For more on environmental labeling and environmental information on Epson products, please contact an Epson sales company in the country or region in which you live.

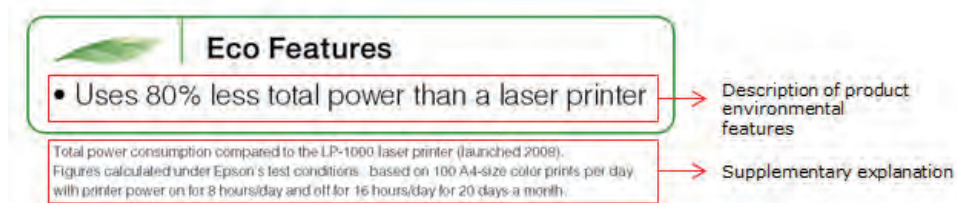
Epson's Type II environmental labelling program

Our program is used to provide environmental information about products that is both transparent and reliable, in accordance with the ISO 14021 (JIS Q 14021) standard.

We have implemented programs for both eco labels and ecology profiles.

Eco labels

The Epson Group is preparing to start using eco labels from December 2009 to communicate the environmental features of our products and services to customers in a simple and straightforward way. The labels will be displayed on communication tools such as brochures, product catalogs, and individual product boxes to highlight.



Epson ecology profiles

The environmental attributes of Epson brand products are published in the form of an "ecology profile." For finished products such as printers and scanners, the environmental attributes of the product as a whole, including but not limited to accompanying packaging material, supplies, and consumables, are published in the format specified by ECMA-370 ^{*1}. For electronic devices we use our own format to provide quantitative data regarding substances included in these products.

^{*1} ECMA-370 specified requirements for environmental declarations established by the international standards organization ECMA International. "The Eco Declaration" is often abbreviated as "TED."

Safety data sheets for printer consumables

To enable customers to safely and properly use Epson products, including consumable printer supplies (ink cartridges, toner cartridges, ribbon cartridges, etc.), Epson provides Safety Data Sheets (SDS), which describe a product's chemical content as well as how to operate, handle, and store the product.

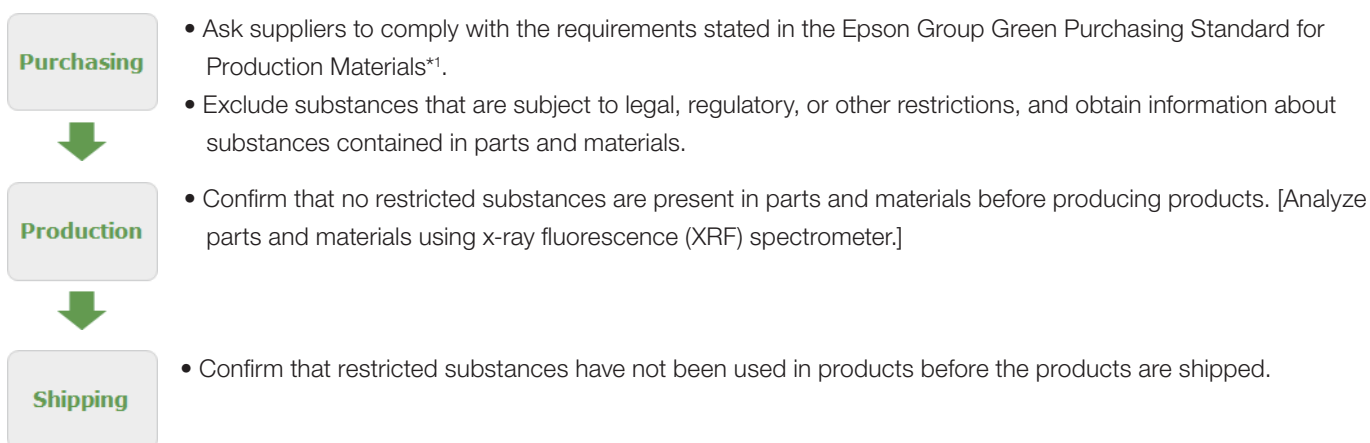
Eliminating Hazardous Substances

When choosing the parts and raw materials that make up Epson products, Epson gives preference to lower-impact alternatives.

The System for Eliminating Hazardous Substances

Controlling of substances contained in products

Increasing international restrictions on substances used in products, notably the RoHS Directive and REACH regulation in Europe, have made it essential to closely control the type and quantity of materials used. Epson systematically controls product substance content at the purchasing, production, and shipping stages to ensure compliance with these restrictions.



*1 A written standard that sets forth requirements for the building and maintenance of a substance control system by suppliers who provide parts and materials used in Epson products. The standard also defines requirements relating to the elimination or exclusion of legally restricted substances and requirements for providing information on substances present in parts and materials.

Green office supplies

When purchasing office equipment, stationery, and other office supplies, Epson gives preference to goods that satisfy defined internal criteria for “green products.”

Examples of the Eliminating Hazardous Substances

Epson standards specify substances that are prohibited from inclusion in products and substances whose inclusion must be controlled. Information on these substances is collected and managed in a database. This database is used to ensure safety in all processes, from design and procurement to mass production. Epson is very proactive in eliminating from its products substances that could adversely affect the environment or human health.

The highest level of textile product safety

Oeko-Tex Standard® 100 certification

The printing process using Epson UltraChrome DG ink is certified in accordance with Product Class I of the Oeko-Tex Standard® 100, the strictest of the four product classes. Even printed textile items that directly contact the skin of infants and toddlers are ensured to be safe.





Product Class	Description	Examples of Products
Product Class I	Textiles for babies and toddlers up to the age of three	Baby clothing, bed linen, bath linen, soft toys, etc.
Product Class II	Textiles that have a large part of their surface in direct contact with the skin	Underwear, shirts, stockings, bed linen, towels, etc.
Product Class III	Textiles that have no or only a little part of their surface in direct contact with the skin	Jackets, coats, neckties, outdoor goods, etc.
Product Class IV	Furnishing materials for decorative purposes	Table cloths, curtains, sofa covers, wall paper, etc.

No warning labels needed

UltraChrome DG ink does not require warning labels. It is as safe and easy to use as ordinary inkjet printer ink. (It is not classified as hazardous.)



To protect the health of workers, European directive and legislation^{*1} require warning label (acute toxicity pictogram) and written warning (e.g., Warning! Harmful if swallowed) on cartridges if the ink contains harmful substances such as diethylene glycol.

^{*1} DPD Directive: Dangerous Preparation Directive
CLP Regulation: Classification, Labelling and Packaging of chemical substances and mixtures



Mercury no longer used due to the use of LEDs as light sources in scanners and in LCD panels for inkjet multifunction printers

Epson has been replacing the conventional cold cathode tube light sources in scanners and LCD panels with light-emitting diode (LED) light sources. All of our current inkjet all-in-ones use mercury-free LED light sources, making easier to dispose of the products once they are no longer needed.

Measures for meeting the RoHS Directive

Epson has made compatibility with the European RoHS directive^{*2} a standard feature of our entire line of products throughout the world, regardless of whether a particular product is bound for the European market or not.

In 2009 Epson began an effort to replace phthalate esters (DEHP, BBP, DBP) and DIBP, substances that are being considered for addition to the list of restricted substances under the RoHS Directive. As of March 2014, Epson had succeeded in eliminating these substances from all products except for a limited number in inventory and for industrial use, etc. Applications exempted from the RoHS Directive are scheduled to expire in July 2016, so Epson is moving to ensure that its products remain compliant with RoHS requirements.

^{*2} The European RoHS Directive restricts the use of the following 6 hazardous substances in electrical and electronic equipment: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB), and polybrominated diphenyl ether (PBDE)

Actions for REACH compliance

Epson has stayed compliant with the requirements of REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) legislation in Europe.

Under REACH, companies that manufacture or import chemical substances must register them in a central database. If a product contains harmful substances (such as substances of very high concern), the company must disclose the substances, notify government authorities, and search for alternatives. Moving forward, we will continue to use our substance content framework to thoroughly and efficiently meet our legal and societal obligations, as well as the needs of our customers.

We make information on the chemicals used in ink available to customers in the form of safety data sheets (SDS) published in 23 European languages.

Epson and the Environmental

Production

The main focus is on global warming prevention, the elimination of emissions, and the control of chemical substances.

Global Warming Prevention

Epson's initiatives to prevent global warming revolve around reducing CO₂ emissions by conserving energy, and reducing global emissions of greenhouse gases other than CO₂.

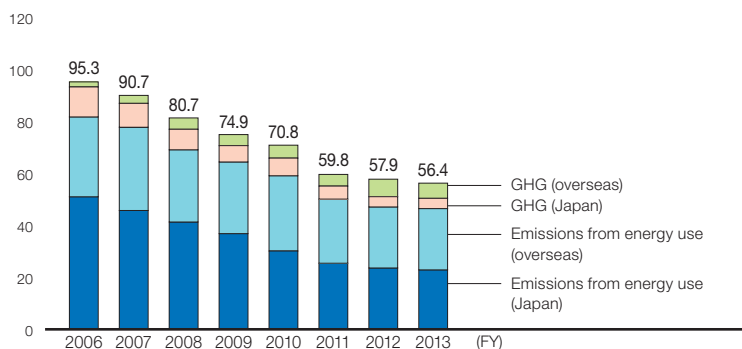
In fiscal 2013, we set out to reduce greenhouse gas emission by 32% compared with fiscal 2006 and achieved our worldwide target.

41% Reduction

CO₂ emissions
(compared to FY2006)

● Greenhouse Gas Emissions

(Emissions: 10,000 t-CO₂)



- In Japan we used an average value published by the Federation of Electric Power Companies as a conversion factor to calculate equivalent CO₂ emissions from energy consumed. Outside Japan we used national emissions factors provided by the Japan Electrical Manufacturers' Association (JEMA).
- To calculate CO₂ emissions from fuels both in Japan and abroad, we used the CO₂ conversion factors published jointly by the Japanese Ministry of the Environment and Ministry of the Economy, Trade and Industry in Version 2.4 of a GHG emissions calculation and reporting manual.
- To calculate the CO₂ equivalent of emissions of GHG other than CO₂, we used conversion factors published by the Intergovernmental Panel on Climate Change (IPCC) in 2001.

Substance Management

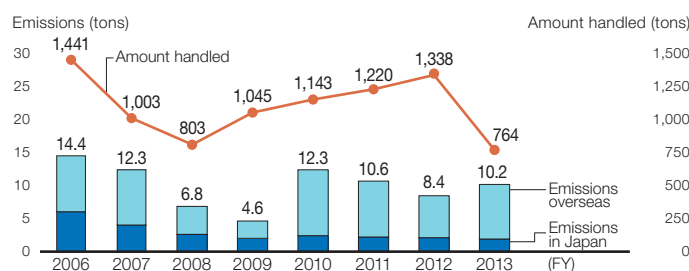
Epson uses its "E-Chem" chemical data management system to centrally track information on chemical substances used at Epson sites around the world. We are engaged in ongoing efforts to reduce the quantities of chemicals used and to moderate emissions of pollutant release and transfer register (PRTR) substances and volatile organic compounds (VOC).

Using fiscal 2006 emissions as a benchmark, all Epson business units managed and met their fiscal 2013 targets for reducing emissions. In addition, we are building trust relationships by making our substance data available to the public and by creating opportunities to exchange opinions with members of the local community.

29% Reduction

PRTR substance emissions
(compared to FY2006)

● PRTR Substance Handling & Emissions

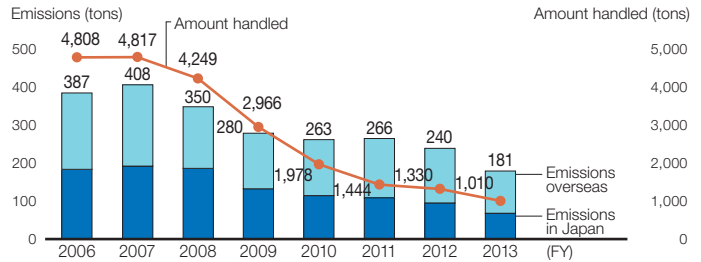


* Amounts differ from those in Sustainability Report 2013 due to a recount.

53% Reduction

VOC emissions
(compared to FY2006)

● VOC Handling & Emissions



* Amounts differ from those in Sustainability Report 2013 due to a recount.

Zero Emissions

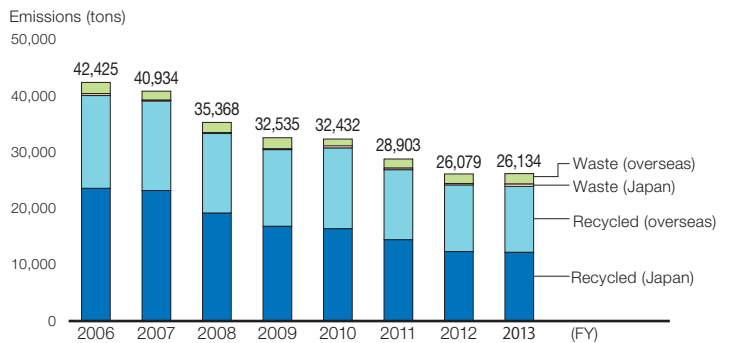
Epson's zero emissions program began with an effort to recycle 100% of our waste products. In 2003 all Group companies in Japan and overseas production sites met their material recycling targets. We have been shifting towards resource conservation initiatives, which seek to reduce the resource inputs into production processes.

In the 2013 fiscal year we employed control metrics benchmarked against fiscal 2006 emissions, and we met our Group reduction target.

38% Reduction

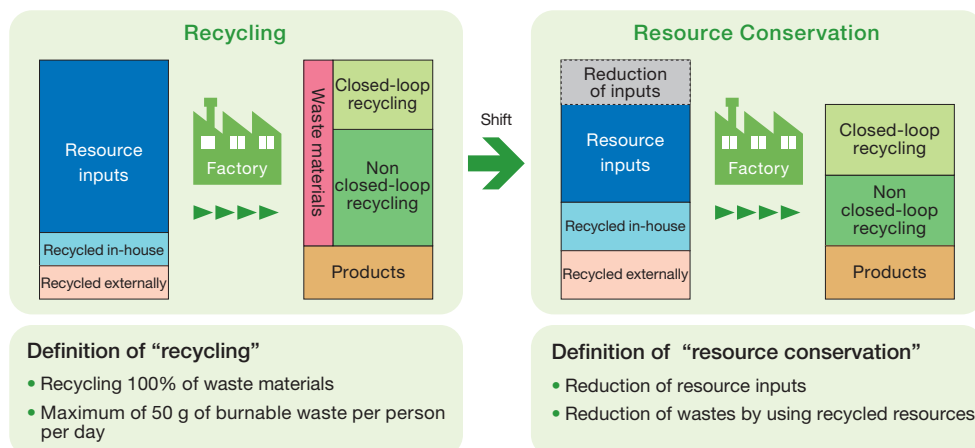
Waste emissions
(compared to FY2006)

● Annual Waste¹ Emissions



¹ Items that are no longer needed at Epson offices and are emitted outside the company.

● Zero Emissions Programs

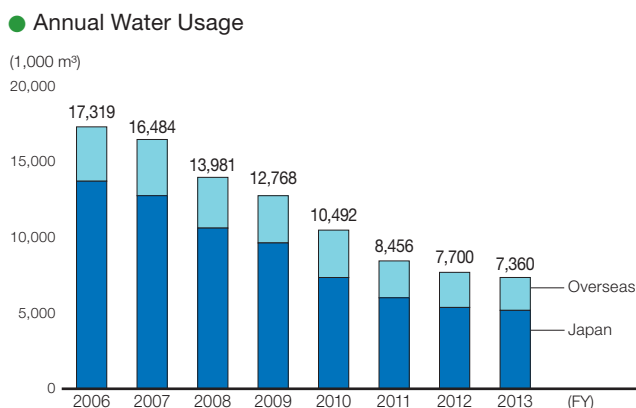


Water Recycling

Epson is mitigating environmental impacts and maintaining legal and regulatory compliance by focusing on water and resources from a risk management point of view. Basic to this is making sure we soil and consume no more water than necessary, and recycling and reusing what we do use. We work actively to increase the recycling rate of factory wastewater and comply with stricter water quality regulations. Moreover, we are implementing energy-efficient water treatment facilities. Thus, we seek to reduce the overall impact of production processes.

In the 2013 fiscal year we employed control metrics benchmarked against fiscal 2006 emissions, and we met our Group reduction target.

58% Reduction
Water usage
(compared to FY2006)

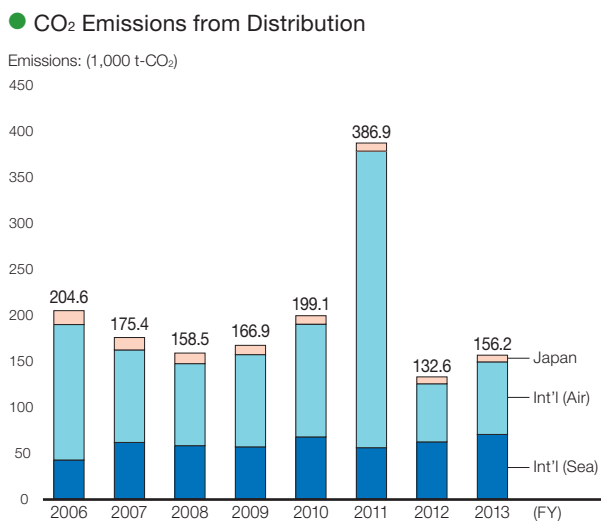


Transport

Epson is reducing CO₂ emissions by increasing the efficiency of product, part, and waste transportation. We are making products smaller (which increases shipping efficiency), rethinking our logistics centers, innovating the loading and packing processes (to boost loading efficiency), and reconsidering shipment departure and arrival frequencies and number of trips.

In the 2013 fiscal year we employed control metrics benchmarked against fiscal 2006 emissions, and we met our Group reduction target.

24% Reduction
CO₂ emissions
(compared to FY2006)



Environmental Risk Management

Any environmental pollution resulting from Epson's business activities could have a serious impact on residents of the surrounding area, as well as for the rest of the region or country. We follow Group-wide standards for pollution control and ensure that all members are well acquainted with the ideas and laws of environmental risk management. Each promotion unit uses ISO 14001 to identify and assess the risk of failing to meet standards or of experiencing environmental complaints or incidents in an ongoing effort to continuously mitigate those risks.

In fiscal 2013, we conducted internal pollution and emissions audits at 27 business sites (20 in Japan and 7 overseas) and have nearly completed the corrective actions for nonconformances that were found. Regulatory limits for oil were exceeded once during fiscal 2013. This incident was reported to the government and is being addressed. We did not have any complaints and accidents.

Soil and Groundwater Remediation

Epson is pumping and treating groundwater contaminated by chlorinated organic solvents at several sites in Japan, including at its Head Office. In addition, we have barriers in place to prevent further contamination. In addition, treated wastewater discharged into sewers is monitored to ensure that it remains within 1/1000th of the discharge standard (0.3 mg/liter).

Site Groundwater Data and Remediation Methods

(mg/l)

Site	2012/3	2013/3	2014/3	Remediation
HQ	39	62	34	Barrier, pump and treat, monitoring
Shiojiri	0.67	0.28	0.25	Barrier, pump and treat, monitoring
Fujimi	0.12	0.12	0.048	Barrier, pump and treat, monitoring
Suwa-Minami	0.094	0.06	0.075	Barrier, pump and treat, monitoring

* Groundwater trichloroethylene concentration trend / annual average (normal limit is 0.03 or less)

Business Site Information

Global environmental data, Epson Group business site and company environmental data, and information on ISO 14001 certification are available here.



Global Environmental Data
http://global.epson.com/SR/environment/production/global_data.html



Epson Group Business Site and Company Environmental Data
http://www.epson.jp/SR/environment/production/individual_data.htm

* Link to Japanese site



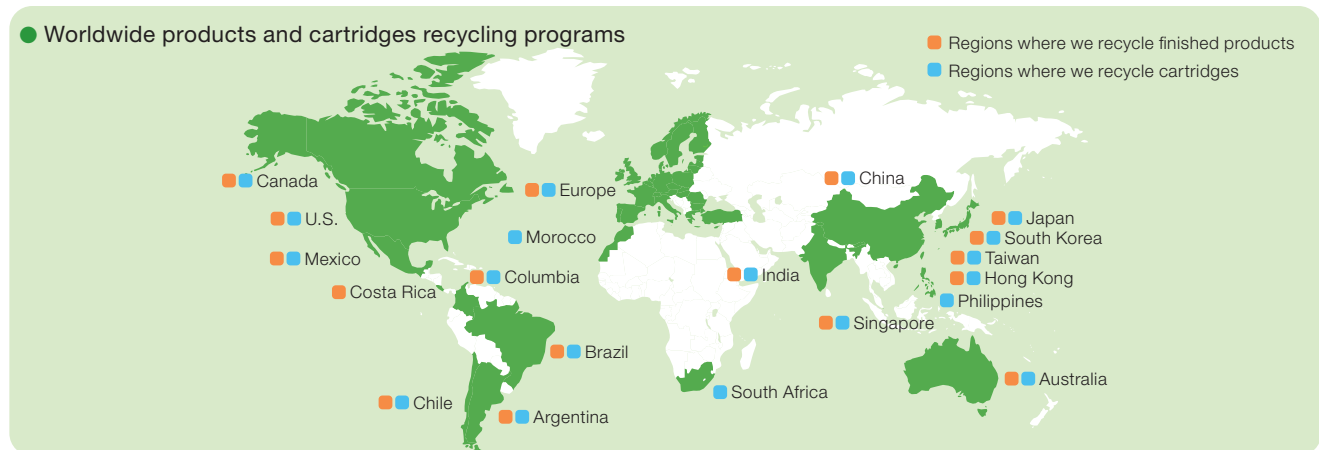
ISO 14001 Certification List
<http://global.epson.com/SR/environment/production/iso14001.html>

Epson and the Environmental

Product Recycling

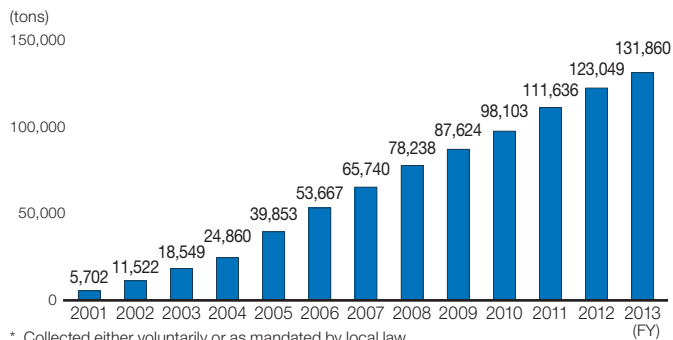
To expand the resource reuse and recycling loop, work with customers, communities, and others in the industry to collect and recycle end-of-life products in countries around the world.

Global Warming Prevention

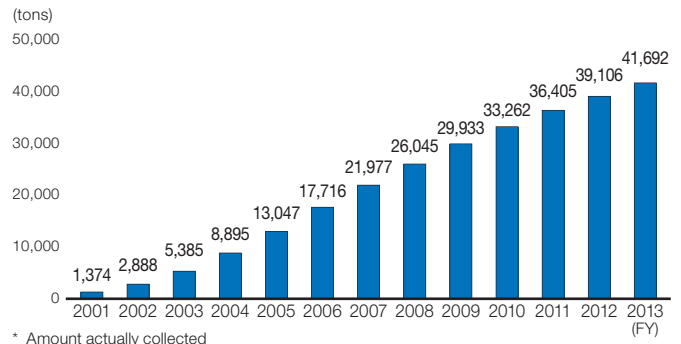


Collection trend for products and cartridges

● Finished products collected (cumulative through fiscal year)



● Cartridges collected (cumulative through fiscal year)



Summary of activities in each region

For the activities in each region, please see "Product Recycling" on our website.

Epson and the Environmental

Eco Community

We are challenging ourselves to achieve new socially and economically sustainable practices through environmental community action centered on products and services.

Eco Corporate Citizenship

Introduction of localized environmental conservation programs and corporate citizenship programs that leverage Epson's products and services.

Please refer to page 85 to 87 of "Corporate Citizenship".

Eco Technology

Introduction of corporate citizenship programs that leverage Epson's technologies.

Loggerhead Sea Turtle Protection Project (Please refer to page 86 of the Corporate Citizenship.)

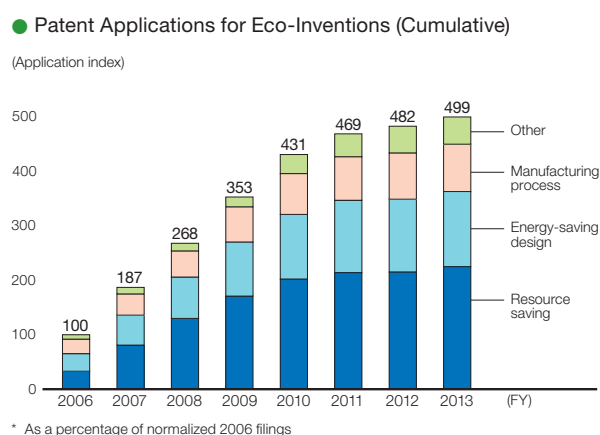
Supporting PFC Gas Reductions with the Epson Method

Perfluorocarbons (PFC) were considered to be among the most difficult to measure of the non-CO₂ greenhouse gases until 2000, when Epson developed the "Epson Method." The Epson Method, a simple and accurate way to calculate PFC emissions based on FT-IR (Fourier Transform Infrared Spectroscopy), made it possible to sharply reduce the level of PFC emissions. The Epson Method is patented. However, Epson grants a free license to use the technology under certain conditions, in the hopes of helping other companies reduce PFC gas emissions.



Incentives for Eco-Inventions

From 1998, Epson has been providing incentives for eco-inventions; that is, inventions that have a marked effect on the mitigation of environmental impacts. The aim of the incentives program is to contribute to society by becoming the industry leader in the development of technology to reduce environmental impacts.



Eco Education

Epson wants its employees to remain mindful of the environment while on the job. We feel it is important for them to consider how their conduct, both at work and at home, affects the environment and we want them to take the initiative in coming up with solutions. Toward that end, Epson provides environmental education and promotes correct understanding of ecological practices.

Epson also contributes to broader environmental preservation by sharing its knowledge and experience with outside organizations.

Environmental Education System (Japan)

Training		Management	Mid-level employees	General employees
General education	e-Learning	Basic Environmental Training II		
	By rank	<div>Training for new managers</div>		<div>Training for new employees</div>
		<div>Training for employees to be transferred overseas</div>		
Professional training	Professional skills	<div>ISO14001 environmental auditor training</div>		
		<div>XRF Meister certification training</div>	<div>XRF measurement / acceptability judgment training</div>	
		<div>Energy Star® measurement technician training</div>		
		<div>Pollution control officer training</div>		
		<div>Emissions control officer training</div>		
		<div>Hazardous materials management training</div>		
Awareness		<div>Internal notices, Environmental Awareness Month, events (best practices presentations), lectures, Websites, local clean-up projects, etc.</div>		

FY2013 Environmental Education (Japan)

Training	Participants / Certification Recipients (Cumulative)* ¹
Basic Environmental Training II (2013 Edition)	12,375
ISO 14001 environmental auditor training	47 (Cumulative: 2,003)
XRF Meister	4 (Cumulative: 37)
XRF measurement & acceptability judging	10 (Cumulative: 63)

*¹ This is the number of persons who took Basic Environmental Training II during the period of time it was offered (December 2013 to March 2014). Other figures show the number of certified persons as of the end of March 2014.



Mandatory e-Learning for all employees

All-Japan Senior High Schoolers Eco Action Project

The Ink Cartridge Satogaeri (Homecoming) Project, of which Epson is a member, sponsors the All-Japan Senior High Schoolers Eco Action Project. In the 2013 fiscal year five students from Futaba High School, in Suwa, Japan, toured subsidiary Epson Mizube Corporation to see how the plant's facilities provide improved access for persons with disabilities and to experience the ink cartridge sorting process first-hand. As part of the sorting experience, a competition pitting teams of two or three students against a single Epson Mizube worker was held to see which could sort cartridges faster and more accurately. Epson Mizube is a special subsidiary of Seiko Epson. It was established in 1983 to promote the employment of persons with disabilities. Epson Mizube also plays an important role in the Satogaeri Project by sorting the collected ink cartridges and sending them back to their respective manufacturers for recycling.



Students racing to sort ink cartridges of the six printer manufacturers (top)
competition against an experienced sorter (bottom)

Eco Communication

Introduction of communications on environmental topics.

Eco-Products International Fair

Epson exhibits its eco products at international fairs to build greater global awareness of Epson's environmental programs and eco-conscious products. The 2014 fair was held in Taipei, Taiwan. Epson's booth attracted visitors from Taiwan, China, India, Singapore, Europe, the Americas, and other corners of the globe.



The Epson booth at Eco-Products International Fair 2014

Eco-Products Fair

Epson has had a booth at Eco-Products, Japan's preeminent environmental fair, every year since 1999, the first year of the fair. At Eco-Products 2013, Epson took the main stage to present its recovery and recycling system, and gave guided tours of the Epson booth to explain the company's eco products and initiatives in various areas. In addition, Epson introduced some of its initiatives to further improve the basic eco performance of its products by, for example, making them smaller, lighter in weight, and more energy efficient. The company also highlighted the advantages of digital textile printing, a process that promises to change the way the textile printing industry works and help shrink that industry's environmental footprint.



The Epson booth at Eco-Products 2013

Environmental Communication Guidelines

Epson's Global Environmental Communication Guidelines, established in 2008, provides rules for environment-related communications. The guidelines are used throughout the Epson Group to help ensure that the information we release about our environmental programs and environmental performance is correct and easy to understand.

Epson and the Environmental

Environmental Management

As stated in the Management Philosophy, Epson's business is anchored in a commitment to environmental conservation. Epson carries out environmental programs under uniform standards and goals in every country and region of the world. Our basic environmental stance is set forth in Epson Principles of Corporate Behavior and in the Environmental Policy. In recent years our customers, along with society in general, have become interested in reducing their environmental impacts. The desire to deliver reduced environmental impact products and services that surprise and delight our customers is embodied in the "Exceed Your Vision" tagline.

[Environmental Policy](#) (Please refer to page 108 of " Appedices".)

Environmental Management System

Business units within the Epson Group establish their own environmental action plans based on the SE15 Mid-Term Environmental Policy, and carry out the activities using an Environmental Management System (EMS). We conduct internal evaluations to check performance against the plans and take corrective action against nonconformances. We operate our EMS in compliance with the international ISO 14001 standard, and we implement a planning and control cycle to effect continuous improvement. Our major business sites in Japan and our manufacturing sites abroad are ISO 14001 certified.

Promotion System for Environmental Activities



● Training System (Japan)

	Future Leader	Job/Lvl-Specific	Group-Wide	Specialist	Global	On-Site
Director						
COO	F1					
GM	F2					
Manager		Management practices				
G-Level	F3					
F-Level		Senior Staff				
C-Level		C-Level Training				
New Hire		New Hire				

Training Initiatives

Middle Management Training

Epson offers a course in management practices to its middle managers worldwide. The course is designed to teach aspiring managers the roles and responsibilities of managers, and to provide them with the knowledge, skills, and conduct they will need to practice to effectively serve in a management capacity. The course is also structured so as to give participants an opportunity to practice in the workplace what they learned in the course.

In fiscal 2013, a course was held for employees from Japan who are posted in the United States, Indonesia, China, the Philippines, and Singapore.

Also, in February 2014, we held a Global Incubation Seminar in Japan for 25 members of middle management from 15 of our overseas affiliates, as well as 3 from Seiko Epson. We have been holding this seminar every year since 1999 to develop future business leaders and to spread and ingrain Epson's Management Philosophy. Seminar participants hear the president's vision and ideas directly from him and get a clear sense of the direction the company is headed. They are reminded of Epson's values and mission, which is to exceed customer expectations. They learn things that they can put to use on the job. The seminar also gives participants an opportunity to build relationships within Epson, with people engaged in very different operations.



President Usui (center of front row)
with GIS participants and instructors



"Campfire" discussion



Groupwork presentations

Training for New Employees in Japan

Epson considers the first year of employment to be a training period during which new employees learn about the Epson approach to work.

For the first three weeks, new employees in Epson Group companies in Japan gather at the Head Office for group training, where they learn the following:

- Conduct expected of them as Epson employees
- The mindset and attitude necessary for practicing the art and science of manufacturing, which is the foundation of Epson's compact, space-saving, high-precision technologies
- The importance of working cooperatively as a team

Training ranges from lectures on the Epson Code of Conduct to hands-on training in manufacturing.

In 2014, we added a new training program to get new employees to think about customer satisfaction through practical experience. New employees learn the importance and enjoyment of working in teams, through group activities that take place throughout the training period.

After they complete group training, new employees are sent to the department where they have been assigned. There they learn their job through on-the-job training under a mentor. Mentors are usually selected from among young employees with two or three years of experience. They produce training plans tailored to the individuals they will be mentoring and, for a full year, provide them with the support they will need to stand on their own. Mentors themselves are expected to grow through this experience.

At the end of the first year, the new employees gather again for a follow-up group training, where they can observe how they and others have grown and developed. To further solidify the foundation they have built as a business professional, they review the previous year and consider action plans for the next year and beyond to achieve further growth and expand their contributions.



Training to think about customer satisfaction

Creating Value That Exceeds Customer Expectations and the Monozukuri Juku

The Monozukuri Juku, one of departments in Seiko Epson Head Office, is an in-house manufacturing school that Epson organized 12 years ago to develop young technicians and provide them with practical manufacturing skills.

Epson creates produced quartz watches, inkjet printers, 3LCD projectors, and other products that draw upon the company's strengths in compact, energy-saving, high-precision technologies by constantly honing its technology and skills in micromachining, key components, and mechatronics. The Monozukuri Juku operates on the belief that training in the manufacturing arts builds character. It plays an important role in increasing the customer value that Epson creates by passing down these technologies and skills and by developing versatile people who can accomplish a broad range of tasks.

Specifically, the Monozukuri Juku teaches the basics of component processing to provide selected young employees with the skills needed to produce a variety of parts that go into Epson products. It also provides them with the skills and experience necessary to automate and otherwise increase the efficiency of manufacturing lines.

The aim is to foster personal growth and achieve organizational objectives by sending employees who finish training at the Monozukuri Juku to Epson's manufacturing sites around the world, where they put their knowledge and skills to work in line with the "5-Gen" principle¹. to create worthwhile products that exceed customer expectations.



Plastics technology is one of the basic parts processing technologies taught

¹ These are the basics of problem-solving in manufacturing, wherein improvements and solutions are identified through direct observation [Gen-ba (actual site), Gen-butsu (actual things), Gen-jitsu (actual facts) and in accordance with Gen-ri (principles) and Gen-soku (standards)].

Participation in the National Technical Skills Olympics

The 51st National Technical Skills Olympics were held in Chiba, Japan, from November 22-25, 2013. This annual event gives young people (up to 23) in skilled trades a chance to show off their skills in public, in a competitive environment. This year 1,127 competitors tested themselves by working to complete demanding projects in 40 different trades.

Epson has participated in the National Technical Skills Olympics since 1971. As a manufacturer, Epson needs to pass down critical advanced skills from experienced engineers to the next generation, and we will continue to use the Technical Skills Olympics as one way to motivate young engineers who train intensely for a chance to compete.

Epson Award Winners at the 51st National Technical Skills Olympics

Press tool-making	Taira Sakai	Fighting-Spirit Prize
Mechatronics (two person team)	Ryoma Furuta Satoki Furuya	Fighting-Spirit Prize
IT network system administration	Takumi Ozawa	Bronze Prize
Web design	Tomohiro Sone	Bronze Prize



Press conference with award winners

FY2013 Workforce Composition and Training Data

● Workforce Composition

Male/Female Ratio		Mgmt. Ratio ¹		Mgmt. Diversity	
Women	17%	Mgmt.	13%	Women	2%
Men	83%	Staff	87%	Men	98%

* Data for Seiko Epson Corporation employees as of March 31, 2014

¹ Section manager and higher

● Main Online Courses (Japan)

Course Title ²	Start Date	Trainees ³
Fundamentals of Security Export Control (2013)	June 2013	13,428
Basic Information Security (2013)	July 2013	18,437
Epson Code of Conduct (2013)	October 2013	15,660
Prevention of Insider Trading (2013)	October 2013	12,558
Introduction to Procurement (Ethics & Code of Conduct, 2013)	October 2013	11,612
Import/Export Control (Export Edition, 2013)	October 2013	11,622
J-SOX (2013)	November 2013	12,470
Basic Environmental Training II (2013)	December 2013	12,375

² Compliance training

³ The number of persons completing the course by March 31, 2014.

● Training by Employee Level

Training	Who	People Trained	Percent Trained
New Employee Orientation	New hires	109	100%
C-Level Employee Training	New C-level staff	194	100%
Senior Staff Training	New senior staff	109	97.3%
Section Manager Training	New section managers	49	90.7%

* Data for Seiko Epson Corporation employees as of March 31, 2014

* Persons who have not received training are scheduled to do so in FY2014

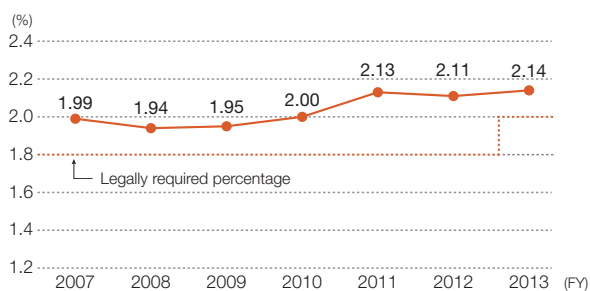
Our People

Promotion of Diversity

Employing and Supporting Persons with Disabilities

Epson employs a large number of persons with disabilities. For this reason we accommodate special needs in a variety of ways. For example, we provide easy-access restrooms, parking spaces, and other facilities. We also provide services such as sign language interpretation for in-house training and interviews, and special shortened working hours for dialysis treatment. Two special subsidiaries, Epson Mizube Corp. and Epson Swan, Ltd., have made special provisions to accommodate employees with disabilities and allow them to make the most of their abilities. These companies are now expanding job opportunities for disabled employees.

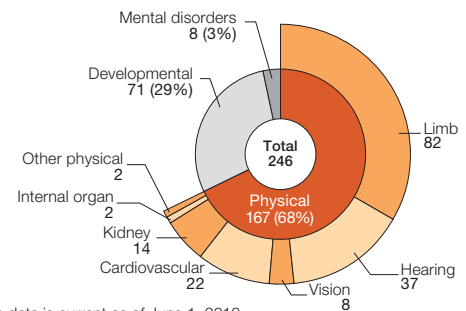
● Employees with Disabilities (Japan)



* The legally required percentage of disabled persons in the workforce was raised from 1.8% to 2.0%, effective April 1, 2013.

* Figures for each fiscal year were as of June 1 of that year.

● Types of Disabilities (Japan)



* The data is current as of June 1, 2013

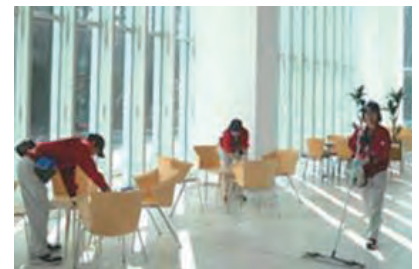
Epson Mizube Corporation engages in a variety of work. It performs soldering, produces e-documents from hardcopies, handles print jobs, and cleans and recycles jigs. It also plays a part in the Ink Cartridge Homecoming Project, a joint ink cartridge recycling program between Epson, the Japanese Postal Service, and five other printer manufacturers, by sorting used cartridges collected throughout Japan. Epson Mizube began a building cleaning service in 2008. It added four new sites in 2013 and, as for April 2014, was providing cleaning services to seven Epson sites, with a crew of 40. The cleaning crews contribute to a pleasant working atmosphere for all by keeping the facilities clean and by meeting others with a cheerful greeting.



Board assembly



Sorting of used ink cartridg



Building cleaning

Taking Part in the Abilympics

Many of Epson's employees with disabilities have outstanding skills that they can use on the job to contribute to the company. Chie Fujimori, who missed out on a prize at the 2012 Abilympics, channeled her disappointment into an effort that catapulted her to a bronze medal in the electronic assembly and testing event. Shoichi Yokouchi, who came home with a silver medal in 2012, resolved to take home the gold in 2013. "I want people to know that even someone like me, if he or she works hard, can reach the top. And I want them to challenge themselves." His relentless practice paid off: He came home with a gold medal. Both Ms. Fujimori and Mr. Yokouchi remain passionate and have set their sights higher. For them, the next stop is the World Abilympics.



Gold medal winner Shoichi Yokouchi (left) and bronze medal winner Chie Fujimori (right)

Epson Mizube Recognized as a Good Company in the Hiring of Persons with Disabilities

In September 2013, Epson Mizube was presented with the Health, Labor and Welfare Minister's Award, the top Japanese honor bestowed to companies with a good record of employing persons with disabilities, in recognition of Epson Mizube's contributions over the years to hiring and stable employment of persons with disabilities. This follows the previous year's feat, when Epson Mizube garnered the President's Award from the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers. Hiroshi Uruga, head¹ of Epson Mizube Corporation, said, "The award is the result of our employees working hard, day in and day out. We could not have done it without a lot of support. I'm happy about award but I also feel a strong responsibility to continue to be worthy of it. My aim is for this company to fully meet the expectations of society."

¹ Mr. Uruga stepped down in June 2014.



National Award Ceremony

Our People

Respecting Human Rights

Zero Tolerance

Epson is serious about keeping all forms of discrimination and unfair practices out of its operations around the world. This stance is reflected in our participation in the United Nations Global Compact since 2004. In 2005 we documented policies that outline Epson's strong convictions in areas including respect for human rights, elimination of harassment, eradication of all forms of discrimination, respect for local culture and customs, prohibition of child and forced labor, and maintenance of positive labor relations.

We have set up services that employees can use to report or consult on abuses of any kind. These services include such things as an harassment hotline, employee counseling service, and Epson helpline. Epson also strives to prevent fraud and other forms of misconduct in a number of ways, including by periodically sharing information with all employees about incidents and by raising awareness with bulletins on the intranet.

[The Policies regarding Human Rights and Labor Standards](#) (Please refer to page 105 of “ Appedices”.)

Our People

Fostering a Better Workplace

Equal Gender Opportunity Initiatives

Seiko Epson, an early advocate of equal opportunity employment, abolished gender-based difference in pay in 1983. And, the return-to-work rate for employees who have taken maternity and childcare leave in the 2013 fiscal year was 91% (and has averaged 95% since 1991, when the system was introduced). As of the end of April 2014, the average years of continuous service of our female employees was 21.8 years, exceeding the 18.7 years of our male employees. In Japan, Seiko Epson ranked 2nd in terms of average years of continuous service for female employees, according to a ranking published on August 31, 2013, by Toyo Keizai Inc.

● Childcare and Caregiver Leave Trends

FY	Childcare Leave				Caregiver Leave
	Total ¹	Women	Ratio of women granted leave ²	Men ³	
2013	71	66	98%	5 (4)	4
2012	80	66	100%	14 (12)	1
2011	66	55	98%	11 (10)	2
2010	82	64	100%	18 (15)	2

¹ Including individuals who took well-being leave

² Number of individuals granted childcare leave / eligible* individuals
(Individuals who have had a child and are eligible for childcare leave)

³ Numbers in parentheses indicate employees who took special paid leave

Well-being leave program

Epson introduced a well-being leave program in March 1998 that allows employees who do not use all their annual paid vacation days during the year to stockpile the remainder, up to 60 days, in a separate account. They have the option of using well-being leave days in the event of personal injury or illness, or to care for children or family members, or to participate in school events for their children in elementary and middle school.

Monitoring and Controlling Working Hours

Epson remains fully compliant with labor laws. One of the ways we ensure compliance is by following an operations manual that Epson created to prevent excess overtime work. We have also deployed time management initiatives and monitoring systems across the organization. Epson has programs to build awareness among employees of the importance of regulating working hours appropriately and we are fully committed to maintaining a well-balanced working environment.

Work-Life Balance Initiatives

Epson, with one eye trained on the well-being and development of our children, allows employees to balance their careers with their personal lives so that they feel they can stay with the company. We enforce an eight-hour workday at least once per week at our sites, and an increasing number of sites have a day each year when parents can bring their children to work. Because of these and other initiatives, Epson is recognized for implementing policies that will benefit the next generation.

In October 2013 the lieutenant governor of Nagano Prefecture visited Seiko Epson, where she met with Noriyuki Hama, then chief administrative officer of the Human Resources Division, and Eiichi Abe, then general manager of the Human Resources Department, to push for further measures that would make Epson an even easier place for women to work and enjoy successful careers.



Next-generation accreditation mark "Kurumin"

Following the meeting, the Human Resources Department interviewed female employees to hear what changes they think we could make to further facilitate the careers of female employees and create a more female-friendly workplace. Then, in April 2014, Human Resources conducted a survey of female employees. We will explore and plan to institute measures based on the findings from the interviews and survey.

Labor and Management Initiatives

Seiko Epson is a union shop whose employee union representatives work cooperatively with management to foster a better work environment. Joint committees are formed to discuss and finalize mutual resolutions to issues on a variety of topics, such as work systems, family support, and benefits and wages.

● Main Employee Welfare and Benefits Systems (Japan)

Category	Description of System
Childcare	Childcare leave, shorter work hours for parents, home care service
Caregiving	Caregiver leave, shorter work hours for caregivers
Retirement	Retirement benefits (defined contribution pension plan, corporate defined benefit pension plan), asset-building incentives, etc.
Wellness	Personal injury or illness leave, in-house therapy (massages), special paid leave, payment of additional amount to defray costs of injury, illness and child-rearing, subsidies for general medical checkups
Training	Subsidies for passing national exams, work-related correspondence courses, etc.
Housing	Company housing, property accumulation savings incentives, home financing, etc.
Commuting	Commuting expenses (commuter passes, gasoline costs, highway tolls, etc.)
Insurance	Group life insurance, corporate group insurance
Other	Employee cafeterias, employee event subsidies, etc.

Our People

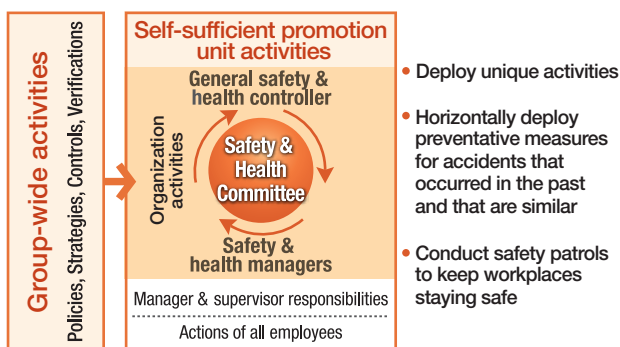
Occupational Safety and Health

Approach

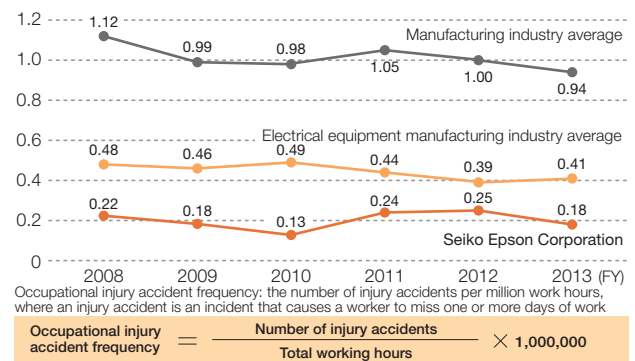
Epson believes that providing and maintaining a safe and healthy work environment and promoting physical and mental wellness are the foundation of a healthy company. Accordingly, we have instituted occupational safety and health programs around the world so that Epson's employees and partners can enjoy working as a team in the knowledge that they are safe and secure.

The core component of this effort is the New Epson Safety & Health Program (NESP). Covering safety, health, and fire/disaster prevention, NESP is based on an occupational safety and health management system (OSHMS) that conforms to International Labour Organization (ILO) guidelines. A fundamental principle of NESP is that every workplace is responsible for maintaining its own safety, so all Epson sites continuously work to raise the level of safety and health management.

● Basic Concept of NESP



● Occupational Injury Accident Frequency (Japan)



Occupational Safety and Health Initiatives

General Safety and Health Controller Meeting

Every six months, general safety and health controllers from Epson business sites and affiliates throughout the world meet to discuss issues and responsibilities. Participants give presentations on the activities taking place at their business sites to encourage best practices and self-sustaining activities.

Manufacturing affiliates in the Greater China Region, which has a high concentration of large-scale production sites, hold a Safety and Health Controller Meeting every quarter. The controllers share information on common issues, discuss important actions such as legal compliance specific to China, and make sure their safety and health activities are in step at all of their business sites.



A meeting of general safety and health controllers at manufacturing companies in the Greater China Region was held in Shanghai in October 2013

Supplier Safety Management

Epson checks the safety management systems in place at suppliers and suggests ways to mitigate problems and risks in line with Epson Group safety management guidelines. After suggesting improvements, the people in charge of procurement and safety in Epson's operations divisions or local affiliates provide ongoing assistance to suppliers in order to reduce procurement risks. In the 2014 fiscal year, Epson began rolling out a scheme in which suppliers will use a checklist furnished by Epson to review their safety management systems and identify issues that may need addressing.



Supplier safety inspection (Philippines)

Zero-Accident Initiatives at Epson Mizube

Seiko Epson has some special subsidiaries that have been designed to provide easy access and safe working conditions for persons with disabilities. The Suwa facility of Epson Mizube Corporation is one of these special subsidiaries. In June of 2013, it marked its 2,500th day without an injury accident, earning it a Class 2 “Progress” award from the Japan Industrial Safety & Health Association (JISHA) under its Zero-Accident Certification Program for Small- and Medium-Sized Enterprises¹.

Epson Mizube’s top priority has always been to provide a safer, more accessible working environment for persons with disabilities. These efforts culminated in the company being awarded the Health, Labor and Welfare Minister’s Award for its record of excellence in the employment of persons with disabilities. The goal going forward is to garner the top prize, a Class 5 Gold Award, by reaching 8,450 days without an accident or disaster.



The people of Epson Mizube Corporation

¹ JISHA established this program to provide small- and medium-sized enterprises (SMEs) with zero-accident targets to use in their own safety and health programs. Under this program, JISHA recognizes the accident-free records of SMEs according to industry and number of workers. There are five award levels: Class 1 (Effort Award), Class 2 (Progress Award), Class 3 (Bronze Award), Class 4 (Silver Award), and Class 5 (Gold Award).

Maintaining Mental and Physical Well-being

Epson’s employee health management program is an important part of its NESP activities.

In Japan, Epson established a mid-range plan titled “Healthy Epson 21.” This plan focuses on the key areas of overwork, lifestyle-related illnesses, and mental health to maintain and promote wellness of body and mind while working.

Outside of Japan, Epson subsidiaries and affiliates are always working to promote health as dictated by local industrial safety and health legislation and local conditions.

Building of a Health Management Support System

As one means to realize its health management objectives and those of its domestic group companies, Epson developed an online health management support system. The system, which Epson began developing in 2010 and rolling out in stages in 2011, is designed to accomplish three things. First, the system is strengthening self-care by giving employees immediate access to their own health records. Second, it supports the medical staff’s ability to more efficiently provide a higher level of care. And third, the system will, in the future, improve the ability of the HR department and management to help safeguard employee health by giving the former information on work restrictions that the company’s occupational physicians have prescribed for employees.



Top page of the health management support system

Support for Employees Assigned Overseas

Epson has a support system in place to provide Japanese employees assigned overseas with the same annual health check-ups as those offered in Japan. They also have access to the online health management support system and telephone and e-mail access to health guidance and counseling. Occupational physicians and nurses visit overseas affiliate companies in Southeast Asia and elsewhere once every three years to check on the health of employees and their families. In the 2013 fiscal year, the medical team visited Hong Kong, China (Shenzhen), Thailand, Malaysia, and India.

With a global health support desk that was launched in fiscal 2012, Epson continuously tries to ensure that employees assigned overseas, regardless of company or location, have equal access to health-related information and service.

Mental Health Initiatives

In fiscal 2010, Epson established a new employee mental health program that emphasizes prevention and relapse avoidance.

From fiscal 2012 through fiscal 2013, the company carried out a major reorganization in Japan that led to the reassignment of a large number of employees. During the reorganization, the health management staff and HR department explored strategies to ease the transition for certain employees. One of the strategies employed was individual counseling, which the health management staff provided to help safeguard the physical and mental well-being of transitioned employees. Atsushi Osato, an occupational physician who has long been involved in supporting the health of reassignees, said, “Employees who leave familiar jobs after many years to take up new work challenges are exposed to a great deal of physical and mental stress. The key is to know how much follow-up they require to maximize their abilities in the new position. We have to keep a close eye on their health to head off any health problems before they develop.”



Atsushi Osato
Hino Office Occupational Physician,
Epson Group Associate Chief
Occupational Physician

Health Management Programs at EPSZ

In September 2013, China-based Epson Precision Suzhou Co., Ltd. (EPSZ) launched a team based on the plan of FY2013 NESP activity to promote mental and physical health. The team is conducting activities to promote wellness by relieving personal and work-related stress.

The team conducted interviews and questionnaires with employees in advance of the activities. In interviews workers were asked about things such as fatigue experienced when performing repetitive tasks and work that requires them to be in a cleanroom or stand for long periods of time. In questionnaires employees were asked about their satisfaction with their jobs, benefits, and so forth. They were also asked about stress and the state of their physical health.

A variety of actions were taken in response to the results of these surveys. For example, EPSZ held a seminar and put up posters to raise awareness of wellbeing. The reading book corner and the television stations were set up as a place for employee's rest and relax. The company also planned a walking event and a day trip around Suzhou for employees who did not return to their ancestral homes during Chinese New Year.



Interviewing workers



Interviewing workers

Monitoring the health of personnel exposed to PM 2.5 air pollution in China

Serious air quality problems in China were widely reported in fiscal 2013. Air containing particulates measuring less than 2.5 micrometers in diameter (PM 2.5) are a health concern particularly for persons who have a history of asthma, COPD (chronic obstructive pulmonary disease), or cardiac disease.

As part of efforts to provide health-related support to personnel posted overseas, Epson sent an occupational physician to Beijing, Tianjin, Shanghai, Suzhou and Wuxi in 2013 to assess the situation on the ground. The physician interviewed personnel, checked their living environments, and assessed the state of their health. Fortunately, none had suffered impaired health. In addition, Epson exercises due caution when deciding whether or not to send an employee who has a history of cardiopulmonary medical conditions such as those above to a post in China. This includes giving the employee a medical checkup and asking for an opinion from the employee's primary physician. Epson also takes action to help preserve the health of local employees. For example, the company conducts awareness campaigns to alert employees to the health effects of exposure to PM 2.5 and, when air pollution is classified as moderately polluted or worse according to the air quality index (AQI), employees are urged to stay indoors.

Fire and Disaster Prevention

Epson is committed to being an accident-free workplace. This commitment is rooted in our responsibility to ensure that the Epson Group is never the source of a fire or disaster. To this end, we have organized independent fire brigades to help protect ourselves and our property. The last working day of every August is Epson Disaster Prevention Day. On this day, Epson Group companies conduct fire and disaster drills. One of the drills is used to test our emergency communication systems, which we have in place to confirm employee safety and determine the extent of damage in the event of a wide-scale disaster.

Naohiro Nakagawa, chief of the Suwa Minami Plant's Fire Brigade, says that the fire brigade's basic mission is to fight fires and save lives, and, through regular drills and an annual fire brigade competition, the members increase their firefighting knowledge, skills, and teamwork so that they can quickly and safely respond in an actual fire emergency. Nakagawa also points out that, in addition to helping to protect lives, property, and jobs, the members of the fire brigade experience personal growth and learn the importance of mutual trust, both of which are essential in a corporate setting.



Rescue drill Suwa Minami Plant Fire Brigade



Naohiro Nakagawa,
Captain of the Suwa Minami Plant
Fire Brigade

Organizational Governance

Corporate Governance

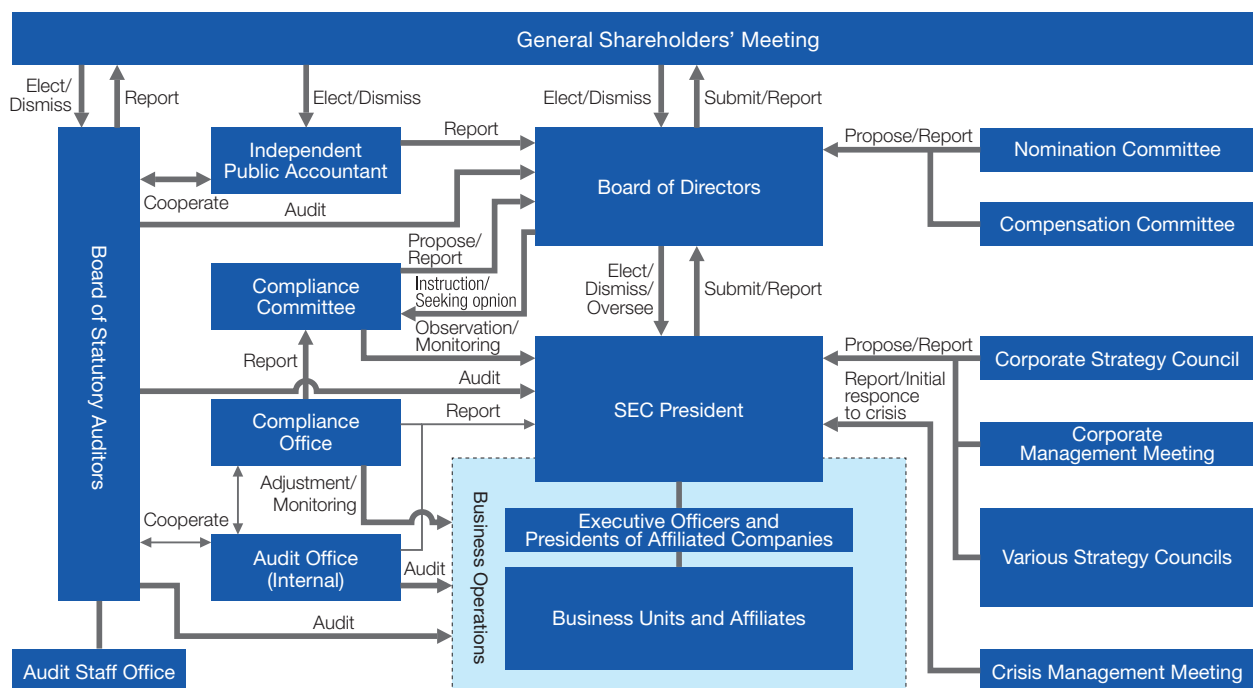
Corporate Governance

The primary goal of corporate governance at Epson is to continuously enhance the value of the company and to ensure business transparency and health through a strong system of checks and ethical practices.

Epson has a board of directors and a board of statutory auditors. The ten-member board of directors, which includes two outside directors, meets once a month and convenes extraordinary meetings as needed. It makes decisions regarding basic management policies, key business operations, period-end closing, disclosure timeframes, and other important issues.

Various management bodies have been created to advise the president or board of directors, deliberate issues and facilitate decision-making, and oversee and enhance the execution of business.

● Governance Structure



Organizational Governance

Internal Control System

Internal Control System

Epson's Management Philosophy outlines the vital business principles to which the global Epson Group is committed, while Epson's Principles of Corporate Behavior describes the conduct required to live up to these principles. Epson takes actions to steadily improve internal control across the entire Epson Group.

Group Governance

The Epson Group is managed based on the concept: global consolidated responsibility of product-based divisions; and global responsibility of the Head Quarter (HQ) supervisory functions. The head of the business operations divisions take the responsibility for the business execution systems of subsidiaries, and the head of HQ supervisory sections take the responsibility for group-level corporate functions. With this system, Epson strives to streamline operations throughout the Epson Group, including subsidiaries.

Compliance and Risk Management

In March 2013, the Seiko Epson board of directors passed a resolution calling for the establishment of an internal organization intended to improve compliance and risk management. The highlights are the appointment of a chief compliance officer (CCO) and the establishment of a compliance committee and compliance office.

Under this new organization, the compliance committee, which is chaired by the CCO, acts as an advisor to the board of directors. The committee supervises operations related to compliance by deliberating important compliance activities and by giving reports and proposals to the board of directors. In addition, the Compliance Office 1) monitors compliance in general, making corrections and adjustments as necessary, and 2) takes action to mitigate risks by conducting regular monitoring of risks and overseeing risk management activities.

Meanwhile, the Corporate Strategy Council, which advises the president, strives to ensure the effectiveness of compliance and risk management by deliberating important matters related to compliance and risk management from various angles. When major risks become apparent, the president leads the entire company in mounting a swift initial response in line with Epson's prescribed crisis management program. The president periodically reports to the board of directors on important matters concerning the execution of compliance and risk management, and formulates appropriate measures to respond to these issues.

Epson has also installed a compliance hotline which has internal and external report windows and other advisory and support services to facilitate internal and external compliance-related inquiries and to ensure an effective whistleblower system.

Advisory and support services

- Epson Hotline (Compliance Office)
- Harassment advisory (HR Department)
- Counseling related to working long hours (HR Department)
- Employee counseling (General Affairs Department)
- Labor union counseling (Labor Union)
- Insider trading inquiries (Legal Affairs Department)
- Anti-monopoly inquiries (Legal Affairs Department)
- Inquiries related to bribes and corruption (Legal and General Affairs Departments)

Internal Audits

The Audit Office, which reports directly to the president, audits a total of 107 business units around the world, including operations divisions in Japan, 60 overseas subsidiaries, and 15 domestic subsidiaries. Audits are used to check compliance and the effectiveness and efficiency of their risk management, internal controls, and management methods. If issues are found, the Audit Office helps minimize business risks by conducting a follow-up audit to check the status of improvements. To ensure effective Group governance, the Auditing Office also centrally oversees internal audits conducted by auditors at regional headquarters in Europe, the Americas, China, and Southeast Asia. Business units come up for audit once every three years based on the Audit Office's mid-range audit plan.

In the 2013 fiscal year, the Audit Office performed 32 operational audits and 20 information system audits of Epson business units, and provided them with advice on correcting 232 items that required improvements.

Internal Controls Over Financial Reporting

Every year, we audit internal controls to ensure the reliability of financial reporting (J-SOX). The Epson Group uses an autonomous distributed implementation system in which operations divisions and subsidiaries subject to external audits conduct a self-assessment on the design and operation of their internal controls, while the J-SOX Compliance Department ensures the validity of the assessment results. Operations divisions, subsidiaries, and affiliates not subject to external audits are required to independently assess their internal controls and make such improvements as are necessary.

Organizational Governance

Initiatives of Internal Control

Initiatives of Internal Control

International Trade Initiatives

Epson is a multinational corporation with production centers, sales centers, customers, and business partners around the world. Smooth international trade operations are essential if we are to deliver Epson products and services to customers in a timely manner.

Meanwhile, we must observe numerous conventions and frameworks governing international trade that have been put in place to maintain international peace and security.

To maintain compliance with these and to ensure smooth trade, Epson has established comprehensive systems and processes that have enabled Epson companies to earn certification from the relevant authorities in Japan and abroad for compliance with the international trade programs. (See the table below.)

● Certifications

Company Name	Program (Certifying Agency)
Seiko Epson Corp.	Special Bulk Export License (METI)
Seiko Epson Corp.	Authorized Exporter (Tokyo Customs)
Epson America Inc.	C-TPAT ¹ Partner (U.S. Customs)
Epson Portland Inc.	C-TPAT Partner (U.S. Customs)
Epson El Paso Inc.	C-TPAT Partner (U.S. Customs)

¹ Customs–Trade Partnership Against Terrorism, a program designed to strengthen U.S. security across the supply chain.

In January 2013, Seiko Epson was certified under the Authorized Importers' Program run by Tokyo Customs. This program gives preferential customs treatment to authorized importers with high levels of compliance and cargo security. By filing a special import declaration, importers are able to import goods more quickly with fewer inspections and can file import declarations and receive authorization before the goods actually arrive in Japan. This program is beneficial to supply chain management because it ensures a stable lead time for customs processing.



Approval certificate for Authorized Importers' Program

Compliance Program

Epson has a comprehensive program for instilling compliance awareness.

In addition to a training course that presents employees with a broad overview of essential legal issues, we also provide compliance training that focuses on certain targeted subjects, such as copyright laws and antitrust laws. Compliance issues are also built into the training curriculums for new employees, persons recently promoted to senior staff positions, and managers.

For the executive management team we brought in an outside expert to give a seminar on antitrust issues. Overseas affiliates have their own local compliance rules and compliance training programs.

Case study : Legal Affairs Newsletter Marks seventh Year in Publication

Epson's Legal Affairs Department in Japan publishes a monthly in-house newsletter that explains legal issues in an accessible way to foster awareness among employees. Now in its seventh year of publication, the newsletter not only raises awareness of legal compliance but also serves as a widely used resource that employees can turn to when they confront legal issues on the job or have legal questions. The readership, which exceeds 2,000, appreciates the easy to understand explanations of complex laws and the use of familiar examples. The Legal Affairs Department will continue to use the newsletter to provide employees with timely information on current legal issues.



Legal affairs newsletter

Business Continuity Management

Epson has a solid business continuity management program in place. For many years we have taken action to prevent and manage disasters, but the program really got started in 2006, when we formulated a business continuity plan (BCP) for what was then our liquid crystal displays business.

If a disaster or some other event impacts business at an Epson Group production site, our first priority is to ensure the safety of our employees. Next, we take steps to ensure continuity of the product supply so as not to inconvenience our customers. In order to provide a steady supply of products, particularly consumables and core components such as quartz and semiconductor devices, print heads, and small liquid crystal panels, we have preparations in place that allow us to limit damage, secure repair parts, switch to alternative producers, and restore operations in line with established procedures. We conduct exercises to check our procedures and ensure their effectiveness. Mission-critical IT systems and critical data that are essential for business continuity are consolidated in a robust data center, and backups are at the ready in the event of a disaster. We have secured multiple distribution routes to enable us to immediately switch to alternative routes in response to any disruption in international shipping and transport. In addition, our finance, accounting, public relations, and other key corporate functions have established BCPs so that business can continue in emergencies.

Meanwhile, we ask the companies that make up our supply chain to strengthen their BCPs, and we check to see how established those BCPs are. We analyze the items we purchase, and we develop multiple sources for those that are most important. When we cannot secure multiple sources, we keep an inventory of goods on hand or try other means to ensure continuous production in the event that something should happen to a supplier.

Every business and site in the Epson Group will continue to refine its BCP to ensure that it has the resilience to withstand threats to business continuity going forward.



Employees conduct an exercise using a BCP to be invoked in the event of a major earthquake

Organizational Governance

Security

Security

Declaring a commitment to protecting people, assets, and information in Principles of Corporate Behavior, Epson takes steps to ensure personal security, the security of corporate assets, and the utmost prudence in the handling of information. Epson recognizes the importance of good security practices. Accordingly, we establish and maintain systems to ensure the on-site safety and security of personnel and visitors, carefully control all assets, respect the property of others, and take strict precautions to safeguard personal data and confidential information.

Information Security

Epson has set forth the basic information security principles and requirements in the Epson Group Basic Information Security Policy. Group personnel recognize the importance of information security, and this is reflected in Epson's information security governance and corporate culture.

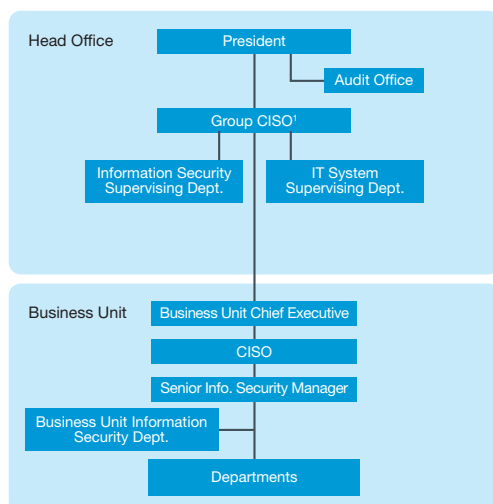
At Epson, each business unit builds and maintains its own information security system based on group-wide standards. Internal audits ensure that the systems and controls at each business unit are evaluated and that information security-related risk management is effective. Senior information security managers from the business units gather to discuss initiatives across the organization and to track progress.

Epson also acquires ISMS (information security management system) certification, which complies with ISO 27001, to ensure continuous improvement of its information security management organization. Currently, Seiko Epson's Business Systems Operations Division, IT Division, data centers, and Epson Sales Japan have all been certified and manage information security accordingly.

Epson Group companies in Japan implement a number of awareness-raising initiatives in July, which is designated as Information Security Enhancement Month. The slogan for Information Security Enhancement Month in 2013 was "Sustain. Prevent. Defend." We used this month to remind executives and employees about the importance of information security. Employees and managers learn about information security through online training courses and training programs for managers. The online training program has a participation rate of 100%, including executives.

Information security activities are also being developed at Epson Group companies overseas. In the 2013 fiscal year information security training and support was provided to Epson Group companies in Southeast Asia and China.

● Information Security Organization



¹ Chief Information Security Officer



Information Security Council

Basic Information Security Policy
(Please refer to page 103 of "Appendices".)

Protection of Personal Data

Epson has sought to strengthen the protection of personal data belonging to customers and employees ever since the Personal Information Protection Act was enacted in Japan, in 2005. Epson also conducts internal audits to verify that personal data is properly managed.

Finally, both Epson Sales Japan and Epson Direct continue to update their PrivacyMark certifications every two years and operate in accordance with the program.

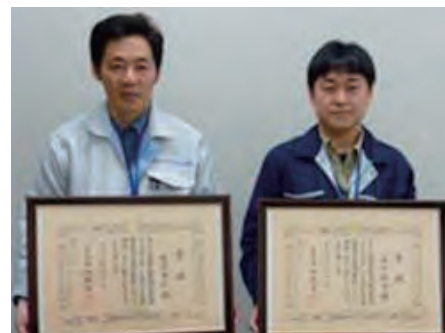
Intellectual Property Protection

Epson protects the rights to its proprietary technologies to support the smooth and ongoing development of its existing businesses and the growth and commercialization of new businesses. These actions ensure that our IP portfolio contributes to corporate earnings. We also respect the rights of third parties and implement measures to prevent infringement of those rights.

In 2013, Epson, which ranked 14th in Japan and 16th in the U.S. for number of registered patents, received the Nagano Prefecture (Japan) Governor's Award at the Kanto Region Commendation for Invention in recognition of its contributions to the advancement of science and technology and to the development of industry.

Case study: Seiko Epson Named Among Top 100 Global Innovators in 2013

In October 2013, international information services company Thomson Reuters recognized Seiko Epson for the third consecutive year as a "Top 100 Global Innovator". The program identifies the most innovative organizations in the world through a series of patent-based metrics including overall innovation (patent) activity, success rate, globalization and influence. Companies that make the list are recognized for pushing the envelope with new technologies, protecting their intellectual property, and coming up with inventions that have global influence.



Award winners at the Kanto Region Commendation for Invention



Seiko Epson presented with a commemorative trophy by Thomson Reuters Japan

Approach

Approach

In addition to providing quality products and services, we believe that part of our responsibility is to work with business partners to ensure that human rights, labor standards, and environmental preservation are being upheld across the supply chain. Business partners that we can trust are essential if we are to continue to provide customers with products and services that excel in every area, including quality, price, and environmental performance.

Basic Procurement Policy
(Please refer to page 107 of “ Appedices”).

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graph TD; MP[Management Philosophy] --> PCB[Principles of Corporate Behavior]; PCB --> ECC[Epson Code of Conduct]; PCB --> BPP[Basic Procurement Policy]; BPP --> PGC[Epson Group Procurement Management Regulation]; BPP --> PCC[Epson Supplier Code of Conduct]; BPP --> PCD[Procurement Code of Conduct]; PGC --> EPS[Epson Group procurement standards]; EPS --> DGS[Division & Group company standards]; EPS --> ES[Evaluation standard]; DGS --> BR[Business relationship]; ES --> SE[Supplier evaluation]; BR --> SC[Self-assessment]; SE --> SC; SC --> S[Suppliers]; PCC --> RC[Request for compliance]; RC --> S;
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The flowchart illustrates the hierarchy of procurement policy and standards. It begins with 'Management Philosophy' at the top, which leads to 'Principles of Corporate Behavior'. From here, the flow splits to 'Epson Code of Conduct' and 'Basic Procurement Policy'. 'Basic Procurement Policy' is a large box containing three numbered statements about partnerships, ethical standards, and environmental impacts. It leads to 'Epson Group Procurement Management Regulation', which then branches into 'Epson Supplier Code of Conduct', 'Epson Group procurement standards', and 'Procurement Code of Conduct'. 'Epson Group procurement standards' further branches into 'Division & Group company standards' and 'Evaluation standard'. 'Division & Group company standards' leads to 'Business relationship', and 'Evaluation standard' leads to 'Supplier evaluation'. Both 'Business relationship' and 'Supplier evaluation' lead to 'Self-assessment', which finally leads to 'Suppliers'. 'Epson Supplier Code of Conduct' leads to 'Request for compliance', which also leads to 'Suppliers'.

Sustainable Procurement

Procurement Guidelines

Procurement Guidelines

Epson procures a wide variety of goods and services from other companies that enables it to provide products and services to its own customers. Consequently, to assure that we fulfill our corporate social responsibility, we believe it is essential for our suppliers to understand our management philosophy and to support our procurement activities accordingly.

In 2005, to give suppliers a better understanding of Epson's procurement activities and to enlist their support in promoting CSR, we established the Epson Group Procurement Guidelines. Then, in 2008, we established the Epson Supplier Code of Conduct, a document that is aligned with the EICC (Electronic Industry Citizenship Coalition) Code of Conduct.

Epson Group Procurement Guidelines was created to enable us to sustain a continuous supply of products that please customers. Toward this end, the guidelines, reflecting international imperatives, state Epson's quality, cost, and delivery expectations, as well as our expectations for conducting business in line with CSR requirements in areas such as human rights, labor, the environment, ethics, and health and safety, and in partnership with our suppliers.

In April of 2014, we issued Rev. 3.1 of the Epson Group Procurement Guidelines. In this latest edition, the Epson Supplier Code of Conduct was revised in light of recent world events, to address issues such as international anti-corruption regulations, the exclusion of antisocial forces, and conflict minerals regulations.

To our suppliers

Epson is committed to conducting its business activities transparently, in a socially responsible manner, as "a progressive company, trusted throughout the world." To fulfill our social responsibility as a supply chain, we ask you, our valued suppliers, to understand the guidelines and give us your full cooperation.

Sustainable Procurement

Conflict Minerals

Conflict Minerals in Epson Products

Epson's policy on conflict minerals

Epson is committed to socially responsible procurement and will not purchase gold, tantalum, tin, or tungsten mined in conditions of armed conflict and human rights abuses in the Democratic Republic of the Congo or an adjoining country. Epson is working with its suppliers to eliminate conflict minerals from products.

In line with the foregoing policy on conflict minerals, Epson is taking the following actions.

1. Epson requests that its suppliers read and follow its Procurement Guidelines and the Epson Supplier Code of Conduct. Epson will take additional opportunities to explain and gain understanding of its suppliers about the actions it takes to keep conflict minerals out of its products.
2. Epson is not required to report to the US Securities and Exchange Commission the use of conflict minerals, as defined in the final rules of Section 1502 of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). However, Epson is implementing supply chain due diligence by using a standardized reporting tool available from the EICC/GeSI. If, in the future, a more effective means of carrying out conflict mineral due diligence is established, Epson and its suppliers will adopt it.
3. To ensure that minerals are procured only from smelters and refiners that have been found to be compliant with the Conflict-Free Smelter (CFS) Program of the EICC/GeSI, Epson requests smelters and refiners, either directly or through the supply chain, to obtain proof of compliance.

Sustainable Procurement

Paper Products Purchasing

The illegal logging of forests is a very serious issue for those seeking to protect the environment on the global scale and practice sustainable forest management. Around the world, greater efforts are being made to ensure legality and sustainability during the procurement of wood products.

Epson has a stated procurement policy that says, “In every region where we do business, we promote procurement initiatives compliant with each nation’s law, international rules and the spirit of the same, cleaving to a high sense of ethics and acting for the good of society.” In keeping with this policy, Epson encourages procurement of paper products with due consideration for the social, economic and environmental sustainability of forests.

Stance on Procurement of Paper Products

Epson has established a procurement policy for paper, the major forest product we procure. Under this policy, which is designed for the social, economic and environmental sustainability of the forest, Epson practices the following procurement whose conformity to this policy can be checked.

1. Effective use of used paper and other recycled pulp
2. If virgin pulp is used as a raw material, procurement should confirm the following:
 - Legality
 - Sustainability
 - Chemical safety
 - Environmental management

Scope of Application

At Epson, the Procurement Policy applies to the procurement of specialty paper for use in Epson printers.

Sustainable Procurement

Raising Awareness

Practicing CSR Throughout the Supply Chain

At Epson, we build strong relationships of mutual trust with suppliers by sharing our corporate social responsibility (CSR) values and goals with them, and by understanding and minimizing risks related to the environment, human rights, labor, and business ethics.

Since fiscal 2008, Epson, in an effort to improve the level of CSR in our supply chain, has been conducting detailed CSR evaluations of our suppliers. We report the results of evaluations to suppliers and, if necessary, request improvements. We also conduct on-site audits and other measures to verify the status of improvements.

In fiscal 2013 we asked 56 of our suppliers to evaluate their own CSR performance. These self-evaluations, which were given to suppliers who were considered low risk based on the results of the detailed CSR evaluations and to suppliers who had completed corrective actions, were used to check whether these suppliers have been maintaining a high level of performance.

Compliance Management

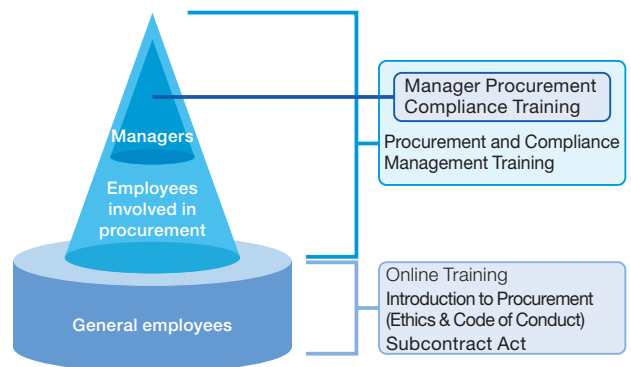
Exercising high ethical standards and a social conscience, Epson conducts procurement activities in strict compliance with both the letter and spirit of laws and regulations, both national and international, in every country and region around the world. Training and education is an important part of this commitment.

Epson Group companies in Japan train employees on the laws, regulations, and social norms of various countries and regions around the world to ensure that employees have the required expertise and awareness.

All employees in Japan are required to take the Introduction to Procurement and Subcontracting Law Fundamentals online training courses. Moreover, procurement personnel, including persons with procurement approval authority, must earn in-house certification by successfully completing a course in procurement and compliance management. In November 2012, we began holding manager procurement compliance training to improve knowledge and understanding of laws and regulations. This training course is mandatory for all managers with decision-making authority.

Epson will continue to provide regular training going forward to deepen compliance awareness and will strive to strengthen its internal processes to ensure the highest level of compliance possible.

● Training System for Compliance Management in Procurement



Corporate Citizenship

Approach

Approach

Epson committed to harmonious coexistence with society through programs rooted in local communities throughout the world based on its commitment to being “a progressive company, trusted throughout the world,” as stated in the Management Philosophy. Recognizing that companies are expected to be even more socially involved, each and every employee will continue to contribute to Epson’s standing as a good corporate citizen and facilitate mutually beneficial relationships.

Epson’s contributions go beyond financial support. We emphasize contributions involving the imaging-based technologies and knowledge that underpin our business as a way to give something back to society. Going forward, Epson will continue to engage in corporate citizenship activities, including contributions involving manpower.

Corporate Citizenship

Education for Young People

Education for Young People

Educational Assistance Program (America)

In December 2013, Epson America, Inc. (EAI) partnered with online charity DonorsChoose.org for its annual holiday season initiative. Epson helped to fund public school classroom projects in America by donating 5% of select purchases made on its online store - up to \$100,000.

DonorsChoose enables teachers of grades K-12 to post ideas for classroom projects on its website and to request the materials and resources they need for their projects. Enterprises and individuals can help improve the learning environment by choosing projects they wish to support and donating money to DonorsChoose, which purchases and ships the supplies to the requester.

A kindergarten in Brooklyn, New York, received an Epson projector funded by donations. The teacher uses the projector not only to transform books into mini-movies but she also uses it to project interactive CDs to bring the math lessons to life. As a result, attendance has risen, tardiness has dropped and the children's schoolwork has improved.



Children using a projector in the classroom

Environmental Education Program (China)

Epson has conducted an environmental education program for children in China since 2007. Held around the country in locations such as Beijing, Tianjin, Fuzhou, Suzhou, and Shenzhen, the program seeks to raise environmental awareness, spur interest in environmental problems, and empower children to initiate action to preserve the environment. China faces pressing environmental problems, and Epson hopes to help contribute by encouraging the younger generation to adopt green habits.

In October 2013, ten volunteers from Epson Engineering (Shenzhen) Ltd. (ESL) visited an elementary school in Shenzhen to teach more than 200 fifth-graders about environmental issues.



Environmental education at an elementary school in Shenzhen, China

Green Talent Program (Taiwan)

To foster a new generation of leaders who can help create a sustainable society, Epson Taiwan has since 2011 been sponsoring an environmental education program called the Green Talent Program. The program is for university and graduate school students.

In June this year 90 students participated in a two-day training program in Taipei that focused on green manufacturing and marketing. Included in the program were lectures by an official in charge of marketing in the Green Trade Project Office of the Ministry of Economic Affairs and by executive officers of companies that are proactively trying to reduce their environmental impacts. The program also included hands-on experience in recycling. Twelve of the students were selected following an interview and written examination to visit Hokkaido in the autumn to learn about and see first-hand some of the many environmentally considerate ideas implemented at Epson's Chitose Plant and other locations.



Members of the Epson staff along with the 12 students selected to participate in the Green Talent Program at Epson's Chitose Plant

School Desk Project (Philippines)

The President Corazon Aquino School Desk Project was founded in 2002 to help ensure that public schools had enough desks and chairs for a growing student population. In 2013, there was an unexpected 35% rise in the student enrollment rate in Lipa City, Batangas, home to Epson Precision (Philippines) Inc. (EPPI). This created a desk shortage, so EPPI, in partnership with the Philippine Business for Social Progress (PBSP) and the Department of Education, Culture and Sports, donated more than 400 school desks to three public schools in Lipa City. Epson was the first company to respond to this need.

The head of the project extended her gratitude to Epson for its patronage of a project that provides hope to Filipino youth by encouraging them to continue their studies and strive for a better future.



Lipa City students and the donated school

Epson Information Science College (Japan)

In 1989, with the arrival of today's information-intensive world, Seiko Epson established the Epson Information Science College in order to develop reliable engineers capable of making broad contributions to the community.

One of the key educational policies of the school is to build positive character in addition to the development of knowledge and skills. Since its inception, the school has produced over 2,000 graduates who are working in various fields.

Education for young people is one of the areas of priority for our corporate citizenship activities. We aim to foster skilled workers who are sound of body and mind.



Students listen to a lecture

Corporate Citizenship

Culture and the Arts

Culture and the Arts

World Heritage Preservation (Venezuela)

The University City of Caracas, designed by renowned architect Carlos Raúl Villanueva, is the main campus of the Central University of Venezuela, one of the oldest universities in the western hemisphere. Paintings, sculptures, and other fine works of art are exhibited in and among the 40 buildings on the sprawling, verdant site, which was recognized by UNESCO as a masterpiece of urban planning and was declared a World Heritage Site in 2000.

However, with the campus facing serious maintenance and preservation problems, the university established COPRED, a body dedicated to preserving the university. Epson Venezuela, SRL (EVSA) signed an agreement to assist COPRED by supplying it with inkjet printers, a scanner, and a projector. Using these products, COPRED creates documents, posters, and reproductions of the university's artworks to publicize the necessity of preserving its rich heritage.



A poster output by an Epson printer

Supporting Aspiring Photographers (America)

In June 2013, Epson America, Inc. (EAI) provided the New York City non-profit organization NYC SALT with the printers and paper it needed to produce photos for the student gallery.

NYC SALT engages, inspires and empowers New York City teenagers by providing professional visual communication skills. The program provides these teens, who might not otherwise have the means to pursue a career in photography or proceed to college, with training in cutting-edge digital technology, taught by working professionals at the top of the photographic industry, exposing them to the highest levels of the creative industry and equipping them to think creatively and solve problems with a positive voice.

Epson is proud to support aspiring young photographers by providing photo printing systems and plans to continue its association with this program.



A teen photographer explaining his work to a visitor

Saito Kinen Orchestra (Japan)

Epson has helped sponsor the Saito Kinen Orchestra since 1989 as part of our patronage of music and the arts in Japan. We are also a special corporate sponsor of the Saito Kinen Festival Matsumoto, held annually in Matsumoto City since 1992. In 2009, the festival began holding concerts by up-and-coming performers for students from elementary and special needs schools in Nagano. These concerts offer the students a rare and valuable opportunity to experience a live orchestra and to develop an interest in classical music.



Saito Kinen Festival Matsumoto

Corporate Citizenship

Community Events

Community Events

Disaster Relief (Philippines)

Epson makes charitable donations and other material forms of disaster relief in regions around the world.

In November 2013 Typhoon Haiyan (also known as Typhoon Yolanda) devastated cities and towns in the central Philippines. Epson Precision (Philippines) Inc. (EPPI) and Epson Philippines Corporation (EPC) contributed to the relief effort through donations to Philippine Business for Social Progress (PBSP), a foundation that is providing local relief and recovery assistance. Money for the donations was raised through employee cash donations and by using money originally budgeted for employee events, such as a Christmas party. Epson Group companies around the globe also took up collections and donated the funds to disaster-struck areas through organizations such as the Red Cross.

Epson also donated money to PBSP after the Philippines was hit by an earthquake and another typhoon. EPPI employees, meanwhile, traveled to stricken regions to distribute rice, beans, canned goods, and other food supplies.



An EPPI employee distributing relief supplies

Donating Information Equipment to Schools (China)

In 2009, Epson (China) Co., Ltd. (ECC) began an assistance program to help introduce more information technology into classrooms in Western China. Under this program, ECC donates and installs projectors, PCs, and peripheral equipment to eligible schools, thus equipping them to provide computer-based learning. ECC also provides training courses for teachers, to enhance their knowledge of how to use the donated information equipment.

In 2013, ECC outfitted six elementary and middle schools in Yunnan Province with projectors, PCs, and other information equipment and invited 40 elementary and middle school teachers to East China Normal University, in Shanghai, for a one-week training course.

To date, ECC has provided equipment to 24 elementary and middle schools in Shanxi, Gansu, and Qinghai Provinces, and a total of nearly 200 teachers have participated in training courses. Going forward, ECC will continue to help to provide a better learning environment and to increase knowledge of information equipment in the classroom.



A lesson being taught using equipment donated by Epson



Teachers from Yunnan receiving training

Assisting Hong Kong's "i Learn at home" Program

Epson Hong Kong Ltd. (EHK) is assisting the Hong Kong government's "i Learn at home" internet learning program.

This five-year program, which was launched in 2011, aims to help students from low-income families in Hong Kong undertake web-based learning at home and improve their performance. The government conducted a mid-term review after the second year of the program and recommended that printers be added to the list of required equipment to allow students to print homework and information from the web. EHK, in cooperation with The Boys' and Girls' Clubs Association of Hong Kong and the non-governmental organization (NGO) WebOrganic, will offer inkjet printers at affordable prices to more than 200,000 eligible families.



Printers offered at an affordable price to eligible families through the program

Blood Drive (Philippines)

Epson Precision (Philippines), Inc. (EPPI), in partnership with the Batangas chapter of the Philippine Red Cross and with cooperation of EPPI employees, has participated in Red Cross blood drives since 2000.

To further promote participation, Epson began a group blood donation program in fiscal 2013 under the slogan, "Give blood, save lives." Under this program, employees and members of their families can give blood once a month at any time of day between the hours of 10 a.m. and 7 p.m. Special events, including medical checkups and lectures on blood type for first-time donors, were held to raise employee interest.

In fiscal 2013, the Philippine Red Cross recognized EPPI for its efforts by presenting the company with a certificate honoring its ongoing support and contributions. In addition, three employees received Blood Galloner Awards for their individual contributions.



Employees waiting in line to give blood



Employees donating blood

Epson Portland Recycling Event

Epson Portland Inc. (EPI) hosted a variety of earth-friendly events in April during its Energy Conservation & Earth Awareness Month.

At its twelfth annual Earth Day Electronics Collection & Document Shredding event in 2013, EPI invited employees and neighboring businesses to bring their unwanted electronics and papers for responsible disposal. The company also provided collection buckets throughout the month where employees could drop off their used batteries from home. Again this year, EPI partnered with a regional government agency to hold a household hazardous waste collection event at which members of the community were invited to drop off old paint, anti-freeze, oil and other toxic trash. All of the collected waste was hauled from EPI for reuse, recycling, or safe disposal.



Household hazardous waste collection event

Corporate Citizenship

Environmental Conservation

Environmental Conservation

Community Cleanup by Employees and Their Families (China)

Epson holds cleanup events at sites in the vicinity of Epson facilities in China. Epson employee volunteers and members of their families participate in these community beautification events, which also help protect the environment.

Epson Precision Suzhou Co. Ltd (EPSZ) holds an annual parent-child cleanup event as a way to contribute to a healthy community environment and to the environmental education of children. In November 2013, approximately 70 volunteers participated in a cleanup of a local park. Through this event, the eager child volunteers learned about taking the initiative to protect the environment.

In March 2014, approximately 50 employees of Epson Engineering (Shenzhen) Ltd. (ESL) and members of their families participated in a cleanup event at the Shenzhen Xili Fruit Farm as part of the local government's efforts to make Shenzhen among the most livable cities in China. The Shenzhen Xili Fruit Farm is situated along the bank of a dam reservoir in a water resource protection area. On the day of the two-hour event the volunteers picked up empty cans, food packages, paper, and other trash strewn along the path running next to the reservoir, restoring the cleanliness of that tract of the fruit farm.



Children picking up trash in a Suzhou park



The cleanup event at the Shenzhen Xili Fruit Farm

Hand-Made Artificial Reefs (Thailand)

Employees of Epson Precision (Thailand) Ltd. (EPTh) built an artificial reef to be installed off Dong-Tran beach to provide a refuge and breeding ground for aquatic life forms. Personnel from the Royal Thai Navy explained and demonstrated how to make the reef, which required that EPTh's members work together to assemble a set consisting of 25 pieces of plastic piping. When deployed in the sea, it will become a home for sea life.



Assembling plastic pipes to create an artificial reef

Reforestation Project in the Philippines

For the past two years Epson Precision (Philippines), Inc. (EPPI) has been partnering with the National Power Corporation and the Malarayat-Malepunyo Watershed Protection Council (MMWPC) to plant trees on Mt. Malaraya-Malepunyo Lipa City. In 2013, 191 volunteers from EPPI, including the president, replanted an area covering two hectares with 4,000 saplings of various species native to the Philippines, including narra, kupang, tibig, toog, and taluto.



EPPI volunteers

Nature Photography Festival Support (Germany)

In 2013, Epson Deutschland GmbH (EDG) became a premium partner of the Horizonte Festival and lent its expertise in the printing of photos for the festival. Held in Zingst, an area on the Baltic coast, the festival is aimed at raising environmental awareness via the powerful visual tool of photography.



Photos output using a large-format printer

Energy Patrol activity (Taiwan)

Believing that environmental problems are better addressed through collaboration than competition, Epson participates in a program that sends engineer volunteers who belong to a cross-enterprise network out into the community to advise local businesses about ways to conserve energy.

The catalyst for this program was a pamphlet distributed to local enterprises containing energy-saving tips and technologies developed by Epson. Reaction to the pamphlet was positive, and Epson began receiving requests from companies to assess their energy use and recommend ways to save. Epson responded by forming the Suwa Regional Energy Patrol Team, in 2000. In 2005 the name was changed to the Shinshu Energy Patrol Team to reflect an expansion in the geographical scope of the program.

Then, in 2010, using know-how from the Shinshu Energy Patrol Team, Epson Taiwan Technology & Trading Ltd. (ETT) partnered with local companies and groups to launch the Taiwan Energy Patrol Program to cover even more territory.



On an energy patrol in Taiwan

Loggerhead Sea Turtle Protection Project (Japan)

Epson has been working with Kamogawa Sea World and the Japanese government since June 2010 in a project to help protect and preserve endangered loggerhead sea turtles. The project is part of the company's ongoing desire to preserve biodiversity and to test its sensing technology in the field.



Hatchlings headed for the ocean

Message from a project participant

Epson Making Valuable Contributions to University Research on Loggerhead Turtles

Our laboratory is conducting collaborative research with Kamogawa Sea World to establish non-invasive methods to identify the gender of endangered loggerhead sea turtle hatchlings. The gender of sea turtles is determined by the temperature to which the egg is exposed during the incubation period, and Epson has provided a wireless temperature data-logger that enables this to be established. Our results suggests a correlation between temperature and sex steroid hormone concentration. We hope that Epson will continue to support this collaborative research to clarify the impact of climate change on sea turtles and contribute to their conservation.



Mr. Shohei Kobayashi
Veterinary Physiology Laboratory
Tokyo University of Agriculture and Technology

Donations for Cartridges (Worldwide)

Epson runs various programs throughout the world in which donations are given to environmental and charitable organizations based on the volume of ink and toner cartridges that are returned.

Corporate Citizenship

Social Welfare

Social Welfare

Digital Aquarium (Japan)

Nagano Children's Hospital in Nagano Prefecture has a classroom where children can study while hospitalized.

Epson has been involved since 2007 in special lessons provided at the hospital. We have, for example, produced photo exhibits and provided assistance in paper craft and clock assembly projects. In the 2013 fiscal year, hospital officials expressed interest in an idea that Epson raised for creating a projected "digital aquarium," a space where hospitalized children could imagine life within the water.

Borrowing a conference room, we hung large screens made of soft cloth in the middle of the room. Images of familiar life forms such as guppies, jellyfish, and clownfish were projected onto the screens, giving the children the sensation of being underwater.

If the smiles and squeals of delight as they chased the fish that appeared before them are any indication, the children enjoyed the time they spent immersed in this captivating visual world. Epson was delighted to see the children, many of whom normally have little or no opportunity to go outside, get a chance to enjoy an exciting time with their families and members of the hospital staff.



Children viewing images of fish

Hospice Fundraising (U.K.)

Every month, employees at Epson Telford Ltd. (ETL) pool their loose change and donate it to hospice. Based on a desire to be socially engaged in some way, over 130 employees contribute to the fund, which goes to Severn Hospice, an independent charity in the U.K.

Communication

Approach

Approach

Communication serves as a vital bridge that connects Epson to its various stakeholders, including customers, shareholders, investors, governments, communities, NGOs and NPOs, media outlets, suppliers, students, and employees. Epson provides accurate, unbiased information to all stakeholders in accordance with the Epson Group Communications Regulation. In addition to upholding public order, decency, and morality and maintaining neutrality, Epson refrains from discrimination in any form, including but not limited to discrimination based on gender, age, national origin, ethnicity, race, religion, or social standing. Our communications respect the individual and cultural diversity and earn the trust of people throughout the world.

Epson practices both marketing communication (conveying the value of our brand, products, and services) and corporate communication (conveying the value of Epson itself). In both cases, as an open, progressive company, Epson communicates through the mass media and directly to stakeholders to ensure the timely delivery of information on our activities and initiatives, even if it is of a negative nature.

Communication

Customers, Shareholders and Investors

Customers

Sharing the Voice of the Customer

Epson's internal monthly newsletter - called Harmony, the Epson Group Journal - has a regular section called Dear Epson, which gives Epson employees feedback from the end users of Epson products or its external partners. By delivering the unfiltered voice of the customer to staff members who have few opportunities to meet with either customers or vendors, Dear Epson is helping Epson to further raise employee awareness about the creation of customer value.

In FY2013, Epson employees heard from a variety of customers, including people who are involved in local government or are working in the commercial and industrial segments, which Epson is trying to develop.

Shareholders and Investors

Regular General Shareholders' Meeting

The General Shareholders' Meeting is a valuable opportunity for Epson to communicate directly with its shareholders.

Epson President Minoru Usui presented an overview of FY2013 and explained the direction to shareholders at the 72nd Annual General Shareholders' Meeting in 2014.

Every year shareholders bring a range of opinions and questions to the General Shareholders' Meeting, which the president and the other directors openly address. In addition, we displayed Epson products, including an autonomous dual-arm robot, at the venue to give visiting shareholders a real sense of Epson innovation. President Usui talked about our achievements thus far and our vision for the future in four business areas.



The 72nd Annual General Shareholders' Meeting

Communication

Governments, Communities, NGOs/NPOs

Governments

Cooperation with the China Environmental United Certification Center

Epson has for many years endeavored to work with local governments to protect the environments in which it operates.

In 2010, Epson (China) Co., Ltd. (ECC) launched the Epson Carbon Trading Model Forest Project in cooperation with the Beijing Carbon Sink Forest Office, a Beijing city government agency that promotes the planting of trees to absorb carbon dioxide (CO₂). ECC contributes to the Beijing Fund of the China Green Carbon Sink Fund via this project and, with the Carbon Sink Forest Office, helps to maintain a 37,000-square meters area in Beijing's Bai Wang Shan Forest Park, measure and monitor CO₂ absorption, and educate local citizens about CO₂ reduction. Through this project ECC seeks to raise awareness of environmental protection among its employees and help fulfill its corporate social responsibility.

In April 2013, in conjunction with this project, some 150 people, including both employees and members of their families, participated in a variety of events held jointly with the Carbon Sink Forest Office, including tree planting, pruning, watering, trash pickups, and family nature classes. The head of the Carbon Sink Forest Office lauded ECC, saying, "Epson, which emphasizes environmental protection and actively participates in the carbon sink project, serves as a model for other companies and is demonstrating social leadership in the reduction of CO₂."

Epson will continue to emphasize communication with local governments in communities where we operate so that we may contribute to these communities.



ECC employees and family members with people from the Carbon Sink Forest Office

Communities

Dialogue with Local Residents

Seiko Epson and Epson Group companies in Japan organize events to exchange ideas with the local residents of the communities in which we operate. We strive to build a positive relationship of trust with the community by cultivating a deeper understanding of our environmental initiatives and risk management system. In fiscal 2013, we held such events at 8 business sites in Japan.



Dialogue on environmental initiatives at Head Office

Communication

Suppliers

Suppliers

Procurement Policy Orientation

Epson believes that part of its responsibility, aside from delivering quality products, is to maintain a suitable level of human rights, labor standards and environmental preservation throughout the entire supply chain.

Epson holds an annual orientation meeting to brief suppliers about its procurement policies. At these orientations we provide a general overview of Epson's business situation and strategies, explain initiatives and procurement policies, and ask for suppliers' understanding and cooperation in helping us to achieve our goals.

Our idea of a partnership is a relationship in which both Epson and its business partners throughout the supply chain exist side-by-side and share a common set of values that bind us together in a cooperative mission to meet customer expectations.



Procurement policy orientation for suppliers

Communication

Employees

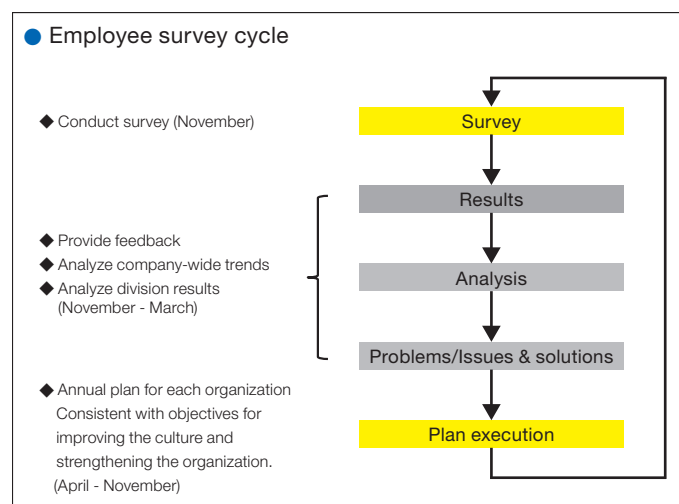
Employees

Improving Workplace Communication

At Epson, we aim, as individuals and organizations, to cooperate with one another as we pursue challenging objectives and to maintain a state of free and constructive communication.

To see where we are in meeting these objectives, we have been conducting employee surveys every year since 2005. The survey results are reported to the president and other top executives. Feedback is provided on the department level, and managers periodically review and analyze the state of their departments. They decide on measures to solve problems and issues with the goal of fostering a better culture and strengthening the organization. These measures are incorporated into action plans at the start of the new fiscal year.

These actions are carried out throughout the year, the results are checked in the next survey, and additional actions are taken to maintain the good and improve the bad.



Labor Union

Labor-management conferences are held to facilitate communication between managers and employees at Seiko Epson. Informal discussions are also held on the division and department level to provide a venue for bidirectional communication between employees and managers. Numerous committees, such as the safety and health committee and the working conditions committee, also provide opportunities to work together and deepen mutual understanding.

Communication

Other Stakeholders

Dialogue with the Media

Communication at Tradeshow

In September 2013, president Minoru Usui announced Epson's state-of-the-art PrecisionCore inkjet printing technology at a press conference held at the LabelExpo tradeshow in Brussels, Belgium. He was also on hand at the Consumer Electronics Show held in January 2014 in Las Vegas in the United States to meet members of the media after the announcement of Epson's Moverio BT-200 smart glasses.



Press conference at LabelExpo

Dialogue with Students and Educators

Design Internships

Every year Epson offers student internships for aspiring designers. The program gives interns a chance to work on projects under the guidance of real-world designers, learn processes for solving challenges, and create their own original deliverables.

In FY2013 the interns studied in Epson's facilities, affording them the full company experience. Although the internships are short, they provide a great opportunity for the interns to closely interact with design students from different schools and with Epson employees.

Instructional Training for Vocational High School Teachers

Epson's Monozukuri Juku gives practical training and instruction to students and teachers in Nagano Prefecture.

At trainings for vocational high school teachers, we teach what enterprise expects of vocational high school students, the skills we want them to learn, and relationships between enterprise and school. Teachers tell us this gives them a concrete understanding of the type of student businesses are looking for, and this is useful in their teaching.



Instructional training for vocational high school teachers

Other Dialogue

Photo and Design Contests

Epson holds various contests to support the creative efforts of photographers and customers across the globe.

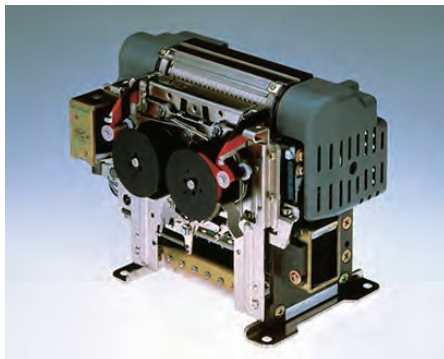
- Epson Photo Grand Prix 2013: Epson Sales Japan Corp.
- The Epson International Pano Awards 2013: Epson Australia Pty. Ltd. (EAL)
- Epson Creative Design Contest 2013: Epson Taiwan Technology & Trading Ltd. (ETT)

Monozukuri (Manufacturing) Museum

Epson created the Monozukuri Museum at its Head Office in Japan, in 2004. Many of the notable products that Epson has developed, manufactured and sold over the years are on display along with precious historical documents. The museum affords a glimpse of Epson's manufacturing history with exhibits of products such as the world's first analog quartz watch, the ultra-miniature EP-101 electronic printer from which Epson takes its name, and the color inkjet printer that was approved to ride aboard the Space Shuttle.



Products exhibited inside the Monozukuri Museum



The EP-101 (1968)



The Seiko Quartz Astron 35SQ, the quartz watch that revolutionized horology (1969)

Taking Lessons from the Past at the Monozukuri Museum

The Monozukuri Museum has more than 2,000 visitors a year. For customers, the museum is a place to learn about Epson's history and technology. For employees, it is a place to take lessons from the past and a place to come for the inspiration to create future value that exceeds customer expectations. The exhibits are changed regularly, but we are always looking to enhance the experience by incorporating customer feedback.

Yoshiko Kotani
of the Monozukuri Museum



International Recognition

Inclusion in SRI Indices (as of February 2014)

Epson is a component company of the socially responsible investment (SRI) index below.



 FTSE4GoodGlobal Index
<http://www.ftse.com/ftse4good/index.jsp>

FY2014 Awards

Award	Conferred by	Recipient	Date
Product and Service Awards			
TIPA Award 2014: "Best Photo Printer", "Best Photo Projector"	Technical Image Press Association (TIPA)	Epson Expression Photo XP-950 inkjet printer & Epson EH-TW7200 projector	Apr. 2014

FY2013 Awards

Award	Conferred by	Recipient	Date
Product and Service Awards			
International Green Classics Award (Green Product Award)	Bureau of Foreign Trade (Taiwan)	Epson L550 all-in-one inkjet printer	Mar. 2014
Good Design Award 2013	Japan Institute of Design Promotion	EP-976A3 consumer printer	Oct. 2013
No. 1 in Support Satisfaction, PC Category	Personal computer magazine Nikkei Pasokon (Japan)	Epson Direct Corp.	Sep. 2013
TIPA Award 2013: "Best Multifunction Photo Printer"	Technical Image Press Association (TIPA)	Epson Expression Photo XP-850 & Epson Expression Photo XP-750 all-in-one inkjet printers	Apr. 2013
Environmental Awards			
"Summer Eco-Style Challenge" Superior Business Award	Yamagata Prefecture Citizen's Council for the Promotion of Global Warming Prevention (Japan)	Tohoku Epson Corp.	Mar. 2014
Silver Rating for the Enhanced Water Efficiency Building Award, Industry Category	Public Utilities Board (Singapore)	Singapore Epson Industrial Pte. Ltd., Plating Division	Sep. 2013
Excellent Enterprise in Waste Reduction	Shenzhen Pengcheng Waste Reduction Steering Committee (China)	Epson Engineering (Shenzhen) Ltd.	Jun. 2013

Champion, Residual Waste Management Category, and Grand Master (Overall Level), Second	Earth Day Network Philippines	Epson Precision (Philippines), Inc.	Jun. 2013
Energy Efficiency Star Certification	People's Government of Suzhou Municipality (China)	Epson Toyocom Suzhou Co., Ltd.	Jun. 2013
FY2012 Leader in Water Reduction in Shenzhen	Shenzhen Water-Saving City Construction Steering Group (China)	Epson Engineering (Shenzhen) Ltd.	Apr. 2013
Employee Awards			
Japanese Red Cross Society Silver Order of Merit	Japanese Red Cross Society	Akita Epson Corp.	Mar. 2014
Zero Accident Campaign, Gold Prize	Occupational Safety and Health Bureau (Thailand)	Epson Precision (Thailand) Ltd.	Aug. 2013
Health, Labor and Welfare Minister's Award as a Good Company in the Hiring of Persons with Disabilities	Ministry of Health, Labor and Welfare (Japan)	Epson Mizube Corp.	Sep. 2013
Intellectual Property Awards			
Top 100 Global Innovators, 2013	Thomson Reuters (U.S.)	Seiko Epson Corp.	Oct. 2013
Nagano Prefecture Governor's Award at 2013 Kanto Region Commendation for Invention	Japan Institute of Invention and Innovation	Invention of Ultra-Miniature Quartz Gyroscopic Sensors	Nov. 2013
General CSR Awards			
2012 GoldenBee CSR China Honor Roll	WTO Tribune (China)	Epson (China) Co., Ltd.	Jun. 2013

NOTE:
The names of awards were translated literally when official English translations were not available.

Reader Feedback

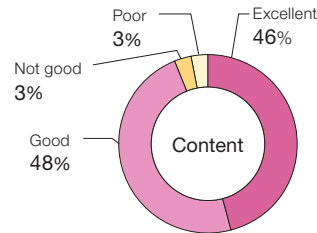
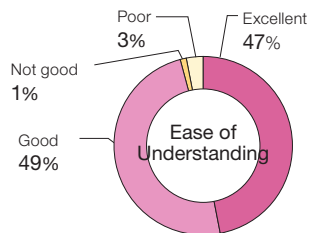
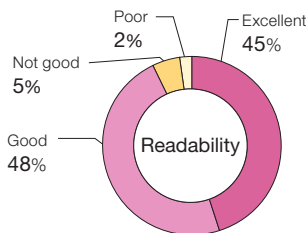
Thank you for reading the Epson Sustainability Report 2014.

Epson considers the Sustainability Report to be an important means of communicating with you, our stakeholders.

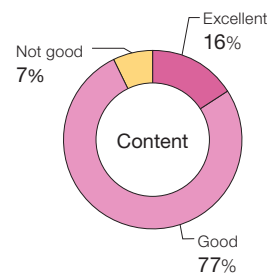
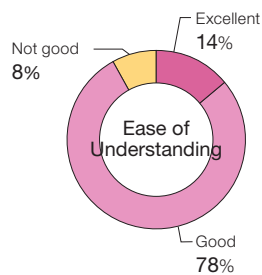
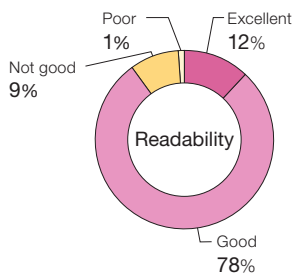
Listening to Our Readers

We would like to thank everyone who responded to last year's survey. The results, compiled from responses provided by 507 people, are summarized below.

General Stakeholders



Employees



Top Comments

- The report makes it easy to understand Epson.
- Tell us more about Group companies in North America and Europe and their products' environmental information.
- The Chinese version is fuller than that of other firms.
- There are too many pages. It should be more compact.
- Now I understand how your activities tie in with the Epson Management Philosophy.

Main Improvements in Sustainability Report 2014

- This report was edited to create an initiatives report for FY2013 from the information on our website.
- A separate publication called Sustainability Report 2014 Highlights, available in September, will present the Epson's CSR initiative highlights in a concise and compact form.

The two reports together will provide a comprehensive Epson's CSR report with completeness and materiality.

Management Philosophy

Management Philosophy

Epson is a progressive company,
trusted throughout the world
because of our commitment to customer satisfaction,
environmental conservation, individuality, and teamwork.
We are confident of our collective skills
and meet challenges with innovative and creative solutions.

EXCEED YOUR VISION

As Epson employees,
we always strive to exceed our own vision,
and to produce results that bring surprise and delight
to our customers.



The Principles of Corporate Behavior (Corporate Social Responsibility Guidelines)

Issued September 2005

Revised April 2012

This document outlines the basic principles of conduct that Epson Group companies, officers and employees must follow to ensure that business is conducted in a socially, environmentally and economically responsible manner. Following these principles will help ensure that Epson creates customer value and maintains the trust of all stakeholders in line with the corporate management philosophy.

Principle 1: Acting ethically, building trust

We will abide by the law and conduct all our business with high ethical standards.

- We will establish and maintain an effective system which governs our corporate entities to ensure that management is both transparent and accountable to our internal and external stakeholders.
- We will implement systems of compliance to ensure that we properly observe and respect the laws and regulations of each country in which we operate.
- We will respect and adhere to the principles of the United Nations Global Compact.
- We will not tolerate any form of bribery, corruption, dishonest marketing, or insider trading. We will conduct all transactions in accordance with these principles, promoting fair and open competition in the marketplace.
- We will employ best practices in risk management in financial, environmental and social arena to continuously earn the trust of our stakeholders.
- We will maintain a good, mutually cooperative relationship with governments and their administrative bodies.
- We will not involve ourselves in nor have contact with any anti-social movement or group that promotes activities which are illegal or threatening to public order and safety.

Principle 2: Protecting people, assets, and information

We will maintain systems to provide the security of people and all corporate assets, and will be prudent in handling information.

- We will establish and maintain systems to ensure the safety and security of Epson personnel, as well as visitors or contractors on our premises.
- We will carefully handle all group tangible and intangible assets (financial, intellectual, and those regarding infrastructure, brand, and proprietary information) and respect the assets of others.
- We will take reasonable and necessary precautions to protect the confidentiality of proprietary business information including the privacy of customers, employees and other stakeholders.
- We will only use our company assets (all forms stated above) for appropriate business purposes. Unauthorized use (including the appropriation of corporate assets for private gain) will not be tolerated.

Principle 3: Pursuing customer satisfaction

We will keep the customer in mind at all times and make the quality of our products and services our highest priority. From the quality assurance efforts of each employee to the quality of our company as a whole, we will devote ourselves to creating products and services that please our customers and earn their trust.

- We will deal with all customer issues in a fair and honest manner, by listening to them and giving sincere consideration to their comments and suggestions.
- We will strive to deliver high value, quality products and services that meet and/or exceed the expectations of our customers.
- We will ensure that all products meet the required safety and environmental standards.
- We will adhere to universal design standards that maximize product usability and give our customers something they will value and enjoy.
- We will carefully monitor cost issues in order to provide our customers with affordable products.

- We will provide goods and services that can be used for socially beneficial purposes.
- We will actively invest in research, development, and manufacturing improvements that enable us to add value to the customer by consistently creating innovative products and services.

Principle 4: Creating a safe, healthy and fair workplace

We will respect fundamental human rights and facilitate a fair, safe, healthy and pleasant work environment.

- We will adhere to and maintain the proper health and safety standards at all sites around the world.
- We will implement programs that support the mental and physical well being of our employees.
- We will not tolerate any violation of human rights.
- We will not engage child labor or forced labor.
- We will create a corporate culture that ensures prompt corrective action is taken against undesirable behavior including any unlawful forms of discrimination (such as sexual harassment, gender, nationality, religion, race and disability discrimination), abuse of power, violence, devaluation of the individual or any behavior resulting in loss of trust.
- We will establish practices that create a fair and open work environment and build a corporate culture that facilitates equal opportunities for all.
- We will support employee work styles that facilitate the proper balance between work and one's personal life.

Principle 5: Fostering diverse values and teamwork

We will draw strength from our diversity, creating a positive synergy between the individual and the company.

- We will create a culture in which there is respect and value for each individual's unique contribution to the company. Furthermore, we will establish programs that enable employees to take pride in their work and work with confidence, actively promoting team work.
- We will create and disseminate materials that inform employees of the significance of "Epson Values." By doing so, we will encourage employees to work together towards our common goal of creating value for our customers.
- We will provide educational opportunities and support for individuals as they develop and utilize their skills within the organization.
- We strive to maintain relationships with our employees based on trust. This will be accomplished by providing and facilitating an open dialogue between the company management and its employees.
- We will create a culture and systems that allow our teams to perform at their full potential while respecting the individuality of each member.

Principle 6: Co-creating with our business partners

We will expect our business partners to live up to the same ethical standards we observe and aim to work together to our mutual benefit while respecting applicable laws and our mutually independent business strategies and stances.

- We will develop and maintain open and honest relationships with our business partners, based on mutual trust.
- We will hold our business partners to the same stance as Epson with regard to compliance with laws, and maintenance of high standards of ethics, quality, the environment, human rights and labor conditions. Epson will require improvements to any of these areas as needed.
- We will engage in sound business practices in all matters concerning business relationships. Employees are to abide by these practices when giving or receiving gifts, providing entertainment, or being entertained by business partners.

Principle 7: Initiating honest dialogue with our stakeholders

We will maintain open lines of communication with our stakeholders, thoughtfully considering their views and suggestions.

- We will communicate openly and honestly with our stakeholders, and will establish appropriate systems for the disclosure of information.
- We will utilize the appropriate tools to communicate information that our stakeholders might find useful.

- We will provide opportunities and establish appropriate systems so that our stakeholders can communicate their opinions and suggestions.
- We will utilize the opinions and suggestions of our stakeholders as a vital resource for corporate management.

Principle 8: Prospering with the Community

We will actively contribute to the communities in which we operate, as well as the international community, facilitating mutually beneficial relationships.

- We will respect the cultures and traditions of the countries in which we operate.
- We will engage in open dialogue with the local and international community.
- We will actively engage in activities that promote our standing as a good corporate citizen.
- We will nurture a culture in which our employees are encouraged to participate in volunteer activities and other activities that facilitate good corporate citizenship. We will establish the systems needed to support such efforts.

Principle 9: Preserving the natural environment

We will integrate environmental considerations into our corporate activities and actively strive to meet high conservation standards in fulfilling our responsibilities as a good corporate citizen.

- Harmony with the environment is one of the highest priorities of the Epson Group's management. When conducting business activities, we will keep future generations in mind, and consider how they might best be sustained.
- We will continue to work towards developing innovative products that integrate environmental standards, minimize environmental impacts in integrated manner and enhance the social value.
- We will participate in environmental protection and restoration projects.
- We will promote environmental awareness and provide information to our employees to enhance their understanding of environmental issues.

Basic Information Security Policy

Epson's Basic Information Security Policy, established based on the company's Management Philosophy and Principles of Corporate Behavior, describes our information security approach and requirements. Epson Group companies, their officers and their employees must recognize the importance of information security, exercise effective information security governance, and build information security into the corporate culture so that Epson continues to be a company that is trusted by its stakeholders. (Established April 1, 2007)

It is therefore company policy to ensure that:

1. All information* used in business activities are recognized as important management assets, and information security activities are treated as a critical management concern.
* Including customer and other personal information; confidential information relating to sales and marketing, products, technology, production, and know-how, and suppliers; and information systems that store and use such information.
2. A standard information security policy is established for worldwide operations, information security responsibility and management systems are identified, and a management system capable of protecting and controlling information assets is built.
3. Information security risks confronted in business activities are appropriately assessed and managed, to justify the trust placed in the company by stakeholders and to keep business.
4. Continuous training and education are provided to Epson Group companies, their officers and their employees so that security consciousness is integrated into the corporate culture.
5. A compliance program is developed and implemented to ensure compliance with laws, agreements and regulations related to information security management.
6. The information security management system is reviewed, maintained and improved on a continuing basis by Epson management.

Quality Policy

1. We will solve problems by directly observing all of our operations and processes.
2. We will quickly complete the Plan, Do, Check & Act (PDCA) cycle in all situations.
3. We will thoroughly analyze any failures, and establish procedures based on that analysis, so that mistakes are never repeated.
4. We will proactively consider our customers' satisfaction so they will genuinely prefer purchasing Epson products and feel confident using them.
5. We will seize the opportunity presented by customer comments and complaints to inform our decisions when designing new products.
6. We will readily report even negative information.
7. We will foster a climate in which attention is paid to even the most commonplace events.

The Policies regarding Human Rights and Labor Standards

A. Human Rights

- (1) We will respect fundamental human rights. We will not tolerate any violation of human rights.
- (2) We will take steps to prevent and eliminate any harassment such as sexual harassment, abuse of power in the workplace.
- (3) We will respect individual privacy.

B. Discrimination

- (1) We will take steps to prevent and eliminate any discrimination on the basis of race, nationality, ethnic origin, creed, sex, gender, age, religion, disability and any other basis protected by the applicable law of any country or region in which we operate.
- (2) In respect of employment and occupation, we will not damage the equality of opportunity on the basis of any irrational reason that is not directly linked to legitimate business needs.
- (3) In any country or region in which we operate, we will respect their culture, custom and history identifying how these may vary, and behave in consideration of the differences.

C. Employment and Labor Condition

- (1) We will not engage child labor or forced labor. We will never take a child as a laborer who is under the legal employment age as defined in the local law of any country or region in which we operate.
- (2) We will secure the soundness of employment and labor, and we will comply with the local law of any country or region in which we operate.
- (3) We will not dismiss employees based on irrational reasons without a direct relationship to legitimate business needs.
- (4) We will maintain fine industrial relations.
- (5) We will observe the local laws, internal rules and policies regarding health and safety, and we will adhere to and maintain good working conditions and environment according to the proper health and safety standards.

Established on September 26, 2005

Human Resources Development Policy

Our basic approach is to support employees who have aspirations for self-actualization, to connect all the companies in the Seiko Epson Group with people, and to nurture employees so that both corporate and individual objectives are met.

The following is our policy for human resources development.

1. The Company positions human resources as an indispensable resource and aims to integrate employee aspirations for high-level achievements with the highest interests of the Company.
2. HR development is a very important instrument for materializing the Management Philosophy and business plans. It is the key to forming a good management cycle.
3. Each level of employee therefore assumes the following roles.
 - (a) Executives, as drivers of HR development, must serve as role toward fulfillment of Company philosophies.
 - (b) Management-level personnel must practice OJT systematically and continuously with a clear objective for the training.
Nurturing of employees must be done principally on an individual basis in a comprehensive manner through the setting of detailed objectives, evaluation of results and acceptance of individual experiences of success. At the same time, management-level personnel must prepare their successors.
 - (c) Employees should voluntarily pursue self-improvement.
 - (d) Departments in charge of education must promote HR development through off-the-job training, as well as OJT.

Established in 1996
Revised on October 1, 2006

Basic Procurement Policy

1. We will build good partnerships with suppliers, based on mutual trust and principles of fairness, coexistence and co-prosperity.
2. Exercising high ethical standards and a social conscience, we will conduct our procurement activities in strict compliance with both the letter and spirit of laws and regulations, both national and international, in every region where we operate.
3. We will strive to reduce the environmental impacts of our procurement activities and will always seek stable and reasonable quality, price, and delivery from suppliers.

Environmental Policy

1. Creating and providing earth-friendly products
2. Transforming all processes to reduce the burden on the environment
3. Recovering and recycling used products
4. Sharing of environmental information and contributing to regional and international preservation efforts
5. Continually improving the environmental management system

Better Products for a Better Future™

At Epson, we know that planning for the future requires a strong commitment to the environment. That is why we strive to create innovative products that are reliable, recyclable, and energy efficient.

Better products that use fewer resources help ensure a better future for us all.

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