

# For Our Customers, For Society

Epson Group

## Sustainability Report

**2015**

April 2014 - March 2015

# 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.
- This report sums up the Epson Group's sustainability activities over the past year. It is based on a comprehensive web version that is available on Epson's corporate web site. Epson also separately publishes reports on selected important topics in a publication called "Highlights."

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#### Reporting Period

April 2014 to March 2015

Note: Contains some information on activities conducted after March 2015.

#### 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

- Addition of five consolidates and removal two consolidates
- Removal of two associates

#### Memberships

- Global Compact Network Japan
- 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)
- Japanese Medical Devices Industry Fair Trade Council (*Iryokikigyō Kousei Torihiki Kyōugikai*)

#### Referenced Guidelines

- G4 Sustainability Reporting Guidelines
- Environmental Reporting Guideline issued by the Japanese Ministry of Environment (2012)
- ISO 26000:2010 / JIS Z 26000:2012 (Guidance on social responsibility)

#### 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 2016
Sustainability Report Highlights	September 2016

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<http://global.epson.com/SR/>



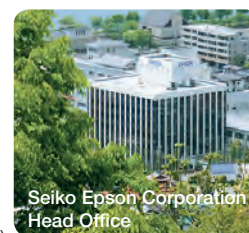
#### Disclaimer

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.

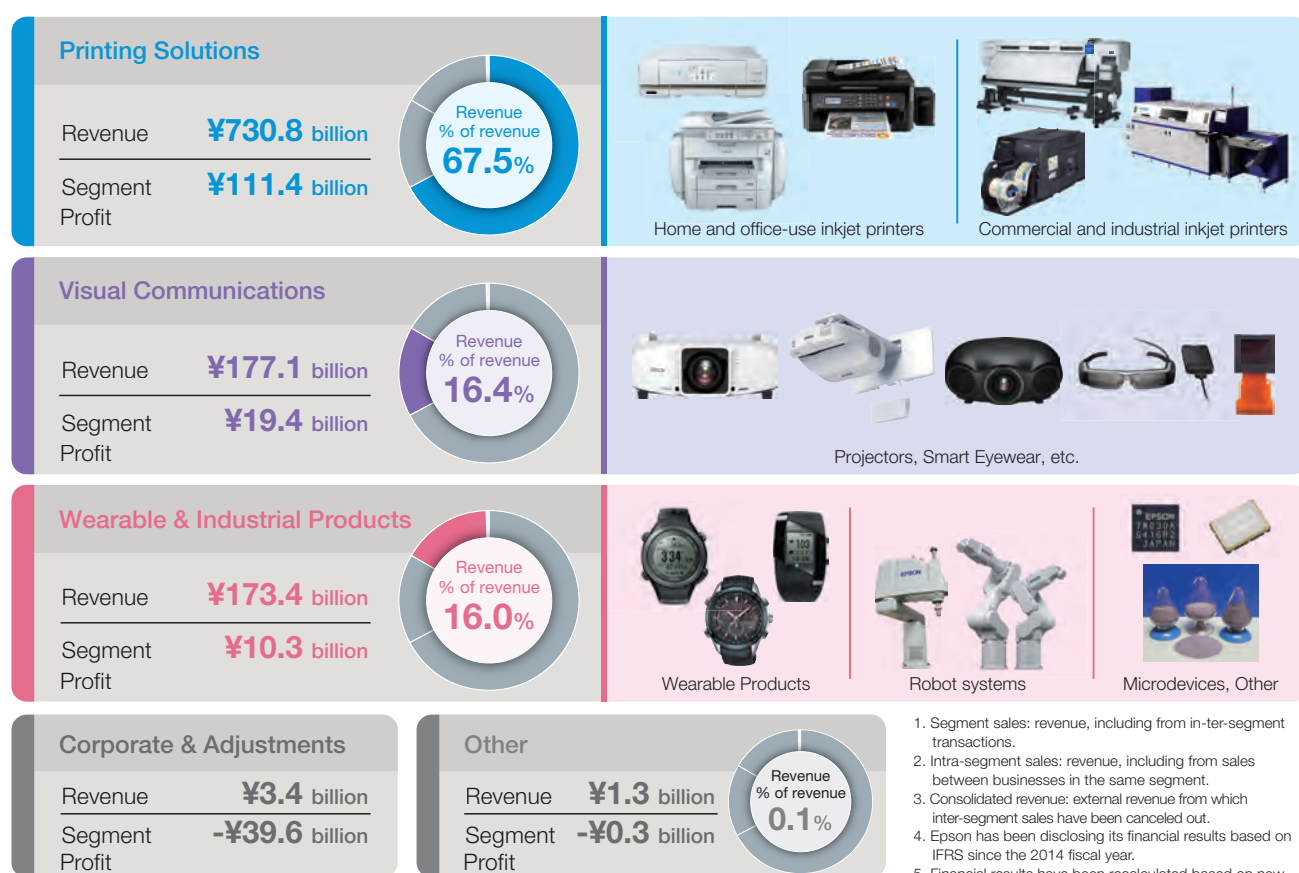
# Overview of the Epson Group

## Company Profile (As of March 31, 2015)

<b>Name</b>	Seiko Epson Corporation	<b>Capital</b>	¥53,204 million
<b>Founded</b>	May 18, 1942	<b>Employees</b>	Consolidated: 69,878 Parent Company: 11,810
<b>Head Office</b>	3-3-5 Owa, Suwa-shi, Nagano-ken, Japan 392-8502	<b>Group Companies</b>	94 (including Seiko Epson Corp.) (21 in Japan and 73 overseas)

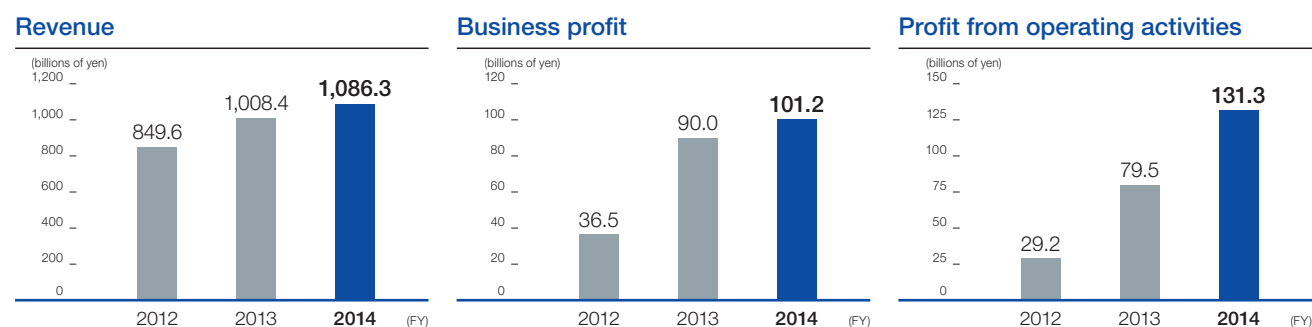


## FY2014 Performance by Business Segment



1. Segment sales: revenue, including from in-ter-segment transactions.
2. Intra-segment sales: revenue, including from sales between businesses in the same segment.
3. Consolidated revenue: external revenue from which inter-segment sales have been canceled out.
4. Epson has been disclosing its financial results based on IFRS since the 2014 fiscal year.
5. Financial results have been recalculated based on new reporting segments introduced at the start of the 2015 fiscal year.

## Consolidated financial results trend



1. Effective from the start of the 2014 fiscal year, Epson has prepared its consolidated financial statements in compliance with International Financial Reporting Standards (IFRS). For reference purposes, the financial figures for the 2012 and 2013 fiscal years have also been recalculated in conformance with IFRS.
2. Business profit, which is calculated by deducting the cost of sales and SGA expenses from revenue, is essentially the same concept as operating income under J-GAAP. Although it is not a defined indicator in the consolidated statement of comprehensive income, Epson discloses business profit because we believe this information is useful for evaluating Epson's financial performance.

## Message from Management

### - To Our Stakeholders -



#### Delivering Peerless, Unique Value

In June 2015, the Epson brand marked its 40th anniversary. We at Epson would like to take this opportunity to extend our sincere thanks and appreciation to the countless loyal stakeholders whose loyalty and support have made this possible.

Epson has always sought to provide unique products and services that bring surprise and delight to people around the world by leveraging the technologies that have long been hallmarks: technologies that maximize energy savings, compactness, and precision. Compact, energy-saving, and high-precision technologies are the source of Epson's technological strength. At the same time, these technologies also significantly help mitigate environmental impacts by, for example, reducing CO<sub>2</sub> emissions and conserving resources. As stated in our Management Philosophy, we are committed to environmental conservation, and we believe that the use of products and services that feature our compact, energy-saving, and high-precision technologies can help to keep greenhouse gas emissions in check.

As a member of society, Epson believes that corporate conduct is an essential element in fulfilling our corporate social responsibility (CSR). It is this belief that guides our initiatives to face and resolve social issues, whether they relate to corporate ethics, compliance, respect for human rights, environmental issues, or respect for employee diversity. A multinational corporation that conducts business around the globe, Epson declared its support for the United Nations Global Compact in 2004, and we continue to drive internal initiatives aligned with the ten principles of the GC relating to human rights, labor, environment, and anti-corruption.

As a manufacturer, Epson aims to continue to be an indispensable company for its customers and society by delivering products and services whose value exceeds expectations. Through nonstop innovation and the delivery of peerless, unique value to more people in a wider range of markets, we intend to remain an indispensable company while at the same time fulfilling our social responsibility.

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

Minoru Usui  
President

Seiko Epson Corporation

July 2015

# Business Vision

## The SE15 Updated Mid-Range Business Plan

The SE15 Updated Mid-Range Business Plan, established in March 2013, is a three-year plan that runs from FY2013 through FY2015. The plan reiterates the strategic direction of the SE15 Long-Range Corporate Vision while emphasizing profit over revenue growth.

Under the next 3-year plan, which starts in 2016, we aim to transform Epson into a company that posts strong growth by creating and providing new information solutions and equipment for businesses and professionals, as well as consumers. We are laying the foundation for achieving this under the current plan by readjusting our product mixes and adopting new business models in existing businesses while aggressively developing markets in new areas.

### 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

FY15

Develop firm foundations

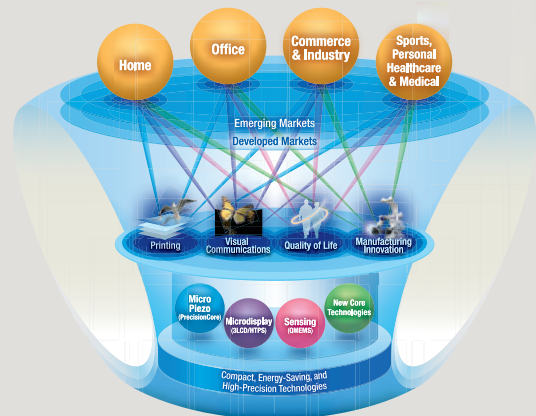
**Transform existing business domains**  
**Develop new business domains**

FY13

#### Epson today

Primarily a consumer imaging product provider

### Direction under the SE15 Long-Range Corporate Vision



The source of Epson's competitive strengths is provided by core technologies (Micro Piezo inkjet printhead, micro-displays, sensing, and robotics) 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.

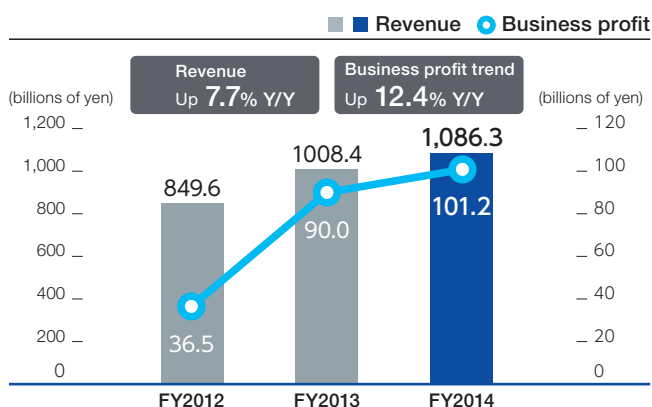
## Epson's vision for targeted business areas

 <p><b>Printing</b></p>	<p>Penetrate every corner of the printing market with Micro Piezo inkjet technology.</p> 	<p>Aiming to fill every printing need, we are revolutionizing printing in the office and improving work processes in the professional printing and textile industries by fully tapping into the power of PrecisionCore to provide amazing image quality at blazing speeds.</p>
 <p><b>Visual communications</b></p>	<p>Change the way information is communicated using microdisplay technology.</p> 	<p>We are changing the way information is communicated with a broad lineup of projectors for the office, home, and classroom. We are developing professional applications for Moverio eyewear and are transforming the way work is done.</p>
 <p><b>Quality of life</b></p>	<p>We will use our precision sensing to help improve personal health and safety.</p> 	<p>We are contributing to health, safety, and security with products that combine sensing and watch technologies to offer advice for improving health and sports performance and with sensing systems that monitor structural health.</p>
 <p><b>Manufacturing</b></p>	<p>Innovate manufacturing by using robotics technology to further automate production.</p> 	<p>We are innovating manufacturing by automating production in the electronics, auto, and other industries. By developing robots that virtually see, feel, think, and act, we are also automating tasks that have defied automation in the past.</p>

## Looking back on fiscal 2014

Working in line with the updated plan, Epson made significant technological advances, launched new products, and introduced new business models. On the financial front, the weaker yen and actions taken enabled us to grow both revenue and profit while actively investing in future growth. We will fuel strong growth by focusing management resources on the four targeted areas where we can leverage our core technologies, spreading the scope of our operations, and building strong new future businesses.

## Revenue & Business profit trend



\* Revenue conforms to International Financial Reporting Standards. Business profit, which is calculated by deducting the cost of sales and SGA expenses from revenue, is essentially the same concept as operating income under J-GAAP.



# 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.

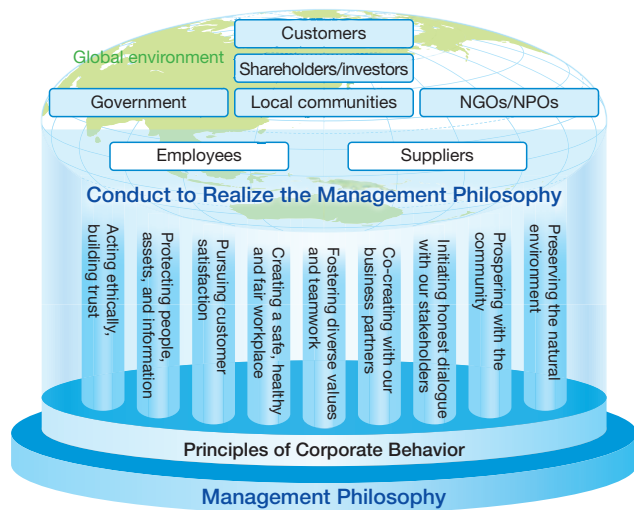
[Management Philosophy \( Please refer to page 103 of " Appendices".\)](#)

## Principles of Corporate Behavior and the 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 aim of Epson's Management Philosophy. The Epson Code of Conduct, which was revised in 2006 and applies to all group companies in Japan, articulates proper employee conduct based on these principles. We frequently update the Epson Code of Conduct (most recently in April 2015) in response to social, legal, regulatory, and other changes.

The graphic below illustrates the nine core principles that form the foundations of business activities for achieving the goals of the Management Philosophy.

### ● CSR Initiatives at Epson



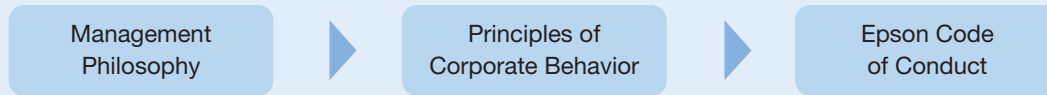
The "Epson Code of Conduct," "Principles of Corporate Behavior," and "Interpreting the Management Philosophy"

[Principles of Corporate Behavior \( Please refer to page 104 of " Appendices".\)](#)

## 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



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

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### Compliance Month

October in Japan is Compliance Month (the name was changed from “CSR Month” in FY2014). We use this month as an opportunity to remind ourselves of the importance of compliance in achieving the goal of the Management Philosophy. In FY2014, in a continuation of the efforts from the previous year, the group companies in Japan sought to raise compliance awareness. To achieve this, (1) the head of each business unit issued a message about compliance, and (2) personnel in every workplace took turns reading the Epson Code of Conduct aloud under the leadership of the head of their respective business unit. In addition, the October edition of Harmony, the company newsletter, carried a message from the director in charge of compliance as a feature article for Compliance Month.

After Compliance Month activities are completed, we look to improve the activities for the following year by conducting a survey to find out what kind of actions were taken on the department level, the subject of discussions, and any compliance concerns people may have in Epson. We also ask for opinions and suggestions about activities. Survey responses are totaled and analyzed, and the results are made available to employees.

## 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.

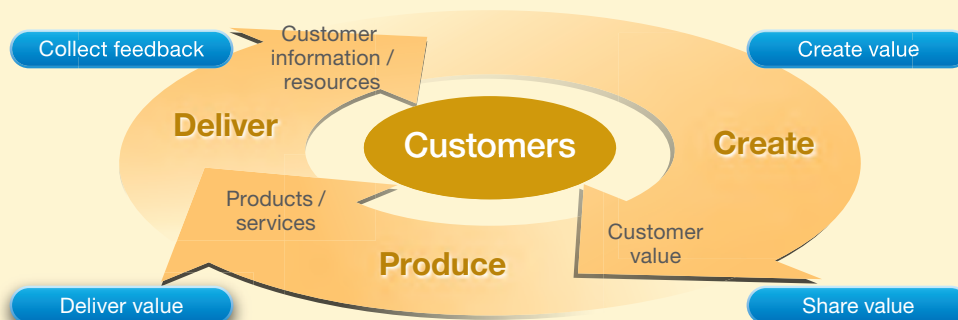
[Quality Policy \( Please refer to page 108 of " Appendices"\)](#)

### 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

## Compact, Lightweight Precision Epson Sensors in Mizuno's Baseball Swing Analysis System

In May 2015, Mizuno Corporation (Mizuno / Japan) launched a product in Japan called Swing Tracer. The product analyzes a baseball batter's swing by collecting swing data from sensors. Epson supplies the sensors to analyze swing and builds smartphone and tablet apps used with the product.

Coaches typically depend on personal experience to coach their players. Mizuno started developing the product to help establish training and coaching techniques based on scientific data, and not just on the senses. Measurement and analysis of a batter's swing requires sensors that can capture the complex and agile motion of the athlete with accurate and precise data. The strength of Epson's crystal device and semiconductor businesses allowed us to develop and manufacture highly compact sensors capable of measuring swing very precisely. After a comprehensive survey, Mizuno found that our technical expertise, production system, and more made us the ideal partner for its Swing Tracer business.

Epson sensors in the Swing Tracer measure ordinary velocity and angular velocity of the swing. Mizuno's original algorithm uses these measurements to analyze the swing trajectory scientifically, allowing coaches to coach more proficiently.

Epson will continue to roll out compact, lightweight precision products and related services using original sensing technology.



Mizuno Swing Tracer which is a system of swing analysis for baseball, fastpitch and softball  
Photo: Mizuno



An analysis screen on a smartphone  
Photo: Mizuno

## Customer comment

## High Precision Sensors for an IT Revolution in Batting

MIZUNO Corporation (Mizuno/ Japan) is expanding beyond developing and selling sporting goods. We offer services to scientifically support effective coaching and training, and do related research and development.

Batter swing analysis for baseball requires very tiny, lightweight precision sensors. Epson manufactures sensors that are a good fit for our conditions. These sensors allow us to measure and analyze eight swing factors that we identified in our R&D. The product Swing Tracer is the result.

Mizuno hopes to further develop Swing Tracer to offer new value and services to customers. We also hope to keep Epson as a valued partner as we work to offer scientific support in other areas.



Takeshi Naruo  
Chief Researcher  
Mechanical Engineering PhD  
Research and Development Department,  
MIZUNO Corporation

## Providing Easy-to-Follow Video Manuals

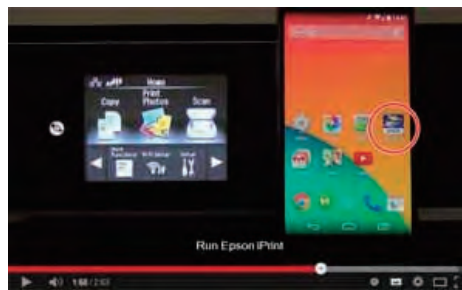
To provide Epson printer users with easy-to-understand guides for using their products, Epson began, in November 2013, uploading PC- and smartphone-accessible video manuals to video-sharing website YouTube™.

Although Epson strives to design printers that are easy to use even for first-timers, users sometimes have to refer to paper manuals to learn how to navigate their way through operations and use certain functions. Epson has found, however, that little things that cannot be completely explained in a paper manual can sometimes concern customers. First-time printer users are not the only ones susceptible. Even experienced users who are used to operating earlier Epson printers or printers from other companies can get stuck even after reading the manual because of difficulty in intuiting or imaging new operating procedures. The first aim of a video manual is to provide users with a vicarious experience. Users who first watch operations being performed in a video are likely to have an easier time understanding paper manuals.



The screen for the Epson Video Manual channel

## Sample screenshots of a watch-and-learn video manual



We have heard from customers who have actually used Epson video manuals. Some say, for example, that they want verbal explanations instead of subtitles, or that they want us to show operations more slowly. Others have said that the video manuals are very easy to understand for seniors, and they encouraged us to more widely publicize the availability of these manuals.

Shinji Tanaka, who is in charge of video manual production, says, “I’m really pleased to learn that customers are happy with these videos. More and more people are accessing the videos. Most calls to support centers are from middle-aged and older people, so I think we need to find ways to make it easier for these people to access the video manuals. We particularly want to enrich the content of the videos before the year-end holidays, when so many people send cards to family and friends, so that they can find answer questions they may have.”

As of October 2014, Epson has uploaded 42 videos for users in Japan, and more than a dozen videos for overseas users.



Shinji Tanaka  
Video manual producer

## Employee Monitor Program

Epson has a monitor program in which employees and their family members can participate. Persons who register as monitors evaluate products not as employees but as customers. The objective is to identify ways to improve product usability.

In the 2014 fiscal year, we had 744 registered monitors who evaluated 22 products from a variety of perspectives prior to market release. The monitors rated the products, which included printers, projectors, wearable products and more, in terms of operability, visibility, and other usability and development objectives. The information gleaned from the results is used to improve the products and user manuals.



Inkjet printer evaluation

## Customer Commitment

# Sales / Service & Support

## Sales / Service & Support

Epson wants customers to be able to identify products that meet their needs, so Epson always looks to provide accurate, readily understandable product information and quality after-sales service so that they can use Epson's 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.

### Service Personnel Skills Competition

Epson Sales Japan Corp. holds a skills competition every year for our partner companies' customer engineers (CE). CEs are responsible for visiting customers directly to repair Epson products. Through the skills competition, CEs get the chance to practice "Epson CE Style," our CE action guideline, and improve their repair skills and the quality of their interactions with customers.

The FY2014 skills competition focused on the PX-M7075FX (Japan-only model), a product used for Epson Smart Charge, a managed print service offered in Japan. Nine persons selected from partner companies around Japan competed fiercely to prevail. One spectator commented that "Though the environment wasn't quite the real thing, I could really imagine the contestants performing these repairs at a customer facility. And I got a sense of how important it is to take maintenance characteristics into account at the design stage." Another added, "I realized how the Epson brand depends on CEs with excellent technical skills and customer support talent." Mr. Satoru Shimohara of the Kansai Area won the FY2014 competition. In an interview, he said "It was a different kind of tension than I would normally have in a repair situation, but I was able to address the issue with no problem and afterwards I felt a great sense of relief. I hope to use this experience to refine my skills on a daily basis to keep our customers satisfied."



FY2014 Service Personnel Skills Competition champion Satoru Shimohara

## Photo Seminars

EpSITE<sup>1</sup> 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. These lectures teach basic knowledge on digital printing and introduce simple and convenient ways of using printers. In practical skills courses, each participant works with one machine. Courses cover a wide range of material, from printing basics to hands-on courses in products like the SC-PX5Vii (overseas model name: SureColor P600). Also offered are workshops. Their curriculum includes seminars in which professionals from different business fields teach advanced techniques. (Practical skills courses and workshops are available by reservation and require a fee.)



Practical skills course using the SureColor P600

The aim of these photo seminars is to help participants pick up the knowledge and skills they need to enjoy digital printing and have a better appreciation for photography.

<sup>1</sup> EpSITE, a facility dedicated to photography and managed by Epson, 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

Epson Photo Team is a photography event designed to teach the joy of photo printing. Epson staff go to all parts of Japan to offer these events for photography fans around the country. Subject matter includes basic knowledge of inkjet printing, correct printing methods, and techniques for turning photos into art.

The latest inkjet printers are displayed at the event site, which also feature opportunities like the following.

- Printing seminars for creating photographic works of art
- Large-format printing experiences. Customers bring in their own photo data to print out at sizes up to A3+.
- Advice sessions helping customers solve their printing issues

Chat sessions bring seminar leaders together with visitors to talk about photographic works submitted in advance by customers. These events are very popular since visitors can take an active part.



Epson Photo Team in Matsuyama



## Epson Sales Japan Earns Outstanding Group Award after PhotoMaster Accreditation Test

The PhotoMaster accreditation test, sponsored by Kokusai Bunka College, a private educational foundation, was held in November, 2014. This year 248 Epson Sales Japan Corporation (ESJ) employees took the test. ESJ was recognized with the Outstanding Group Award based on the overall score of ESJ test-takers. Moreover, an ESJ employee was the only test-taker this year to earn a perfect score and take home both the Best Individual Performance Award and the Minister of Education, Culture, Sports, Science and Technology Award.

Backed by Japan's Ministry of Education, Culture, Sports, Science and Technology, the PhotoMaster accreditation test was created in 2004 to further the skills and careers of people who are involved in the world of photography and cameras. To date, more than 63,000 people have taken the test.

ESJ encouraged its employees who work in volume retail sales and marketing to take the test as a way to better equip them to explain the benefits of Epson products to photo enthusiasts and retailers so that, in turn, these people would be able to master the use and maximize the value of Epson products. Other aims were to give ESJ employees a deeper appreciation of digital printing and to foster smoother communication with customers and retailers.

An awards ceremony was held at the ESJ head office on February, 2015, where Hisao Shimizu, managing director of Kokusai Bunka College, presented Naoyuki Saeki, president of ESJ, with a certificate.



Hisao Shimizu of Kokusai Bunka College (left) and Naoyuki Saeki of ESJ (right)

## 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	193	92.0%
QC-ABC	197	82.0%

## Trainer Training at Overseas Production Sites

Epson believes its products should be of the same high quality no matter where they are manufactured. That is why Epson puts a great deal of effort into QC training outside Japan.

Employees of global 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 <sup>1</sup>
Southeast Asia	7 companies	231
China	8 companies	78

<sup>1</sup> Number of licensed trainers as of March 31, 2015



Trainer training (Singapore)



Licensed trainers list (China)

## Quality Improvement Initiatives (E-KAIZEN Activities)

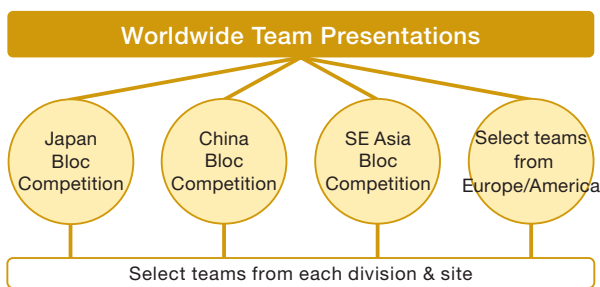
Epson Group companies conduct “E-KAIZEN” continuous improvement activities on the individual and team level to systematically solve problems encountered on the job.

Continuing from 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 and evaluated 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 presenting activity results at the various events, we upload details about activities to the company intranet. By promoting similar activities across the Epson Group, we look to learn from one another and to raise awareness of the need for continuous improvement.

The Worldwide Team Presentations conference was held in October 2014, with 13 elite teams from the various blocs giving their presentations.

### ● Selection Process



The F2 team from manufacturing affiliate P.T. Indonesia Epson Industry (IEI) was presented with the President’s Award in recognition of its outstanding activities. Dian Hari Dwicahyo, senior manager of Firmware Design and a member of the F2 team, said, “I am very pleased that the cross-organizational efforts of the team were recognized. The benefits that our activities yielded will be applied to other models, and we will continue to try various other initiatives that will boost the confidence of team members.”



The FY2014 worldwide team presentations, in Japan



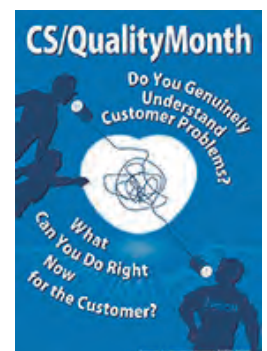
Members of the President’s Award-winning F2 team

## Increasing Customer Value –CS & Quality Month–

November is CS & Quality Month across Epson.

We hold an employee poster contest to raise awareness of quality, choosing the best poster and posting it at Epson sites around the world. During the month we also review routine quality assurance activities and take action to further increase customer value.

A few examples of company-wide activities that took place in 2014 are provided below.



FY2014 CS & Quality Month poster

### Example 1: Meetings to discuss, select, and address customer needs

We held discussions around the questions, “Do you genuinely understand customer needs? What can you do right now for your customer?” These discussions afforded an opportunity to examine our quality assurance activities in greater depth. Each department considered and discussed what they need to do from a customer perspective to maintain and improve product quality and customer service.

Discussions are the start of action, not the end. The content of discussions is incorporated in action plans.

Among other things, discussions were used to:

- Talk about past quality issues, select issues to address, explore countermeasures, and implement continuous improvements;
- Identify small “stresses” that have not yet been exposed; and
- Check whether work in administrative departments was tied directly to customer value.

### Example 2: Lecture on the prevention of quality problems

An outside lecturer was invited to speak from a quality problem prevention standpoint about ways to correctly identify customer needs and how to link those to the creation of customer value.

The lecture reminded us that producing products exactly as instructed by planning and design departments does not create customer value unless the actual needs and wishes of end users are met. It is important for everyone to consider what the customer expects and to collectively come up with ideas for meeting those expectations.



Lecture on the prevention of quality problems

### Example 3: Problem-solving training

To sell customer-pleasing products and services, we have to solve problems in business processes. To do so, we have to follow the steps in a logical thinking process that accurately recognizes and defines problems and digs down to their root causes.

Instructors provided employees with problem-solving training.

Employees learned to solve problems by thinking logically in line with a problem-solving process (problem identification -> identification of problem location -> cause analysis -> exploration of solutions).

Epson is improving its CS and quality control capabilities by using quality control and logical thinking courses to train staff who understand how to use the QC story, PDCA cycle, and logical thinking to solve issues.



Problem-Solving Training

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.

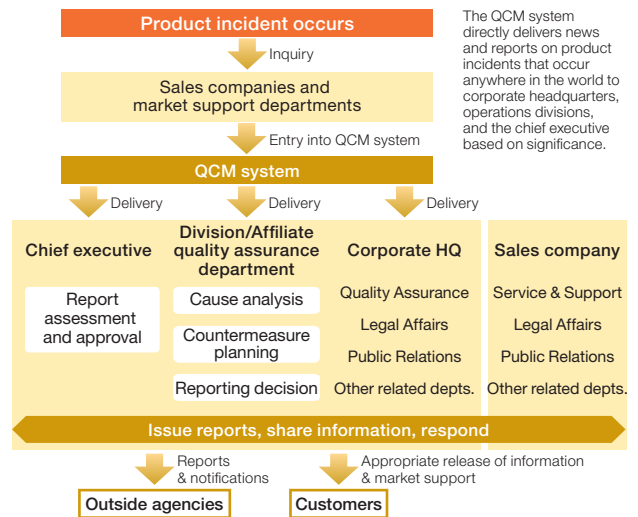
### Analyses to Prevent Product Incidents

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.

### Epson Product Incident Response Process



Burning test at combustion laboratory

## Safety Evaluations on Substances Released by Products

Products can sometimes 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 Angel<sup>1</sup>, and also evaluates the level and safety of substances for which the Japanese Health, Labor and Welfare Ministry has issued indoor concentration guideline values<sup>2</sup>. An in-house laboratory enables us to swiftly feed the findings from these evaluations back into our products. Our chemical emission laboratory acquired ISO/IEC17025 certification in April 2013.

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

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

<sup>2</sup> 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.



Measurement of substances released by products



Chemical emission chambers

## 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 vulnerabilities<sup>3</sup>.

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.

<sup>3</sup> 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 Environment

# Environmental Vision 2050

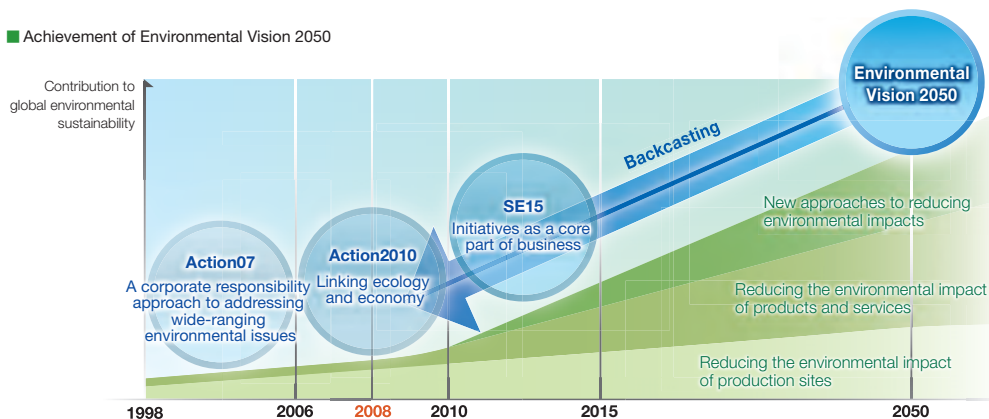
Environmental Vision 2050, announced in June 2008, is a strategic vision that outlines what Epson needs to accomplish as a business enterprise in view of the anticipated deepening of the global environmental crisis.



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

1. Reduction of CO<sub>2</sub> 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 CO<sub>2</sub> emissions by 90%, and elimination of global warming gas emissions other than CO<sub>2</sub>
4. Restoration and preservation of biodiversity as a member of the ecosystem, together with local communities

## Environmental Vision 2050 and backcasting



## Glossary

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### 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.

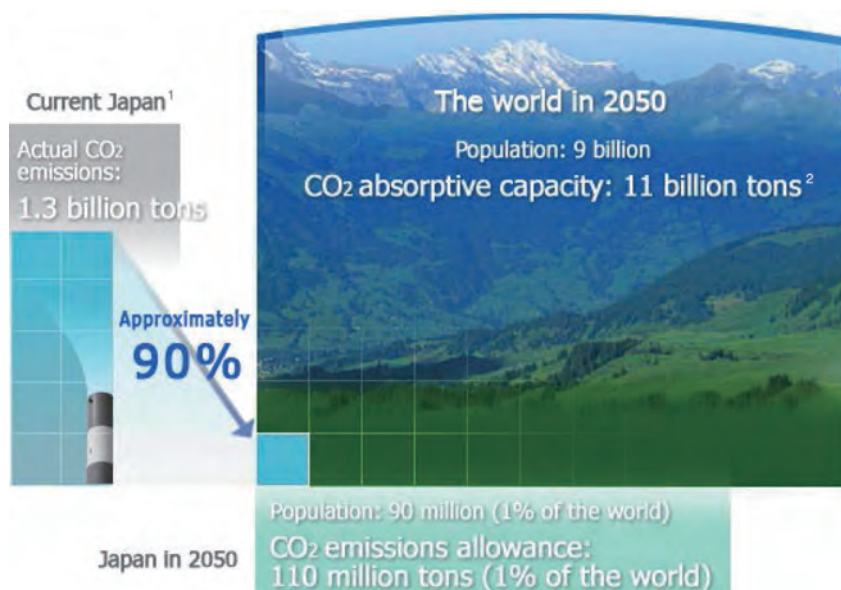
### Backcasting

A planning technique in which a desired outcome or goal is envisioned and planned before the scenario for achieving the outcome or goal is devised.

## Reduction of CO<sub>2</sub> Emissions

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The amount of CO<sub>2</sub> emissions has to be kept within the Earth’s absorption capacity. Just as people in all parts of the world can emit CO<sub>2</sub>, 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 CO<sub>2</sub> emissions by 90%.



<sup>1</sup> At that time in 2006

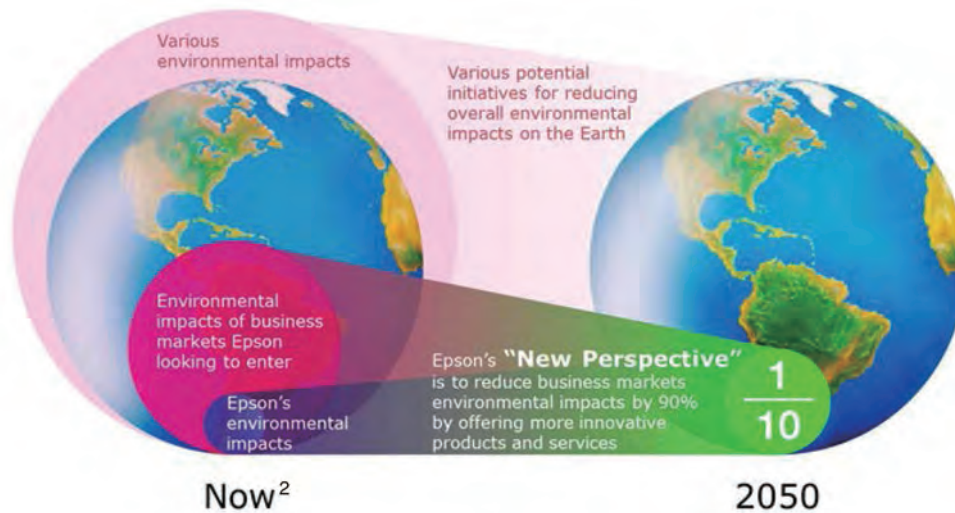
<sup>2</sup> According to the Fourth IPCC (Intergovernmental Panel on Climate Change) Assessment Report, the Earth can absorb an estimated 11 billion tons of CO<sub>2</sub>.



## 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<sup>1</sup> 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 CO<sub>2</sub> 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.

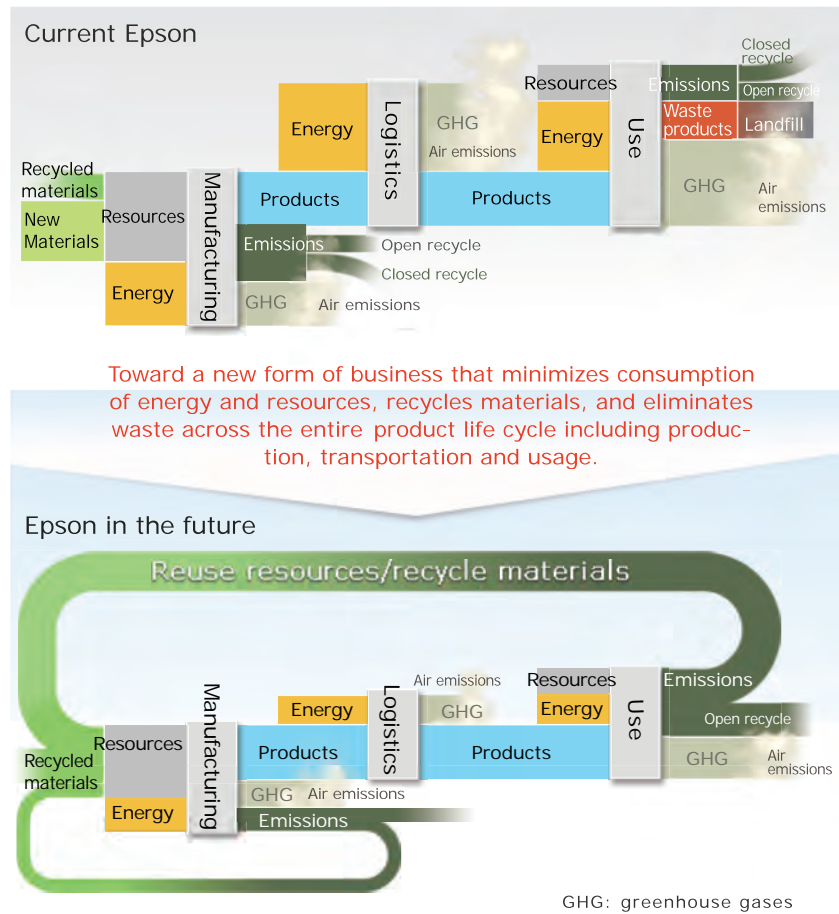


Environmental Vision 2050: Conceptual illustration of the 90% reduction in CO<sub>2</sub> emissions across the life-cycles of products and services

<sup>1</sup> 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.

<sup>2</sup> At that time in 2006

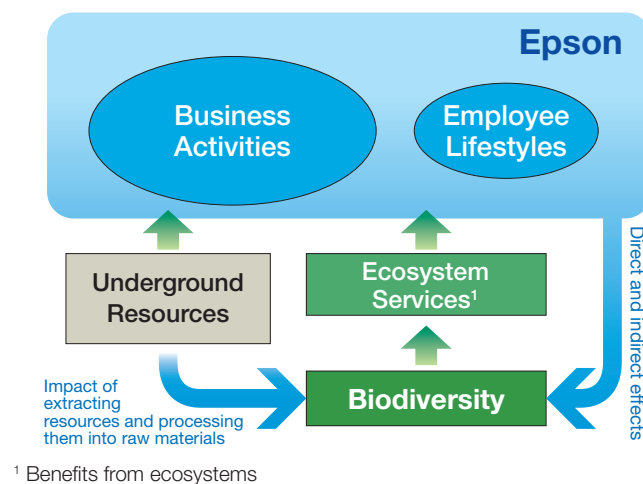
## Resource Recycling Loop



## 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 Environment

# 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 2014 fiscal year we achieved our environmental impact reduction targets for products themselves by making them energy-saving, resource-saving, 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. Programs to reduce the use of energy, water and other resources were carried out in manufacturing, enabling the Epson Group as a whole to achieve its reduction targets for environmental impacts.

## Epson Group Environmental Performance (FY2014)

	FY2014 Actions	FY2014 Results	FY2015 Targets
New Perspective	Launch and promote "new perspective" products & services that can change customer behavior and businesses.	Created printers with high-capacity ink packs that can vastly reduce environmental impacts during use. [WorkForce Pro WF-R5190/R5690/R8590 series]	Launch and promote products and services that change customer behavior and businesses.
		Introduced projectors that facilitate interactive teleconferencing to eventually reduce environmental impacts arising from travel. [BrightLink Pro 1430Wi, EB-1430Wi]	
		Studied a scenario for reducing environmental impacts from a new perspective to achieve Environmental Vision 2050.	
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 & registered compliant products in every category. Designed inkjet, SIDM, and TM printer products for 2015 with the objective of reducing power consumption by 50% during sleep mode.	Develop industry-leading energy-saving designs and technology.
	Resource conservation and long life: Introduce laser light source projectors	Realized a mercury-free light source with a service life of 30,000 hours (in eco mode). [PowerLite Pro Cinema LS10000, EH-LS10000]	Achieve environmental performance for a new category of products that exceeds existing technology.
	Low-noise: Comply with eco labels	Acquired the projector industry's first Blue Angel <sup>1</sup> certification. [Projector: EB-595Wi, Business Inkjet Printer: 9 models such as WF-8590 series]	Promote low-noise design.
	Low-VOC <sup>2</sup> : Develop low-VOC ink and complied with environmental label standards	Acquired Eco Mark for large-format printers. [SC-P600 series, SC-P800 series] Confirmed the compliance of linehead-equipped label printers with environmental label standards. [TM-C7500/C7500G]	Develop and launch to market low-VOC ink.
	Resources and power conservation: Expand the number of Eco Mark watches	Eco Mark products accounted for 72.3% of total watch sales (the target was 67%). Introduced new GPS solar and solar radio wave watches.	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.			

<sup>1</sup> Eco label of Germany established in 1978

<sup>2</sup> volatile organic compound

	FY2014 Actions	FY2014 Results	FY2015 Targets
Production	Reduce CO <sub>2</sub> emissions	Reduced by 39.3% Target: Reduce emissions 34% vs. FY06	Reduce emissions 35% vs. FY06
	Reduce PRTR <sup>1</sup> substance emissions	Reduced by 54.9% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce total VOC emissions	Reduced by 57.9% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce waste emissions	Reduced by 28.7% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce water use	Reduced by 56.3% 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"> <li>-Increased the amount of corporate information available on the web (overhauled the web site)</li> <li>-Created a bioswale to filter out pollutants in rainwater (US)</li> <li>-Received various environmental awards (US, China, Singapore)</li> <li>-Provided environmental education and conducted lectures (Japan, China)</li> <li>-Continued an education program for future leaders (Taiwan)</li> <li>-Conducted events in conjunction with World Environment Day (China)</li> <li>-Participated in environmental exhibitions (Japan, China)</li> </ul>	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.			

<sup>1</sup> pollutant release and transfer register

## Epson and the Environment

# 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.



**Think**  
Design products thinking of the entire life cycle  
(Please refer to page 31.)



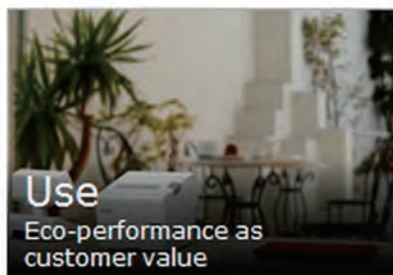
**Choose**  
Use environmentally considered materials  
(Please refer to page 44.)



**Create**  
Produce with a minimum of materials and energy, prevent unnecessary emissions  
(Please refer to page 46.)



**Deliver**  
Transport products efficiently  
(Please refer to page 49.)



**Use**  
Eco-performance as customer value  
(Please refer to page 33.)  
Products  
(Please refer to page 39.)  
Product Environmental Information  
(Please refer to page 42.)



**Recycle & Reuse**  
Reuse resources  
(Please refer to page 51.)

## Design for Environment

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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.



Think

### 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<sup>1</sup> of 75% or better as estimated from product engineering drawings.

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



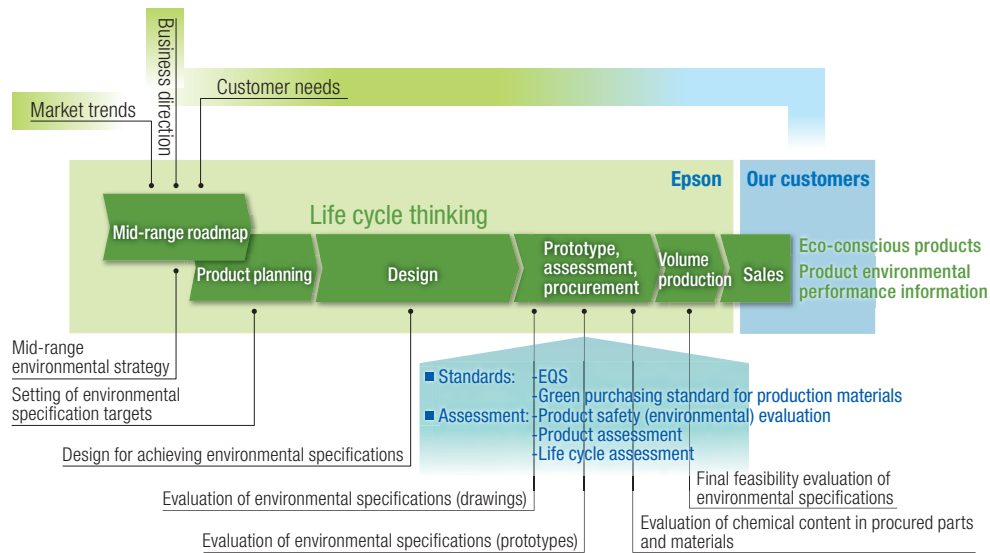
Epson standards specify substances that are prohibited from inclusion in products and substances whose inclusion must be controlled. Information on these substances is gathered in a database to help ensure safety in all processes, from design and procurement to volume production.



## 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 Environment

# 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.

## Office/Government

### Raising meeting productivity with interactive communication

Epson's interactive projectors increase the productivity of interactive meetings, deliver more effective presentations, and even contribute to a smaller environmental footprint.



Interactive Projector  
BrightLink Pro 1430Wi, EB-1430Wi

## Reduce your environmental footprint with videoconferencing

Connect your existing videoconferencing system to the projector, and use the projector's whiteboard sharing, multi-location interactive and split-screen functions to display your videoconference on one side of the screen and your presentation on the other, to achieve virtual face-to-face collaboration. This interactive projector can reduce the need for travel and reduce your environmental footprint.



### Whiteboard sharing function

- Share your whiteboard with up to 15 PCs, tablets, or sites that have a EB-1430Wi or 1420Wi.



### Multi-location interactive function

- Share your PC screen with up to four locations.
- Participants in all locations can annotate a presentation and save the content to their PCs.



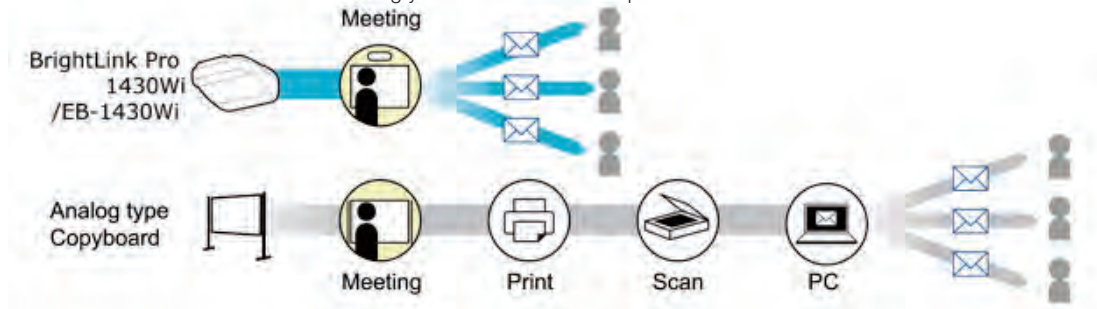
### Split screen function

- Achieve virtual face-to-face collaboration while sharing whiteboard and PC screen images.
- Clearly display different content on a split screen that measures up to 100 inches.

## Use as a copyboard

The all-in-one interactive projector with copyboard, electronic blackboard, and other common whiteboard functions saves both resources and installation space. Directly annotate up to 50 sheets' worth of projected data and images, no PC required. Increase meeting productivity and minimize printouts by saving data or by emailing it directly from the projector.

Share information in a flash while reducing your environmental footprint



## Eco Features



BrightLink Pro 1430Wi, EB-1430Wi

- Connect your videoconferencing system to the projector, and use the whiteboard sharing, multi-location interactive and split-screen functions to display your videoconference on one side of the screen and your presentation on the other, to achieve easy remote collaboration and reduce the need for travel. Helps to reduce your environmental footprint.
- This all-in-one interactive projector includes copyboard, electronic blackboard, and other whiteboard functions to save both resources and installation space.
- Projected data and images can be annotated with digital pens. Minimize printouts by saving data as is or by emailing it directly from the projector.
- Energy-saving features
  - An illuminance sensor detects ambient brightness and automatically adjusts the output of the lamp
  - You can reduce power consumption by as much as 25% using ECO mode
  - Consumes just 0.3 W of power in Standby mode<sup>1</sup>

<sup>1</sup> Power consumption values and reduction ratio are for projectors operating at 100-120 V.

## Changing office printing with inkjet technology

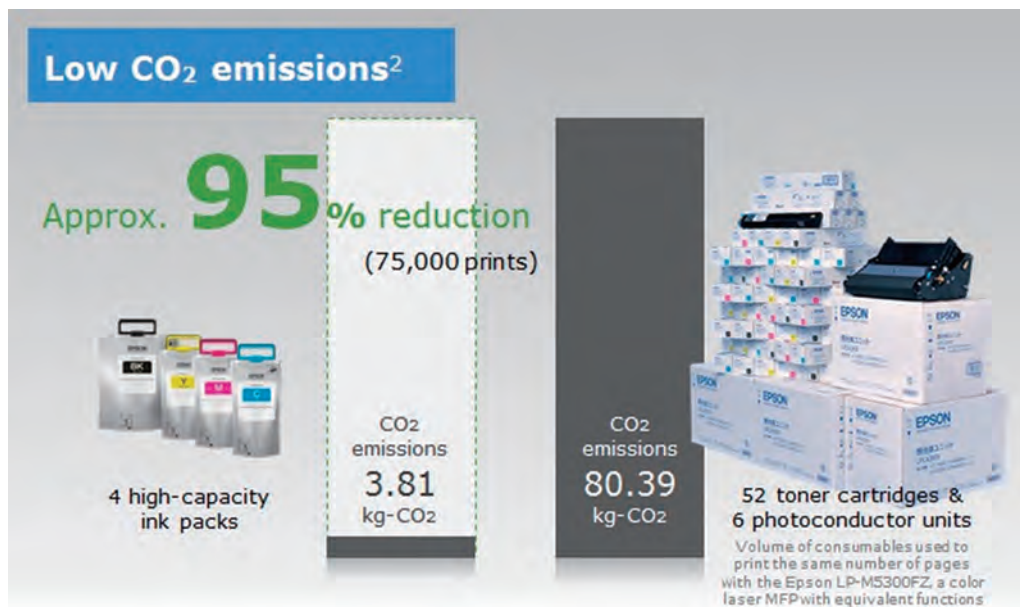
Printers with the innovative new high-capacity replaceable ink pack system require minimal replacement of consumables and minimal energy, saving work while reducing environmental impacts.



WorkForce Pro WF-R8590 series high-capacity ink pack model

## Reducing environmental impacts with the high-capacity replaceable ink pack system

Print up to 75,000 pages<sup>1</sup> without replacing the ink. Reduced CO<sub>2</sub> emissions by using fewer resources, and easier management of consumables.

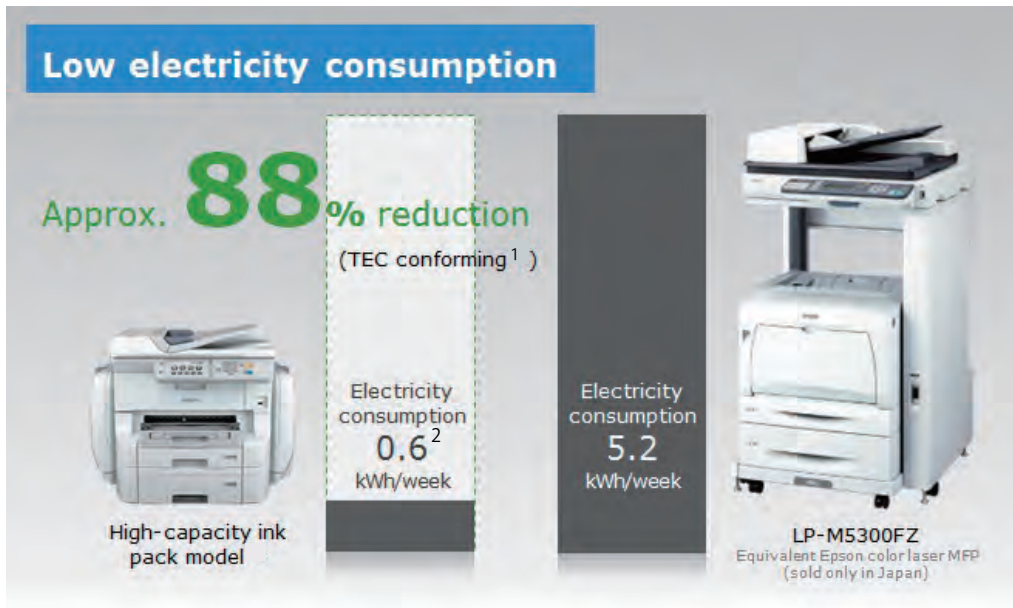


<sup>1</sup> Quoted yields are extrapolated based on Epson original methodology from the print simulation of test patterns provided in ISO/IEC 24712 and ISO/IEC 24711. Quoted yields may vary depending on the images that you are printing, the paper type that you are using, the frequency of your prints and environmental conditions such as temperature.

<sup>2</sup> Figures calculated under Epson's test conditions. Compared with the Epson LP-M5300FZ Japan model, a color laser MFP with equivalent functions. We use a life cycle assessment to calculate the total global warming impacts of consumables across the product life cycle (material, material processing, distribution, disposal) as CO<sub>2</sub> emissions. CO<sub>2</sub> emissions will vary depending on customer printer use.

## Supporting energy-efficient offices with inkjet print

Inkjet printers that do not use heat to print consume far less electricity than their equivalent laser printers.



<sup>1</sup> Typical electricity consumption (TEC) is based on the ENERGY STAR® program's TEC test method criteria. Measured when making 288 prints per day. The TEC value of the WorkForce Pro WF-R8590 series is 0.7 kWh. Electricity consumption will vary depending on customer printer use.

<sup>2</sup> When the equipment comprises a basic A3 multifunction model, a basic A3 printer, or an A3 printer full set.

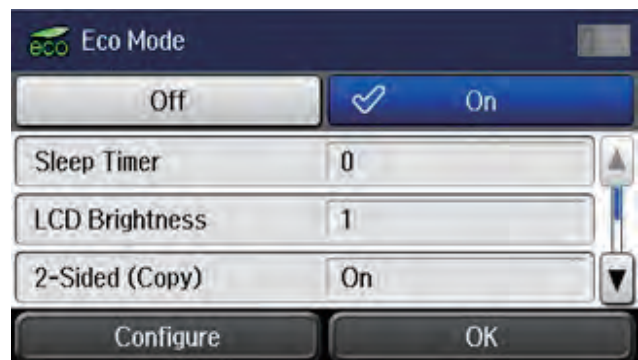
Note: Figures of CO<sub>2</sub> emissions and electricity consumption of high-capacity ink pack model and laser printer are based on measurements taken in Japan.

## Eco Mode : a standard feature on Epson's inkjet office printers

Eco Mode allows you to save even more energy and paper.



Touch panel



Eco Mode control panel

- Saves energy by moving to a low-power mode in a shorter period of time
- Saves energy by reducing the brightness of the LCD touch panel
- Saves up to 50% of paper with automatic double-sided printing



## Eco Features



WorkForce Pro  
WF-R8590 series

- High-capacity ink packs allow you to print up to 75,000 pages without replacing ink. Reduce CO<sub>2</sub> emissions by up to 95% compared to their equivalent laser printers, which consume a large number of toner cartridges and photoconductor units.
- Inkjet printers that do not use heat to print consume far less energy than laser printers. Typical weekly electricity consumption of 0.6 kWh.
- Eco Mode allows you to save even more energy and paper.

## Epson and the Environment

# 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.

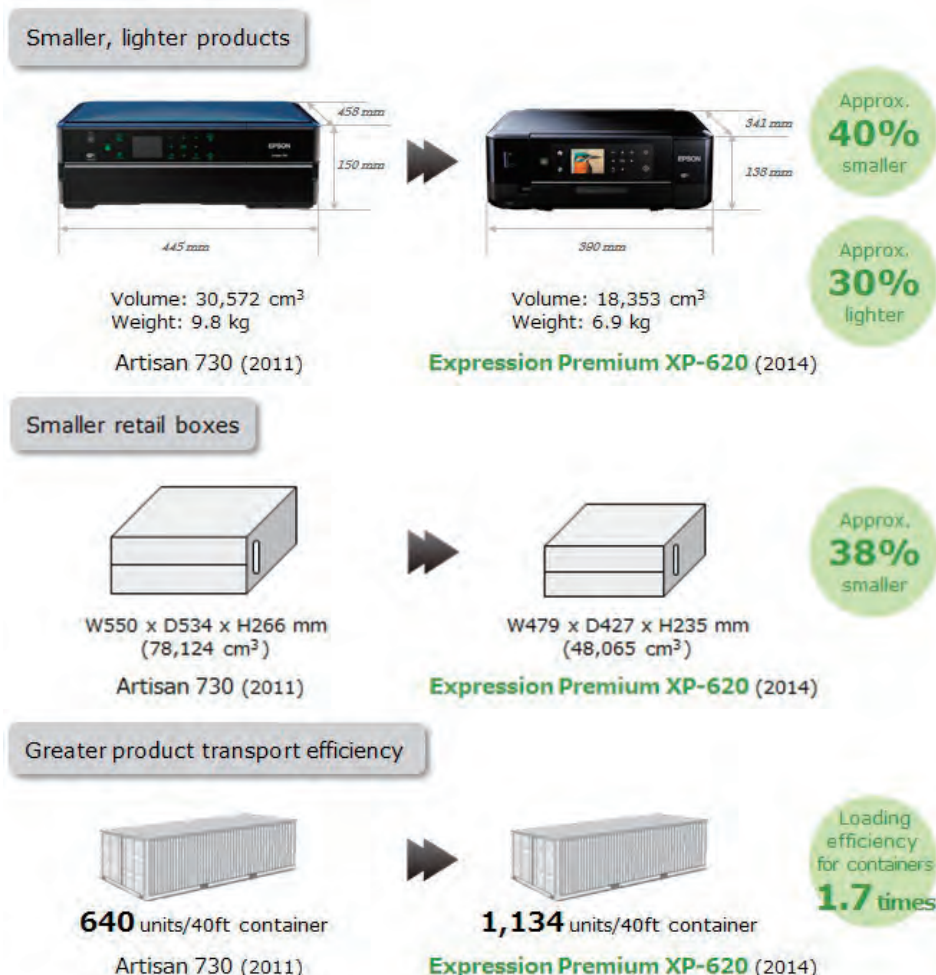
\* A life cycle icon is used to clearly communicate the stage of the product's life cycle in which particularly outstanding environmental impacts reductions were achieved.

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

Released in 2014, the Expression Premium XP-620 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.



#### Improving transport efficiency with smaller products and packaging





## Resource-saving features

The printer warns you when the selected paper size and type do not match the print settings and checks the actual size of the paper. So even if you accidentally select the wrong settings, you can avoid wasting ink and paper. You can use the copy preview feature to check and adjust copies before printing them. This helps you avoid misprints and save money.

## Energy-saving performance

Equipped with a power-saving SOC (System-On-a-Chip), the printer is compliant with the ENERGY STAR® program, Ver. 2.0. It saves energy using a power off timer function and moves to a low-power mode in a shorter period of time.

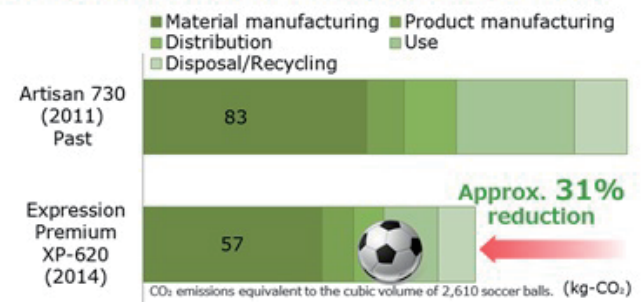
### Power Off Timer



## Reduction of global warming impacts across the life cycle

The Expression Premium XP-620 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.

### Reduction of global warming impact across the life cycle



\* A life cycle assessment was used to calculate the global warming impacts of the product at each phase of its assumed three-year life cycle and express this as a CO<sub>2</sub> 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. The reduction in CO<sub>2</sub> emissions is expressed as a soccer ball equivalent, wherein 1 kg of CO<sub>2</sub> is equivalent to the cubic volume of 100 soccer balls. Global warming impacts will vary depending on customer printer use.



## 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 the power off timer 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.

## Industry's first Blue Angel certified projectors

The EB-595Wi (sold as the BrightLink 595Wi in North America) is a wall-mounted, ultra-short throw interactive projector for education. This high-performance, touch-enabled projector is the first in the industry to pass the stringent criteria for German Blue Angel eco label. In addition to intuitive finger-touch operation, the EB-595Wi comes with two interactive pens that can be used simultaneously to write or draw on images, making this projector exceptionally convenient in the classroom.



EB-595Wi/BrightLink 595Wi

## Blue Angel certification

Established in 1978, the Blue Angel is an eco label that sets exacting standards. In 2008, a new category for digital projectors (RAL-UZ 127) was established. Among the most difficult standards to clear are those for noise emissions, but the EB-595Wi became the first to comply with the Blue Angel low-noise requirements by emitting 28 dB in ECO mode and 35 dB in Normal mode, a level equivalent to the quietness of a residential area at night.

### Requirements

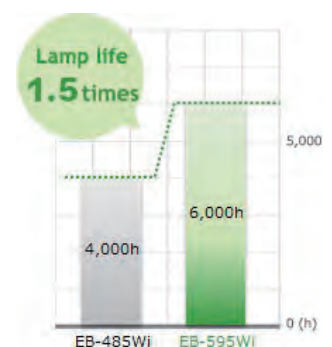
- Power consumption
- Noise emissions
- Material requirements for plastics used in the housing and housing parts
- Recyclable design
- Service life of the lamps
- Consumer information



## Longer lamp life

The lamp used in the EB-595Wi has a service life of up to 6,000 hours. This is far longer than that of equivalent earlier models.<sup>1</sup> The longer life means less frequent lamp replacements, saving users time and money.

<sup>1</sup> Comparison in ECO mode



## Eco Features

- This interactive projector for education, boasts high environmental performance and carries the Blue Angel eco label of Germany. Operates quietly, so noise is not a distraction during class.
- Save power by setting the projector's power consumption to "ECO" or by using light optimizer<sup>2</sup> to automatically adjust lamp brightness based on the projected image.
- Consumes just 0.3W (at 100-120V) in standby mode.

<sup>2</sup> 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.

## 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)							

Country / Region	Type II			Type III	Other		
	Europe	Japan	Worldwide	Japan	Japan/U.S/EU	China	Japan
EcoLabel	THE ECO DECLARATION	PC Green Label	Epson Type II Environmental Labelling Program	Eco-Leaf	ENERGY STAR® <sup>1</sup>	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)		●			●		

<sup>1</sup> 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.

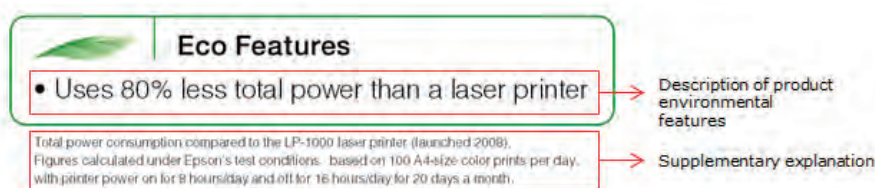
## Epson's Type II environmental labelling program

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<sup>2</sup>. For electronic devices we use our own format to provide quantitative data regarding substances included in these products.

<sup>2</sup> 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.

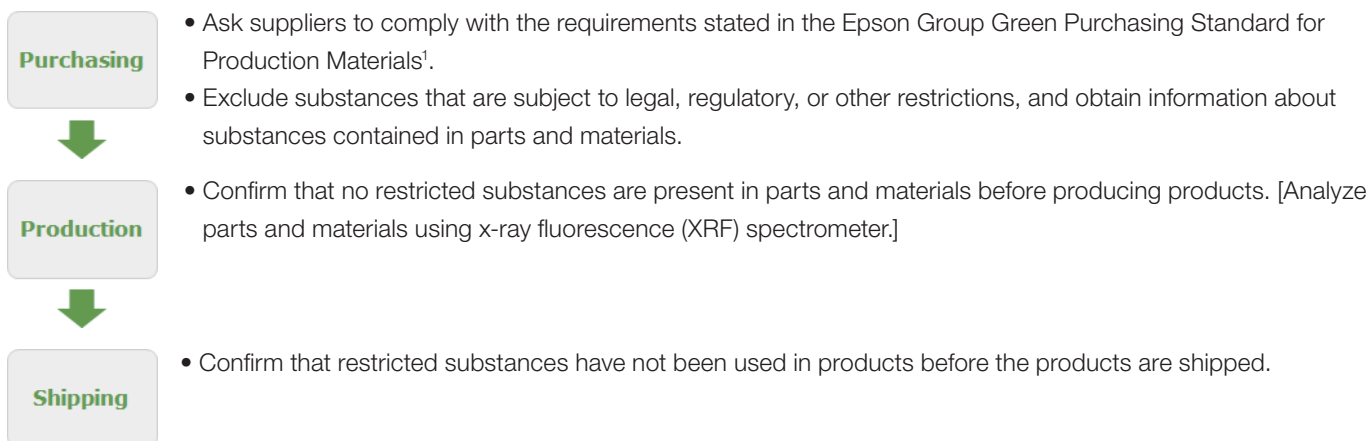
## Management of Chemical Substances in Products

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

### Management of Chemical Substances 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.



<sup>1</sup> 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.

At Epson, our purchases give priority to goods that meet our original green product standards. These apply not only to chemicals that go into our products but also office equipment and supplies that our workers use. Since April 2007, we have purchased paper products according to the Epson Group Paper Product Procurement Policy. WWF Japan provided their expert and objective input during the creation of this policy.

### Examples of Management of Chemical Substances in Products

#### Legal and regulatory compliance

More and more nations are regulating chemicals. We investigate regulations and chemical hazards as early as possible, analyze the information we obtain, and then supply products accordingly.

#### Topic 1: Measures for meeting the RoHS Directive

Epson has made compatibility with the European RoHS directive<sup>2</sup> 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.

<sup>2</sup> 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)

## Topic 2: 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.

## Topic 3: Response to GHS<sup>1</sup>

The United Nations declared in 2003 that a unified set of rules was needed worldwide on the hazards and appropriate handling of chemicals for consumers and dealers. Different nations have enshrined these rules as law and made them obligatory at different times. Epson has responded to the rules as they apply to affected ink cartridges, toner cartridges, and ribbon cartridges. By 2020, about 100 nations will require GHS compliance.

<sup>1</sup> GHS (the Globally Harmonized System of Classification and Labelling of Chemicals) provides a unified, worldwide set of rules on harmful chemical substances. It harmonizes classification standards and labels for the hazards associated with individual chemicals and the way safety data sheets are written.

## Providing ink for all types of printed matter

We provide inks with safe chemical properties as required for products made with inkjet technology (labels, stickers, fabric, etc.).

## Topic: The highest level of textile product safety

### Oeko-Tex Standard<sup>®</sup> 100 certification

The printing process using Epson UltraChrome DG ink is certified in accordance with Product Class I of the Oeko-Tex Standard<sup>®</sup> 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.

Oeko-Tex Standard<sup>®</sup> 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.

### Switching to safer materials (e.g. eliminating harmful 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.

## Epson and the Environment

# Production

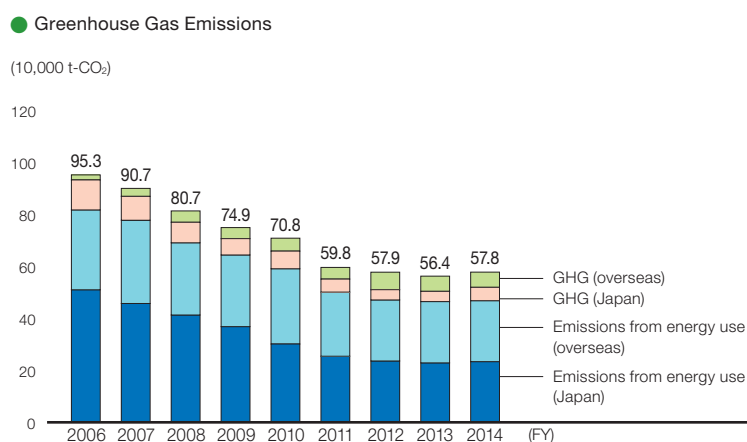
The main focus is on global warming prevention, the elimination of emissions, and the control of chemical substances.

## Global Warming Prevention

Epson's initiatives to prevent global warming revolve around reducing CO<sub>2</sub> emissions by conserving energy, and reducing global emissions of greenhouse gases other than CO<sub>2</sub>.

In fiscal 2014, we set out to reduce greenhouse gas emission by 34% compared with fiscal 2006 and achieved our worldwide target.

**39%** Reduction  
CO<sub>2</sub> emissions  
(compared to FY2006)



- In Japan we used an average value published by the Federation of Electric Power Companies as a conversion factor to calculate equivalent CO<sub>2</sub> emissions from energy consumed. Outside Japan we used national emissions factors provided by the Japan Electrical Manufacturers' Association (JEMA).
- To calculate CO<sub>2</sub> emissions from fuels both in Japan and abroad, we used the CO<sub>2</sub> 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 CO<sub>2</sub> equivalent of emissions of GHG other than CO<sub>2</sub>, we used conversion factors published by the Intergovernmental Panel on Climate Change (IPCC) in 2001.

### Topic: Updating to a More Efficient Cogeneration System

The Suwa Minami Plant, where Epson manufactures core devices such as high-temperature polysilicon TFT LCD panels for 3LCD projectors and PrecisionCore MicroTFP printheads, is one of Epson's most energy-intensive facilities in Japan. The plant had used a cogeneration system (CGS)<sup>1</sup> to generate between 40% and 60% of its power needs since 2001, but in May 2014, Epson replaced that CGS with three new high-efficiency CGS. The new systems use less natural gas to operate and reduced the plant's CO<sub>2</sub> emissions. The use of the three new CGS makes the overall system easier to maintain and provides a steady supply of electrical power.

<sup>1</sup> Cogeneration systems, also known as combined heat and power, utilize a single fuel source to produce and supply both electricity and heat.



Gas engine CGS

### CGS Overview

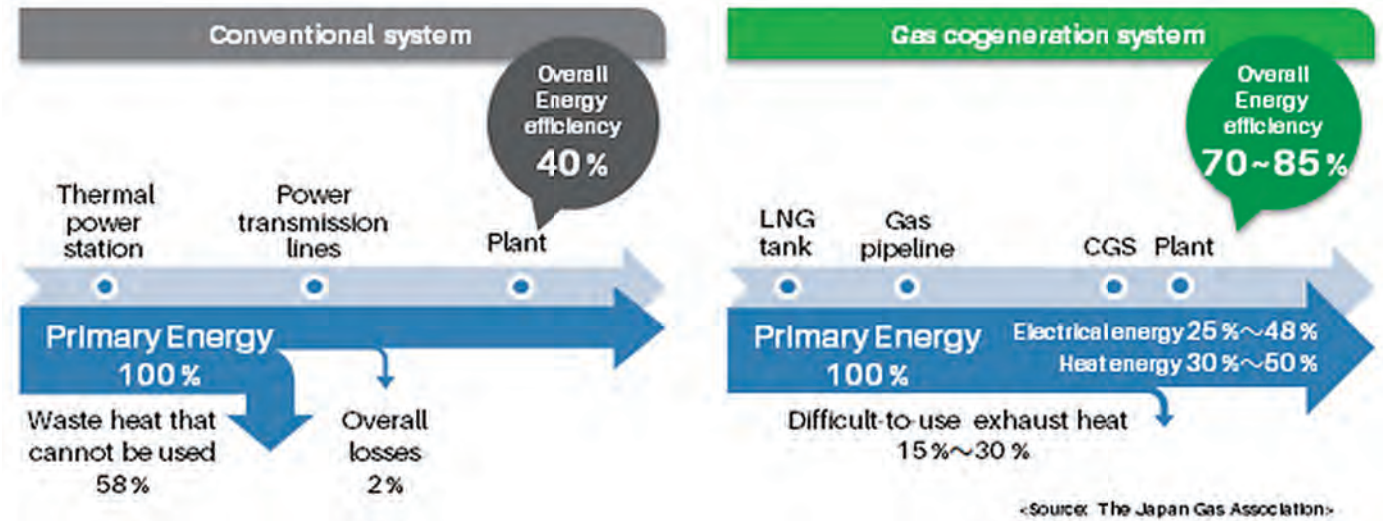
	Energy output	Units	Model	Fuel
New	2,270 kW	3	Gas engine	Natural gas
Old	7,200 kW	1	Gas turbine	Natural gas

## Annual savings (by switching to a gas engine from a gas turbine system)

Amount of natural gas saved: 1,480,000 Nm<sup>3</sup> Reduction of CO<sub>2</sub> emissions: 4,900 tons

## Other Case Studies

Whereas about 60% of the energy generated by a typical power plant is lost as waste heat and during transmission, only about 15% to 30% of the energy generated by an on-site CGS is lost as waste heat. In addition to generating electricity, CGS also save energy because they effectively recycle about 30% of the waste heat into energy for heating or cooling.



## Substance Management

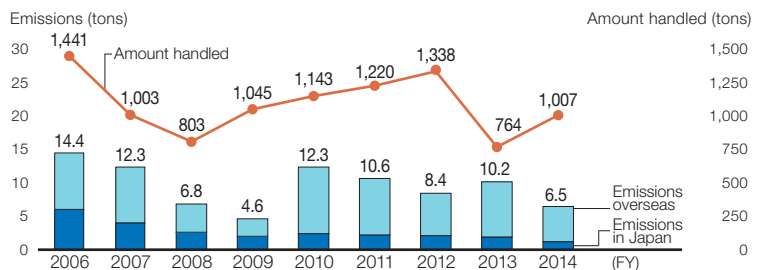
Epson uses its "E-Chem" chemical data management system to centrally track information on chemical substances used at Epson sites around the world. We are engaged in ongoing efforts to reduce the quantities of chemicals used and to moderate emissions of pollutant release and transfer register (PRTR)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

Using fiscal 2006 emissions as a benchmark, all Epson business units managed and met their fiscal 2014 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.

**55% Reduction**

PRTR Substance emission (compared to FY2006)

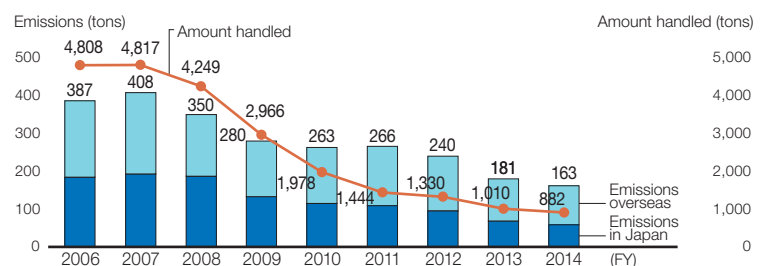
### PRTR Substance Handling & Emissions



**58% Reduction**

VOC emission (compared to FY2006)

### VOC Handling & Emissions





## Zero Emissions

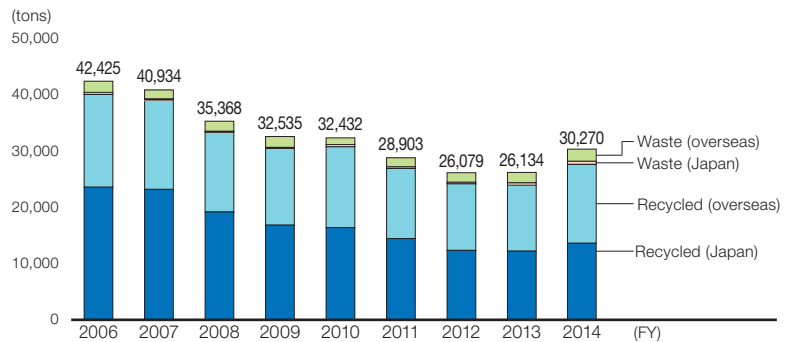
Epson's zero emissions program began with an effort to recycle 100% of our waste products. In 2003 all Group companies in Japan and overseas production sites met their material recycling targets. We have been shifting towards resource conservation initiatives, which seek to reduce the resource inputs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

In the 2014 fiscal year we employed control metrics benchmarked against fiscal 2006 emissions, and we met our Group reduction target.

**29%** Reduction

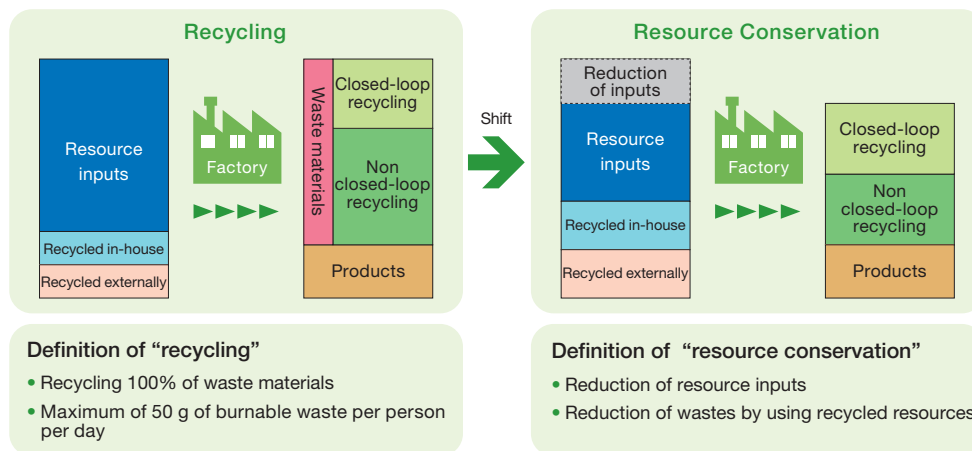
Wastes emission  
(compared to FY2006)

● Annual Waste<sup>1</sup> Emissions



<sup>1</sup> Items that are no longer needed at Epson offices and are emitted outside the company

● Zero Emissions Programs

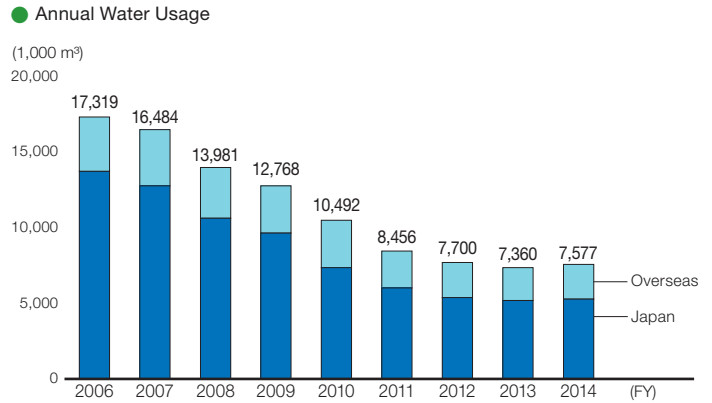


## Water Recycling

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 do not consume 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 fiscal 2014, we set out to reduce water usage by 50% compared with fiscal 2006, and we met our Group reduction target.

**56% Reduction**  
Water usage  
(compared to FY2006)

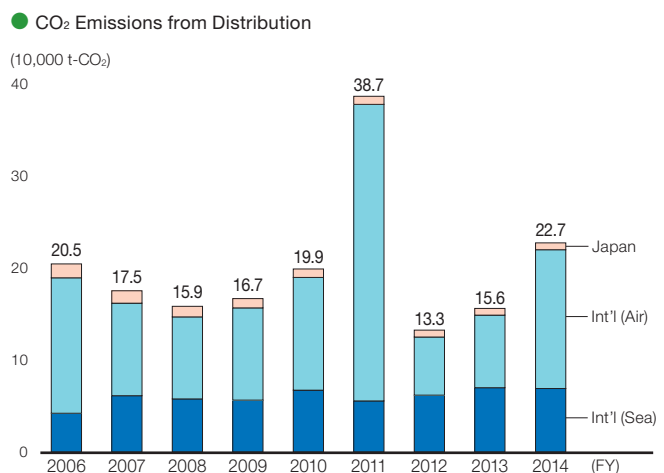


## Transport

Epson is reducing CO<sub>2</sub> 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.

The increase in CO<sub>2</sub> emissions in FY2014 resulted from a need to transport freight by air instead of ocean containers to avoid long delays caused by port bottlenecks in the Philippines and by U.S. West Coast port labor issues.

**11% Increase**  
CO<sub>2</sub> emissions  
(compared to FY2006)



## Environmental Risk Management

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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.

Regulatory limits for oil were exceeded once during fiscal 2014. 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

Groundwater trichloroethylene concentration trend (annual average in wells with highest concentration at each site)

(mg/L)

Site	FY2012	FY2013	FY2014	Remediation
HQ	62	34	10	Barrier, pump and treat, monitoring
Shiojiri	0.28	0.25	0.26	Barrier, pump and treat, monitoring
Fujimi	0.12	0.048	0.057	Barrier, pump and treat, monitoring
Suwa-Minami	0.060	0.075	0.087	Barrier, pump and treat, monitoring

Reference: Trichloroethylene standards


- Environmental quality standard for groundwater under Japan's Basic Environmental Law: 0.01 mg/L max.
- Groundwater remediation standard under Japan's Water Quality Pollution Control Act: 0.03 mg/L max.
- Groundwater standard under Japan's Soil Contamination Countermeasures Law: 0.03 mg/L max.

## Business site information

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

 Global Environmental Data  
[http://global.epson.com/SR/environment/production/global\\_data.html](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](http://www.epson.jp/SR/environment/production/individual_data.htm)  
\* Link to Japanese site

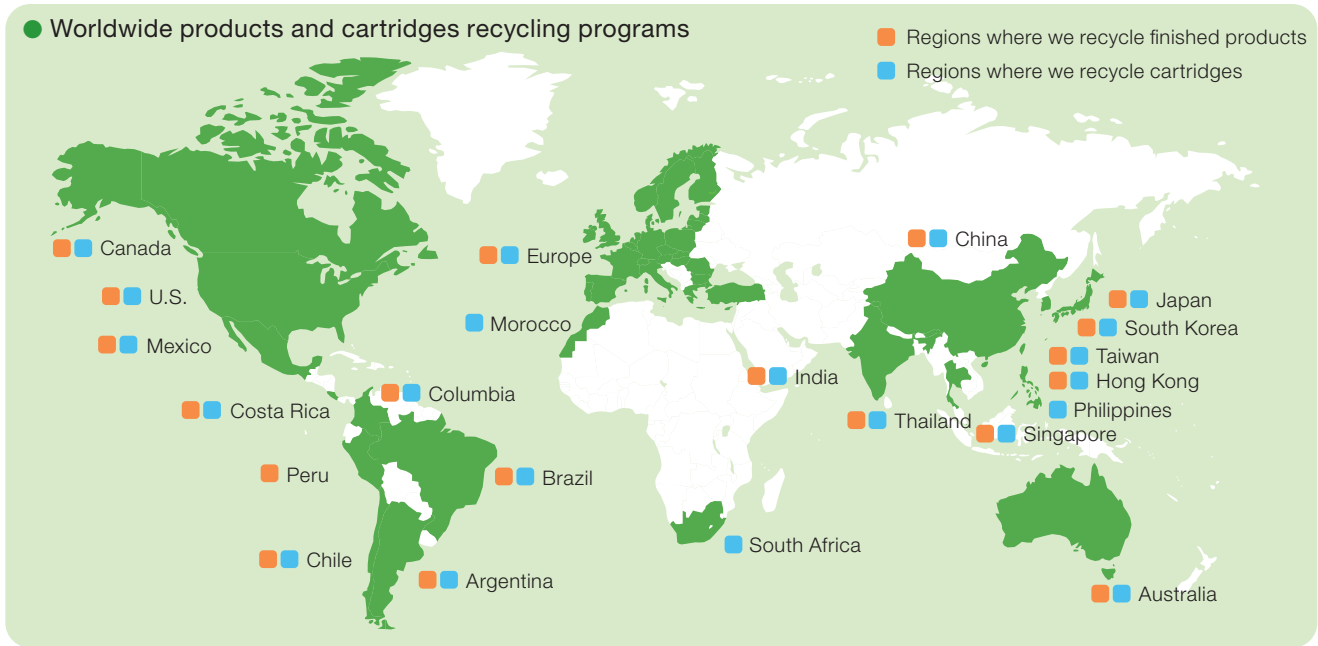
 ISO 14001 Certification List  
<http://global.epson.com/SR/environment/production/iso14001.html>

Epson and the Environment

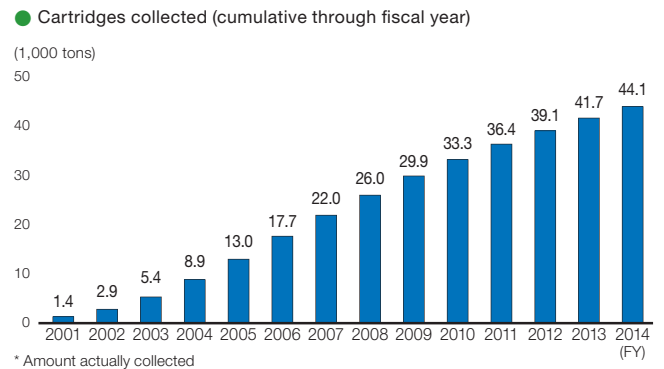
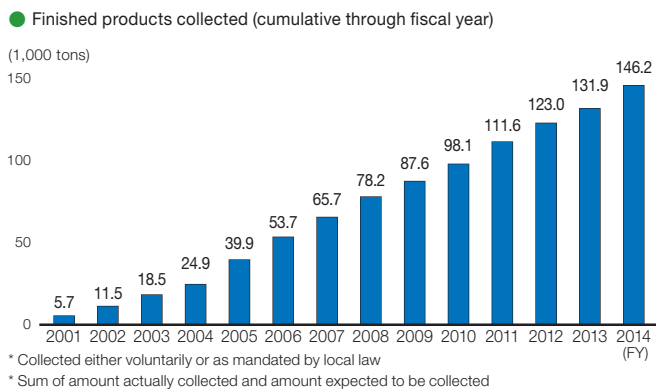
Product Recycling

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.

Epson's global collection and recycling systems



Collection trend for products and cartridges



Summary of activities in each region

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

## Epson and the Environment

# Eco Community

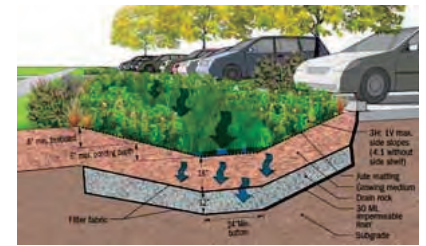
We are challenging ourselves to achieve new socially and economically sustainable practices through environmental community action centered on products and services.

## Eco Corporate Citizenship

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

### Bioswale Added to Clean Storm Water (United States)

Water running off pavements contains pollutants like oil and car exhaust. To prevent pollution in rivers, Epson Portland Inc. (EPI) created a marshy area next to its parking lot for workers and visitors. The feature, known as a bioswale, is designed to prevent pollution from reaching the river system. Rain running off the parking lot is channeled into the bioswale, where plants and soil work as natural filters to remove sediments, oils, heavy metals, and other pollutants before the runoff reaches the groundwater. At 45 meters in width, the bioswale treats runoff from a parking lot measuring 6,900 square meters.



The bioswale, designed to filter out pollutants in rainwater

The bioswale was a project of EPI, the city of Hillsboro, the local water utility Clean Water Services, and civil engineering students from Portland State University. The project includes signage explaining how the bioswale works. It is a useful model for other businesses installing bioswales and helps to educate the public about water pollution.



Project team

Please refer to page 92 of "Corporate Citizenship".

## Eco Technology

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

### Supporting PFC Gas Reductions with the Epson Method

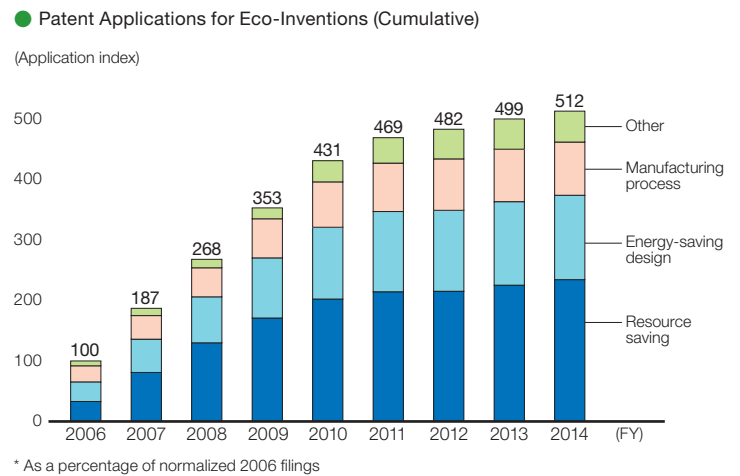
Perfluorocarbons (PFC) were considered to be among the most difficult to measure of the non-CO<sub>2</sub> greenhouse gases until 2000, when Epson developed the "Epson Method." The Epson Method, a simple and accurate way to calculate PFC emissions based on FT-IR (Fourier Transform Infrared Spectroscopy), 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.



Greenmethod is a registered trademark relating to environmental technologies including the Epson method.

## 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.

### In-house environmental education

#### ● Environmental Education System (Japan)

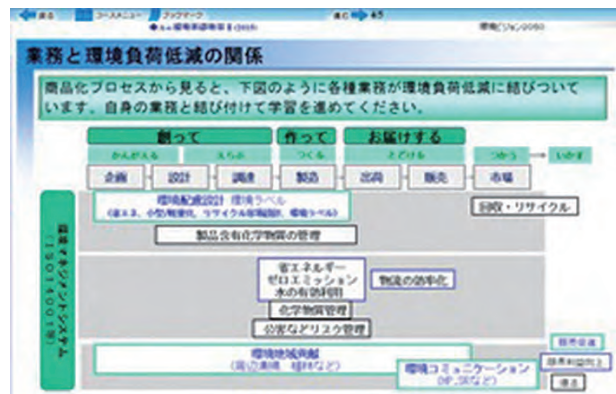
	Training	Management	Mid-level employees	General employees
General education	e-Learning	Basic Environmental Training II		
	By rank	Training for new managers		Training for new employees
		Training for employees to be transferred overseas		
Professional training	Professional skills	ISO14001 environmental auditor training		
		XRF <sup>1</sup> Meister certification training	XRF measurement/acceptability judgment training	
		Energy Star <sup>®</sup> measurement technician training		
		Pollution control officer training		
		Emissions control officer training		
		Hazardous materials management training		
Awareness		Internal notices, Environmental Awareness Month, events (best practices presentations), lectures, Websites, local clean-up projects, etc.		

<sup>1</sup> X-ray Fluorescence Analysis

## ● FY2014 Environmental Education (Japan)

Training	Participants/Certification Recipients (Cumulative) <sup>1</sup>
Basic Environmental Training II (2013 Edition)	13,896
ISO 14001 environmental auditor training	50 (1,999)
XRF Meister	0 (25)
XRF measurement & acceptability judging	10 (73)

<sup>1</sup> This is the number of persons who took Basic Environmental Training II during the period of time it was offered (December 2013 to March 2015). Other figures show the number of certified persons as of the end of March 2015. XRF Meister is included overseas affiliates.



Mandatory e-Learning for all employees

## Environmental Lectures for University Students (Japan)

Epson sends employees to give lectures in schools and local communities in Japan when asked.

In November 2014, staff members lectured on Epson's business, environmental initiatives, and community relations as practical training for second-year students of the University of Yamanashi Department of Regional Social Management, Faculty of Life and Environmental Sciences. Some of the students had visited the Epson Manufacturing Museum prior to the lecture to get a sense of the "Creativity and Challenge" ethos at the heart of Epson's monozukuri (the art and science of manufacturing).



Lecture at Yamanashi University

## Green Talent Program (Taiwan)

To foster a new generation of leaders who can help create a sustainable society, Epson Taiwan Technology & Trading Ltd. has, since 2011, been conducting an environmental education program for university and graduate school students called the Green Talent Program. The theme for 2014, the fourth year of the program, was "Green Manufacturing and Marketing." A two-day training in Taipei featured lectures by a member of the Green Trade Project of the Taiwanese Ministry of Economic Affairs and by business executives actively working to reduce environmental footprints. A tour of a textile printing plant was also included. A total of 95 students participated in the training. From this group, 15 excellent students were selected, based on interviews and a written exam, to take part in a program in Japan in October.

These students observed precision assembly of watches, attended workshops on such topics as sorting ink cartridges, had the chance to trade ideas directly with Epson directors, and learned about Epson products and services helping to reduce environmental footprint and their potential for contributing to a brighter future.



Members of the Epson staff along with the 15 students selected to participate in the Green Talent Program at Japan

## Eco Communication

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Introduction of communications on environmental topics.

### Eco-Products Fair (Japan)

Epson has had a booth at Eco-Products, Japan's preeminent environmental fair, every year since 1999, the first year of the fair. In 2014, at the 16th Eco-Products, our booth featured historic products made with our compact, energy-saving, high-precision technologies that have been the DNA of our manufacturing innovation since our founding. Guided tours around the booth also pointed out lifestyle and business comforts and environmental solutions that Epson's core technologies have created.



The Epson booth at Eco-Products 2014

### Forum to Promote the Attractiveness of the Shinshu Mountain Environment (Japan)

Building networks of conservation-minded groups, institutions, businesses, and individuals is a great way to conserve biodiversity. Networks are effective because they provide a means for people to share information.

Nagano Prefecture, where Epson's Head Office and many other facilities are located, hosted the Forum to Promote the Attractiveness of the Shinshu (Shinshu is the traditional name for Nagano) Mountain Environment in February 2015. Because Epson helped draft the prefecture's 2012 Nagano Prefecture Strategy for Biodiversity, the company joined the floor discussion entitled "Preserving Shinshu's Rich Natural Environment" at the forum. During the discussion, we pointed out that we understand that business activities hurt the ecosystem when resources are extracted as materials for products. Therefore, we noted that to conserve biodiversity, we need to run our business in a way that consumes fewer virgin resources. The forum concluded with a declaration to establish the Shinshu Biodiversity Network. Shinshu University, nature conservation groups, Nagano Prefecture, and others have been promoting this effort as one of the key projects of the Nagano Prefecture Strategy for Biodiversity. The forum is expected to help strengthen networks for biodiversity conservation and advance the preservation of rare plant and animal species and ecosystems in the prefecture.



Floor discussion



## Epson and the Environment

# Environmental Management

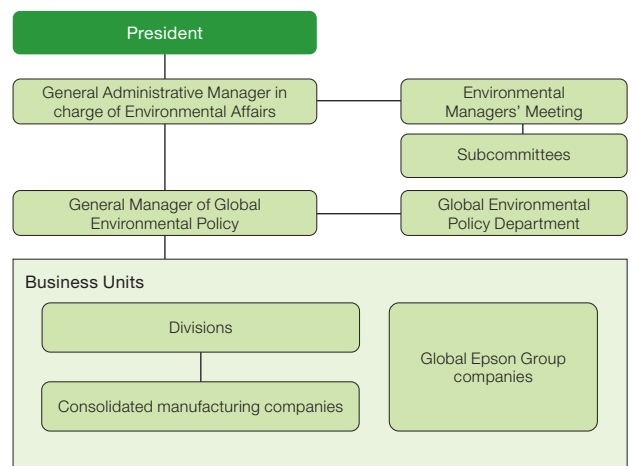
As stated in the Management Philosophy, Epson's business is anchored in a commitment to environmental conservation. Epson carries out environmental programs under uniform standards and goals in every country and region of the world. Our basic environmental stance is set forth in Epson Principles of Corporate 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 113 of " Appendices".)

## 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 non-conformances. 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



Our People

# HR Development

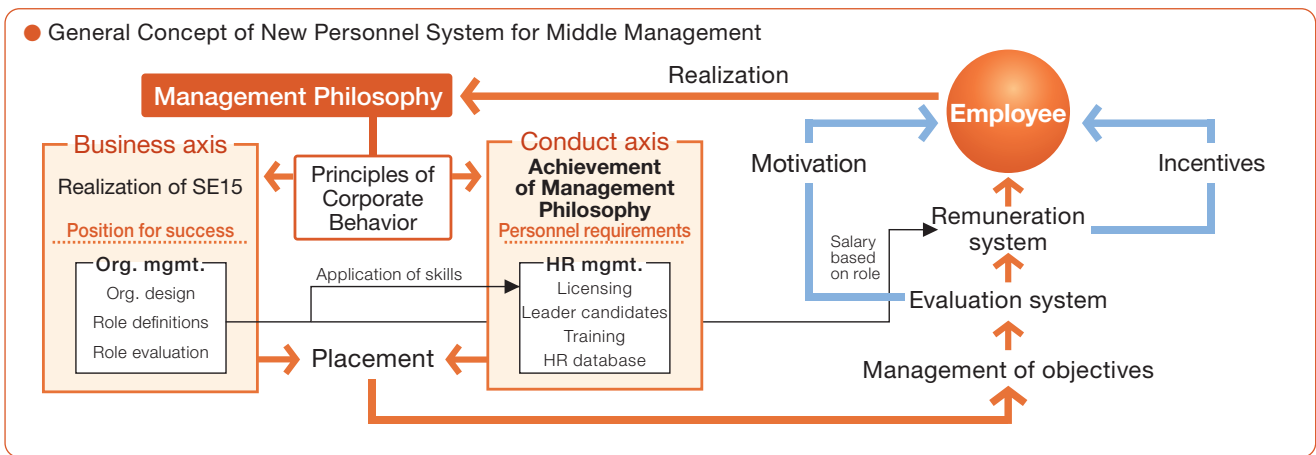
## Approach

Epson develops and trains its human resources in line with a Human Resources Development Policy established in 1996. The policy states that Epson will “..support employees who have aspirations for self-actualization, to connect all the companies in the Epson Group with people, and to nurture employees so that both corporate and individual objectives are met.” We provide training so that our people understand their roles and what is expected of them as members of the Epson team. Training enables them to work and communicate effectively, solve problems and achieve goals, and experience personal and professional growth.

In fiscal 2012 Epson introduced a new personnel system that specifies clear roles and requirements for management in terms of both business and conduct. To ensure the efficacy of the system, Epson has implemented a training program that aims to ensure that managers acquire two essential management skills. In one course they learn our strategic business objectives and acquire the skills that allow them to rapidly and nimbly respond to internal and external changes in the business environment. In the other course they acquire the skills that enable them to support the growth and development of the people who report to them by putting organizations and individuals in a position to succeed.

Epson also conducts group trainings for new hires, junior staff, and others in pre-management positions to develop talented people for future management positions.

Human Resources Development Policy ( Please refer to page 111 of “ Appendices”.)



## Practicing Off-the-job Training on the Job

A feature of human resource development at Epson is that we provide level-based group training at every juncture along the career path, from entry level jobs through management, and give employees a chance to put into practice on the job the knowledge they acquire.

After completing group training, new hires undergo a one-year practicum. Other employees who complete other group trainings undergo a three-month practicum. During the practicum, employees prepare action plans based on what they learned and put these plans into action on the job under the supervision of their supervisors, thus enhancing their ability to use the knowledge and skills they learned during training, in their actual jobs.

Epson has used a management by objectives systems for more than 30 years. Managers and their subordinates work together to set objectives that they can both agree on. Progress toward the objectives is periodically reviewed, end results are evaluated, and new, higher objectives are set. The management by objectives system is itself an on-the-job human resource training system. It is a win-win development cycle in which individual growth leads to growth of organization and company.

● Training System (Japan)

	Future Leader	Job/Lvl-Specific	Group-Wide	Specialist	Global	On-Site
Director						
COO	F1				Global Leaders	Site Development Support
GM	F2				Overseas Transfers	
Manager	F3	Management practices	Problem Solving Skills	Human Skills	Specialist Job Training	
G-Level						
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 these employees the roles and responsibilities that managers are expected to fulfill, and to enable them to learn the principles, skills, and practices they will need to follow to effectively serve in a management capacity. The course is structured so as to give participants an opportunity to practice in the workplace what they learned in the course. During the 2014 fiscal year, 239 employees took the course.

Also, in February 2015, we held a Global Incubation Seminar (GIS) in Japan for 26 members of middle management from 18 of our overseas affiliates, as well as three 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 directly hear from the president his vision and ideas 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



Group work



Final presentation

### 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 “monozukuri” or the art and science of manufacturing, which is the foundation of Epson’s compact, energy saving, and high-precision technologies
- The importance of working cooperatively as a team



Training to think about customer satisfaction

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

### **Creating Value That Exceeds Customer Expectations and the Monozukuri Juku**

Epson's Monozukuri Juku, one of the departments in Seiko Epson's Head Office, is an in-house manufacturing school that aims to contribute to the enhancement of customer value. To this end, we teach our staff basic technology and skills and let them experience monozukuri (the art and science of manufacturing) by performing certain manufacturing tasks step by step. This helps employees tackle jobs from a number of different angles. Specifically, the Monozukuri Juku teaches the basics of component processing (molding and pressing) to provide requiring employees with the skills needed to produce a variety of the 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.

### **Mechatronics Training for Building, Maintaining, and Enhancing Automated Lines**

Factory productivity improvement initiatives are nothing new at Epson. Earlier examples included the introduction of machines and jigs to production processes. More recently, however, we are facing great changes in the manufacturing environment. Particularly outside Japan, it is not always easy to secure the necessary labor because wages have risen rapidly and many workers prefer non-manufacturing jobs. Earlier improvements were based on the assumption there would be plenty of inexpensive labor and our business could face difficulties if we simply try to repeat those measures. Therefore we are making a strong push to build production lines that do not overly rely on human labor but are still capable of ensuring stable production.

Monozukuri Juku offers training in the basics of mechatronics, which includes basic technologies like compressed air and electrical control as well as assembling and adjusting simple devices. In December 2014, basic training was expanded to include an all-process training that covered essentials for stepping up the pace of automation: material feeding and removal, robots, image processing, mechanics, and more. This training is given to mechanical and maintenance engineers in Japan and manufacturing and machinery maintenance leaders in other countries.



Mechatronics basic training



Mechatronics practical training

## Developing Young Technicians through Technical Skills Olympics

As a manufacturing company, Epson in Japan uses training for Technical Skills Olympics competitions to develop “groundbreaker,” technicians who quickly acquired essential manufacturing knowledge and skills and have the ability to break from precedent to create innovative technologies and systems. As a rule, individuals are allowed to take part in Technical Skills Olympics trainings just once. The purpose of the short-term intensive trainings is to help participants learn technical skills at the all-Japan level. Every year Epson sends 10-15 individuals to the National Technical Skills Olympics to compete in seven selected categories that are applicable to our business: Instrument making, Press tool making, Mechatronics, Industrial electronics, Web design, IT network system administration, and Watch repair.

New employees sent to Monozukuri Juku as Technical Skills Olympics trainees experience monozukuri (the art and science of manufacturing) in such forms as rasping and cutting by blade. They also learn basic knowledge about machinery, electricity, and other general topics. Staffs assess trainees’ strong points during this process and assign trainees to certain positions. Trainees then proceed to training specific to their positions. In conjunction with everyday occupation-specific training, there are training camps three times a year. Participants lodge together, run a 40 km road race, join group discussions, set targets, and the like. All of this helps to build a sense of solidarity as Team.

To recreate the feel of the national competition, Epson also holds joint training events with other companies that take part in the Technical Skills Olympics. Additionally, our employees actively pursue national qualifications for machining technicians, electronic device assembly technicians, web design technicians, and watch repair technicians. After participants finish Technical Skills Olympics training, they get practical training to help them build the basic skills learned there into skills they can use to make products. Each participant then joins an operations division. The units they join often praise these employees for performing beyond expectations.

Because the above events are limited to those eligible to take part in Technical Skills Olympics, we hold further practical monozukuri trainings about 100 times a year that are open even to those who do not participate in Technical Skills Olympics training. These help to raise the overall level of the young employees who are Epson’s future. Focuses include mechanical drawing; component measurement; operation of general-purpose machine tools such as lathes and milling machines as well as NC processing machines and grinding machines; mold manufacturing; and robot safety.



Participants in technical skills (mechatronics) training



Speech training at morning assembly



Trainees start a 40 km road race



A joint training designed to resemble the national competition (press tool making)

## FY2014 Workforce Composition and Training Data

### ● Workforce Composition

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

\* Data for Seiko Epson Corporation employees as of March 20, 2015

<sup>1</sup> Section manager and higher

### ● Main Online Courses (Japan)

Course Title <sup>2</sup>	Start Date	Trainees <sup>3</sup>
Fundamentals of Security Export Control (2014)	June 2014	12,648
Import/Export Control (Export Edition, 2014)	June 2014	12,102
Epson Code of Conduct (2014)	July 2014	17,347
Basic Information Security (2014)	July 2014	18,238
Basic Anti-Harassment (2014)	September 2014	18,197
Introduction to Procurement (Subcontract Act, 2014)	October 2014	12,102
Basic Bribery Controls (2014)	November 2014	13,442
J-SOX (2014)	December 2014	14,673

<sup>2</sup> Compliance training

<sup>3</sup> The number of persons completing the course by March 31, 2015.

### ● Training by Employee Level

Training	Who	People Trained	Percent Trained
New Employee Orientation	New hires	185	100%
C-Level Employee Training	New C-level staff	228	96.6%
Senior Staff Training	New senior staff	160	96.4%
Section Manager Training	New section managers	98	97.0%

\* Data for Seiko Epson Corporation employees as of March 31, 2015

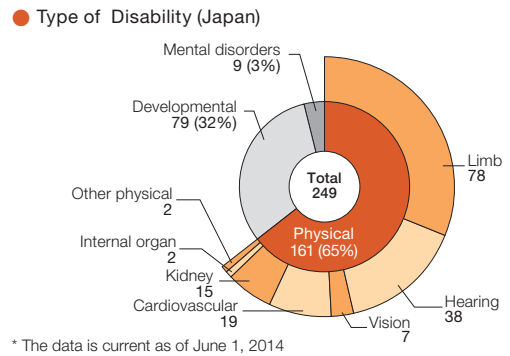
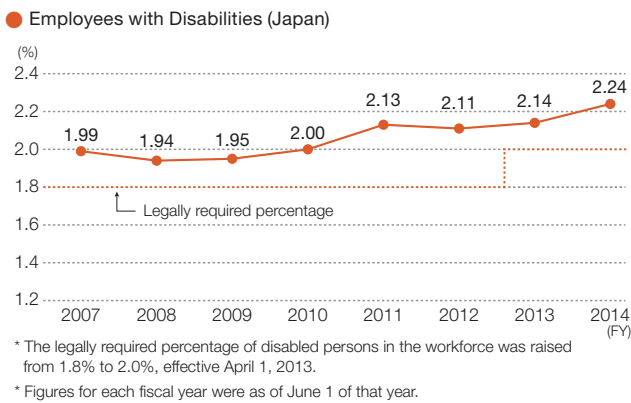
\* Persons who have not received training are scheduled to do so in FY2015

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 in Japan, 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.



Epson Mizube Corporation celebrated its 30th anniversary in February 2014. Founded as a special subsidiary of Seiko Epson in 1984, its business has expanded steadily since then.

Epson Mizube’s wide range of services include assembly, inspection, cleaning, and packaging of various electronic and precision devices; printing, copying, and bookbinding; catalog mailing; document digitization; dust suit cleaning; building cleaning; and sorting and dismantling used ink cartridges. The company employs 108 persons with disabilities at nine sites (March 1, 2015).

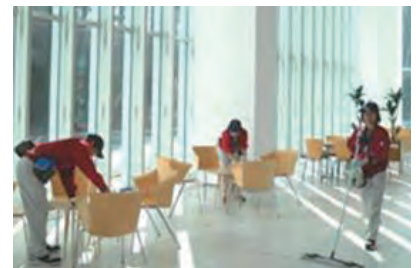
Epson Mizube began a building cleaning service in 2008. As for March 2015, it was providing cleaning services to seven Epson sites, with a crew of 40. The cleaning crews contribute to a pleasant working atmosphere for all by keeping the facilities clean and by meeting others with a cheerful greeting.



Board assembly



Sorting used ink cartridges



Building cleaning

Epson Swan, Ltd. started operating in March 2002, when it was established as a special subsidiary of Tohoku Epson Corporation in Japan. It was the first certified special subsidiary in Yamagata Prefecture. It is presently a special subsidiary of Seiko Epson.

Based in the second floor of Energy Building 3 of Tohoku Epson, its 14 employees with disabilities (as of March 1, 2015) clean dust suits and provide building cleaning services within Tohoku Epson.

Epson Swan publishes the magazine "Smile" four times a year to promote communication within and beyond Epson. The magazine, available on our internal website and in print form, is packed with all types of information. A total of 22 issues have been released, counting the most recent published on March 3, 2015.



The cover of Smile, issue 22.

### 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. One such employee, Shoichi Yokouchi, won the gold medal in the electronic circuitry connecting category at the 2013 Abilympics. In 2014, he entered the electronic device assembly competition for the first time and took the bronze medal. Yokouchi looks forward to competing again. He says, "Electronic device assembly was a new event, so I learned a lot of things during the 2014 event and realized I had plenty of room for improvement. I plan to keep stepping up my game a little bit at a time."



Bronze medal winner  
Shoichi Yokouchi



## Our People

# Respecting Human Rights

## Zero Tolerance

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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 \( Please refer to page 110 of " Appendices".\)](#)

## 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 2014 fiscal year was 98% (and has averaged 95% since 1991, when the system was introduced). In fact, as of March 31, 2015, women stay with Epson longer than men on average (20.7 years for women versus 18.3 years for men).

## 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 a no-overtime 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.

Additionally, since October 2005 we have offered an at-home childcare service for employees raising children. Our purpose is to create an environment where both men and women wishing to have a career can play an active role. After a one-year trial period, Epson updated this program in October 2014 and now pays for up to 16 hours of childcare per month. For those who would rather not get the service in their own home, we have set up a temporary daycare space in company housing. This service is being provided on a trial basis.

## ● Childcare and Caregiver Leave Trends

FY	Childcare Leave				Caregiver Leave
	Total <sup>1</sup>	Women	Ratio of women granted leave <sup>2</sup>	Men <sup>3</sup>	
2014	67	49	100%	18 (13)	4
2013	71	66	98%	5 ( 4)	4
2012	80	66	100%	14 (12)	1
2011	66	55	98%	11 (10)	2

<sup>1</sup> Including individuals who took well-being leave

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

<sup>3</sup> Numbers in parentheses indicate employees who took special paid leave



Next-generation accreditation mark "Kurumin"

## 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

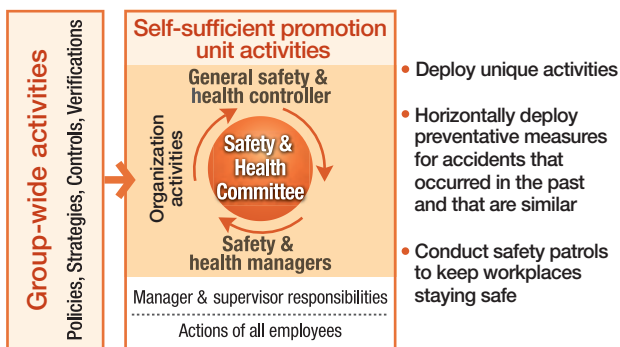
## Approach

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.

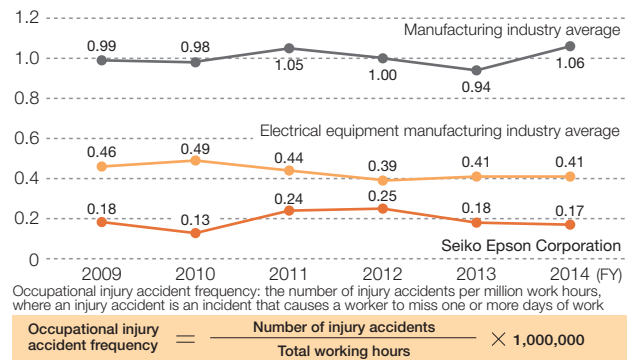
The core component of this effort is the New Epson Safety & Health Program (NESP), established in FY2000. Covering safety, health, and fire/disaster prevention, this original Epson program is based on occupational safety and health management systems (OSHMS) that conform to International Labour Organization (ILO) guidelines. Since that program came into effect, Epson has endeavored to conform to the Basic NESP Policy and manage workplaces with the idea that every workplace is responsible for maintaining its own safety. Epson also partially revised its policies in June 2014. Now, Group sites act autonomously to raise the level of their health and safety management even higher.

Basic NESP Policy ( Please refer to page 109 of “ Appendices”.)

● 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.

Epson also has about as many production sites in Southeast Asia as it does in China. Thus, since FY2013 we have held a meeting once a year in Southeast Asia to exchange safety and health information. This meeting helps to build partnerships among six sites in five Southeast Asian countries. The second such meeting took place in January 2015 at Epson Precision (Johor) Sdn. Bhd. (EPJ/Malaysia). It featured factory tours and activity reports from each site so that the others could roll out similar accident prevention initiatives. Another way information was exchanged was through training in how to inspect equipment for safety.



Southeast Asia meeting to exchange safety and health information, at EPJ

## Supplier Safety Management

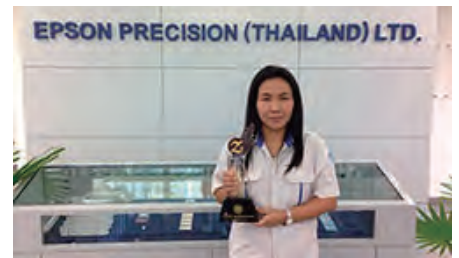
Epson checks the safety management systems in place at suppliers and suggests ways to mitigate problems and risks in line with Epson Group safety management guidelines.

In FY2014, we started a new scheme in which suppliers use a checklist furnished by Epson to review their safety management systems and identify issues that may need addressing. All four of our new suppliers since then have performed this self-review. We continue to work closely with our procurement management departments to reduce procurement risk further.

## EPTH Cited for Accident-free Record

Thanks to its ongoing safety initiatives, Epson Precision (Thailand) Ltd. (EPTH/Thailand) had logged 17,762,976 accident-free hours as of July 2014. In honor of this achievement, in August 2014 it won a Gold Prize at the Zero Accident Campaign, hosted by the Thai Ministry of Labor. It was the second consecutive year for EPTH to win this award. (EPTH took ninth place out of 458 companies entered in 2014.)

Aree Rittem of the Safety-Environment Department responded enthusiastically, “We’ll keep working to stay accident-free so that our employees can be safe and focus on raising productivity.”



Aree Rittem (EPTH) receives the Gold Prize trophy

## Maintaining Mental and Physical Wellbeing

At Epson, maintaining and improving employee health is an important part of our NESP<sup>1</sup> activities.

In Japan, our mid-range plan “Healthy Epson 21” focuses on staying healthy when faced with a heavy workload, preventing lifestyle illnesses, and ensuring mental wellbeing. We look out for the safety of our employees by making sure their work does not lead to health problems. We also maintain and improve employee mental and physical health by supporting their self-directed health management efforts.

Outside Japan, we are working continuously to improve employee health in ways that fit the situation at each Group company. Occupational health and safety laws vary by country and region, so each overseas affiliate manages employee health based on local law.

<sup>1</sup> New Epson Safety & Health Program. This initiative, unique to Epson, is based on occupational safety and health management systems (OSHMS) and has a three-part focus: safety, health, and fire and disaster prevention.

## Online Health Management Support System

Since FY2011, Epson and our Group companies in Japan have effectively and efficiently supported employee health management with an online system. The health management support system provides a site for employees to view their own health information, including health history. This is a useful tool for personal health management. It also helps to standardize health management department operations and boost efficiency.



Top page of the health management support system

## Mental Health Initiatives

Epson and our Group companies in Japan are pursuing a variety of initiatives for mental health. We seek to foster a dynamic workplace climate marked by good personal relationships and to prevent the occurrence and recurrence of mental health problems to reduce the number of employees on long-term mental health leave.

### Training

Seiko Epson Corp. (SEC/Japan) began mental health training in 2000 and has continued it since then. It has provided group training for new employees, mid-level employees, and others in senior staff positions. Certain online courses have been designed for all employees. Also, employees gather together to read a mental health textbook together. One example of training is “Around 35: Mental Health for the Prime of Your Career.” This training, given to employees at age 35, helps them to better understand themselves, deal with stress, and maintain their own health so they will have the strength to get through the challenges they will face in their 40s.



New section manager training  
(listening technique)

### Consultation system

Our business sites have health management offices, where medical professionals (occupational physicians, nurses, and clinical psychologists) offer employees advice on mental and physical health issues. Industrial counselors are on duty in our employee counseling offices. They provide all types of advice as well as career counseling to help employees achieve self-realization and chart their careers.

### Occupational stress diagnoses

Since 2004, all employees in Japan have received an occupational stress diagnosis when they get their periodic medical exam. Occupational physicians, nurses and industrial counselors follow up with employees diagnosed as highly stressed. This facilitates early detection and response to mental health troubles.

### Recurrence prevention

Employees whose mental health troubles have caused them to take time off from their jobs can benefit from our back-to-work program. Since FY2007, the program has helped smooth the transition back to the workplace and avoid recurring troubles. Depending on their situation, employees may meet with medical professionals and industrial counselors, working with them as a team to plot their approach. Moreover, the employee's primary care physician, workplace manager, and human resources department work together closely to provide better support.

## Managing Sanitation in Employee Cafeterias

A food poisoning incident occurred in one of our employee cafeterias in 2011. This prompted periodic inspections of kitchen sanitation management at employee cafeterias in business sites in Japan. Kitchen sanitation supervisors and other related staff work together during these inspections. We are stepping up and continuing initiatives to improve the state of sanitation management and fix any facility problems. The risk is not only in Japan. If a serious food poisoning incident were to happen at an employee cafeteria at a large-scale manufacturing site overseas (especially in China or Southeast Asia), it could seriously impede business continuity. Therefore, Epson is also taking steps at manufacturing sites outside Japan to manage sanitation and risk.



Inspecting the state of food storage in a storage area (China)

As of FY2014, sanitation supervisors from the Head Office in Japan have visited manufacturing affiliates in China, Indonesia, Malaysia, Singapore, and the Philippines. Working with local staff, they check cafeteria sanitation in those places. They help local staff identify sanitation management issues for themselves and systematically improve on them. The effort has improved cafeteria sanitation management at each of these sites.

## Fire and Disaster Prevention

Epson is resolved not to be the source of any disaster. That is why we have declared to be an accident-free workplace. Under our slogan of “Protecting our business through our own efforts,” we have organized independent fire brigades to help protect ourselves and our property. Epson Disaster Prevention Day falls on the last work day of each August. On that day, we run fire and disaster drills based on a Group-wide plan to prepare for a wide-scale disaster. Our emergency communication systems use IT equipment to check up on the safety of employees and their family members. We conduct drills at getting information out via satellite phones or other emergency communication equipment. Through these approaches we are strengthening our disaster prevention systems and raising employee awareness.

## Formation of Independent Fire Brigades

Epson has had independent fire brigades in place for six decades. The first formed in 1955, with 15 members dedicated to protecting their factory from fire. As our business has grown, so have these fire brigades. There are now approximately 900 employee firefighters active at business sites in Japan and at facilities around the world. Fire brigade members train continuously to protect life and company property.



Members of the Group's first independent fire brigade (1955)

### Purpose and significance of independent fire brigade initiatives

- Regular training teaches members about firefighting techniques and skills and raises their safety awareness so they can take immediate and proper action in an emergency. This is part of company safety education.
- Initiatives help employees take the lead during fire or natural disasters. Members help to ensure personal safety (relief work) and minimize damage to facilities and equipment (initial fire-fighting).
- Employees who learn about safety and firefighting techniques and skills become key members of the workplace to instruct others there. They model fire/disaster prevention and safety for all employees, which raise workplace awareness of the same.
- Initiatives to fight fire enhance communication. Fire brigades are a good place to foster friendships between members from different departments, develop character, and cultivate human resources.

## Fire Brigade Competitions

Fire Brigade Competitions take place every year (the event was held for the 28th time in 2014). This gives members a chance to show off what they have learned from their training. The competition also energizes the organization and fosters a sense of solidarity.

A total of about 700 participants took part in the 2014 Competition. The president and several directors attended, as did Group company directors who have a disaster prevention role. In total, 34 teams appeared, including 18 in the small pump division (male and female), eight in the indoor fire hydrant division (female), and eight in the bugle band division. There were even teams from abroad. Eight teams from six manufacturing sites in China and Southeast Asia demonstrated the skills they had learned. Epson has moved some production lines offshore. If a fire were to occur at a manufacturing site, it could have a significant impact on product supply and other business activities. Therefore it is essential to Epson to improve our initial fire-fighting technique and disaster awareness at manufacturing sites outside Japan. Epson encourages employees to take an active part in the competition. It is an excellent opportunity to raise fire and disaster awareness in Japan and abroad and better understand our Group stance on fighting fires and disaster at work. The Group will continue to step up its disaster prevention efforts.



Entrants in the small pump division competed on discipline, execution, and speed



First place in the bugle band division went to the Tohoku Epson Corporation team.



The team from Epson Precision (Philippines) Inc. (EPPI) took second place in the indoor fire hydrant division.

## Fire Drills (China)

Since it started operating in 1997, Epson Precision (Shenzhen) Ltd. (EPSL) has given fire drills to all employees twice a year (January and June). Workers learn to prevent factory fires. They practice emergency communication and evacuation so the workplace can respond rapidly in an emergency. They train to provide initial fire-fighting. These drills raise employee fire prevention awareness and build up our independent firefighting programs. In June 2014 the company also gave fire prevention training to children of employees. The children learned how to use a fire extinguisher and escape a fire.



Children fascinated by a fire extinguisher



Playing a game to practice escaping a fire



Employees practice emergency evacuation, still wearing work outfits



Organizational Governance

# Corporate Governance

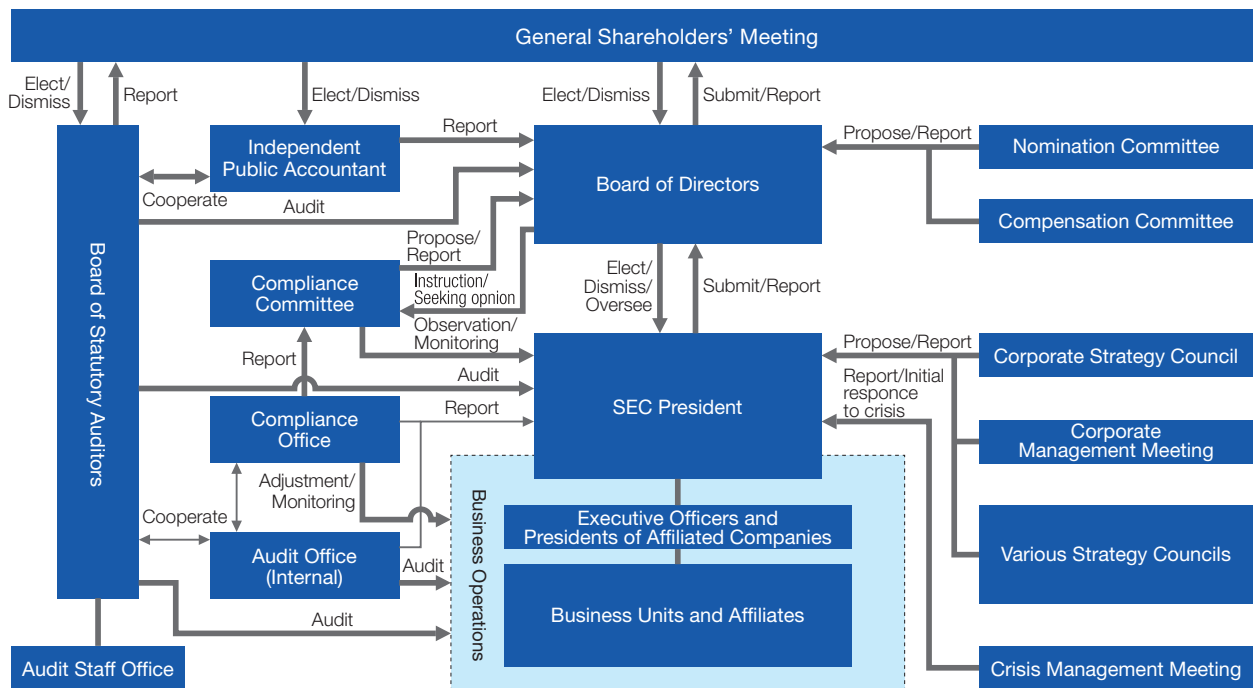
## Corporate Governance

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 108 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 2014 fiscal year, the Audit Office performed 34 operational audits and 23 information system audits of Epson business units, and provided them with advice on correcting 256 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 Group companies to earn certification from the relevant authorities for compliance with international trade programs. (See the table below.)

• Certifications

Company	Program (certifying agency)	Program overview
Seiko Epson Corporation	Special general bulk export license (Ministry of Economy, Trade and Industry)	The program grants a blanket license to export certain items (or provide certain information) to certain destinations without an individual application if an export control system is found to be in place.
Seiko Epson Corporation	Authorized exporter (Ministry of Finance, Tokyo Customs)	The program enables certified parties to get export permission even if goods are not brought into a bonded facility, etc., if an export security control and compliance system is found to be in place.
Seiko Epson Corporation	Authorized importer (Ministry of Finance, Tokyo Customs)	The program enables certified parties to separate import declarations from tax declarations and accept goods before filing a tax declaration if an import security control and compliance system is found to be in place.
Epson America Inc. Epson Portland Inc. Epson El Paso Inc.	Customs-Trade Partnership Against Terrorism (C-TPAT) (US Customs)	The program is designed to strengthen security of goods imported to the US and security of import channels to the US.



Certificate of AEO Exporter



Certificate of AEO Importer

Mr. Kazuyuki Yanagisawa, General Manager of the Logistics Planning Department, took part as a panelist in the Suwa Region Customs (International Trade) Symposium hosted by Nagoya Customs in May 2015. The symposium addressed the theme “Status of Globalization and Development of the Suwa Region/Nagano Economy.” During Yanagisawa’s presentation, entitled “Seiko Epson’s Efforts for More Efficient Logistics,” he reported that getting certification as an authorized exporter has helped stabilize lead times on exports.



Suwa Region Customs (International Trade) Symposium

## 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.

### Topic: Mandatory Training at Epson (China) Co., Ltd.

Epson (China) Co., Ltd. (ECC), which serves both as Epson’s regional head office in China and as a sales company, has been conducting a different kind of compliance training since March 2015.

ECC adopted a new policy of requiring all personnel, from the president on down, to take a compliance training course that aims to immediately supply them not with knowledge as in the past but with wisdom. The course is designed to be easy to understand (avoiding legal language wherever possible and using visual aids), useful (presenting solutions instead of only stating what is prohibited), and interesting. ECC created a booklet with comics to explain potential compliance risks in the company. Members of the legal affairs department serve as trainers for the classes, which are limited to 15 persons to make it easier for participants to ask questions. ECC plans to schedule at least 50 classes to achieve its goal of training all 800 employees.

## 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.



Tabletop exercise for earthquake



Checking the restoration procedure of the production line in a clean room

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.

## 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.

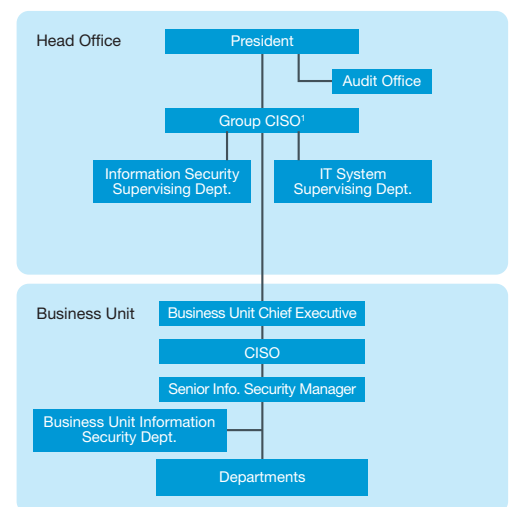
### Information Security

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.

[Basic Information Security Policy](#)  
( Please refer to page 107 of " Appendices".)

#### Information Security Organization



<sup>1</sup> Chief Information Security Officer

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, 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 2014 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. Epson obligates the online training program to all employees and executives.



Information security training (Philippines)

Information security activities are also being developed at Epson Group companies overseas. In the 2014 fiscal year information security training and support was provided to Epson Group companies in Southeast Asia and China continuously last year.

## 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 with the aim of supporting the development of its existing businesses and the growth and commercialization of its 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.

Epson ranked 12th in Japan and 14th in the U.S. for number of registered patents in 2014. In 2014, Epson's the "PC-less photo printer" for digital cameras and smart phones 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.

### Topic: Seiko Epson Named Among Top 100 Global Innovators in 2014

In November 2014, international information services company Thomson Reuters recognized Seiko Epson for the fourth 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



Mr. Shigeki Inoue, Managing Director of Seiko Epson Corp. receiving a trophy from the representative of Thomson Reuters Professional KK (photo on left).



## Sustainable Procurement

# Approach

## Approach

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Epson is committed to practicing sustainable procurement. We develop mutually beneficial trusting relationships with our business partners around the world based on the concepts of fairness, coexistence, transparency, and co-prosperity.

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.

These partnerships are the roots that allow Epson to grow in harmony with local and international communities.

[Basic Procurement Policy](#)  
( Please refer to page 112 of “ Appendices”.)

## Sustainable Procurement

# Procurement Guidelines

## Procurement Guidelines

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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 2015, we issued Rev. 3.2 of the Epson Group Procurement Guidelines by reflecting the revision of the EICC Code of Conduct, and updating certain parts in line with the requirement in the Code for the usage of more concrete and detailed expressions.

## To our suppliers

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Epson is committed to conducting its business activities transparently, in a socially responsible manner, as "a progressive company, trusted throughout the world."

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 fulfill our social responsibility.

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's procurement policies are designed to develop mutually beneficial trusting relationships with its business partners around the world based on the concepts of fairness, coexistence, transparency, and co-prosperity. Epson has thus committed itself to maintaining high ethical standards and a social conscience, and has declared that it will conduct its procurement activities in strict compliance with both the letter and spirit of laws and regulations in every country and region in which it operates.

Epson considers the conflict mineral problem to be a major issue in terms of socially responsible procurement. Consequently, we do not use conflict minerals, as they are tied to human rights abuses, environmental destruction, and the funding of armed groups in the Democratic Republic of the Congo (DRC) and adjoining countries.

Epson takes the following actions to exclude conflict minerals from Epson products.

1. We ask our suppliers to read and follow the Procurement Guidelines and the Epson Supplier Code of Conduct. We take additional opportunities to explain and gain their understanding with regard to actions we take to keep conflict minerals out of our products.
2. Epson is not required to report to the US Securities and Exchange Commission about the use of conflict minerals, as defined in the final rules of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). However, we do survey our supply chain using a tool provided by the Conflict-Free Sourcing Initiative (CFSI), a group that is working with enterprises to promote responsible mineral procurement. If, in the future, a more effective means of carrying out due diligence on conflict minerals is established, we will adopt it and ask our suppliers to do so as well.
3. Epson requires its supply chain to provide proof of compliance 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 CFSI.

### Main Initiatives to Date

- In September 2012 we asked our suppliers to abide by a clause concerning responsible mineral procurement that we added to the Epson Supplier Code of Conduct, which is found in our Procurement Guidelines.
- In September 2013 we set up a cross-organizational Conflict Minerals Review Committee made up of personnel from all Epson's operations divisions and from the procurement departments of Epson Group companies. Organization and administrative oversight is provided by the Seiko Epson Head Office department that supervises socially responsible procurement. Under the direction of the Committee, Epson has switched from a passive to a proactive approach to conflict mineral surveys.
- In the 2013 fiscal year we conducted conflict mineral surveys using the CFSI template for the main products in every business of every business segment.
- In the 2014 fiscal year we expanded the conflict mineral surveys to include all companies from whom we purchase production materials--approximately 950 suppliers around the globe--and had a 96% response rate. However, despite analyzing survey answers and performing due diligence, we were unable to determine whether minerals were procured from sources not engaged in conflict.
- We asked suppliers to understand and cooperate in our responsible mineral procurement efforts at a meeting held in April 2015 to brief them about Epson's procurement policies.

## Initiatives in 2015 and Beyond

We found from the surveys performed to date that there is room for improvement in terms of answers to survey questions. In the 2015 fiscal year we will continue to survey suppliers, mainly those who supplied problematical answers, those who responded that they were unable to identify all smelters, and those who are new for us. We at Epson will continue our efforts to deepen supplier partnerships, improve the accuracy of survey answers, raise the rate at which smelters/refiners are identified, and increase supply chain transparency.

Going forward, we, along with our suppliers, will seek to help curb human rights abuses in the Democratic Republic of the Congo and adjoining countries by continuing to pursue initiatives that are designed to exclude conflict minerals, profits from the sale of which are used to fund armed conflict, from Epson products.

## Sustainable Procurement

# Paper Products Purchasing

## Paper Products Purchasing

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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

Epson selects suppliers using fair criteria and procedures that are based on our Basic Procurement Policy. We have established internal rules that set forth criteria for selecting suppliers to help us to ensure that a prospective new supplier will be able to provide us with a stable supply of quality parts and raw materials at a fair price.

Once a year we also conduct a general evaluation of suppliers with whom we regularly do business. These periodic general evaluations are used to evaluate a supplier's performance in management, environmental management, quality management, cost management, and delivery deadline management so that we can ensure stability of supply. If a supplier receives a poor evaluation, we ask the supplier to provide us with a corrective action plan. We then re-evaluate the supplier and provide feedback on the results. This process helps lay the foundation for a stronger relationship.

In the 2014 fiscal year we evaluated approximately 1,500 business units at 900 companies.

We also presented suppliers with Epson's Procurement Guidelines and communicated our approach to CSR, which is to foster trust with all stakeholders as we progress with, and contribute to the creation of a better society. With this as a starting point, we are promoting initiatives toward socially responsible procurement in cooperation with our suppliers.

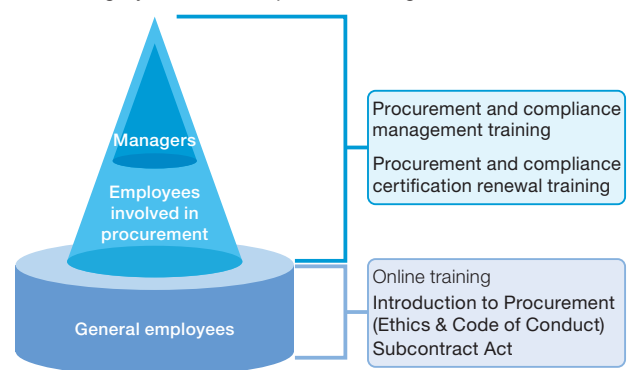
## Compliance Management

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 are 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 an online training course in Introduction to Procurement (Ethics & Code of Conduct) and another in Subcontracting Law Fundamentals. Moreover, procurement personnel, including persons with procurement approval authority, must earn in-house certification by successfully completing the Procurement and Compliance Management course. In the past, certification was permanent, so employees never had to renew their certificate once they earned one. However, we changed the system in the second half of the 2014 fiscal year. Now, employees are required to take Procurement and Compliance Certification Renewal Training five years after earning certification.

### ● Training System for Compliance Management in Procurement



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

## Corporate Citizenship

# Approach

## Approach

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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

### Beekeeping Project (Germany)

Epson Deutschland GmbH (EDG) provided suits and equipment to help a local school set up a beekeeping project in February 2014. The children enjoy the work and learn important lessons about biology and project management. They harvested honey and made candles from beeswax that were sold at school bazaars in November 2014. Epson printed the labels that the kids design.



"You don't need to be scared of bees but you must respect them," said one of the children.

Message from teachers

### Learning Outside the Classroom

Headmaster Klaus Heesen says, "This program is a great gain for the school. The children do not even notice that they are learning because they are so absorbed in their task."

Teacher Verena Uhl says, "It is very nice to watch how inquisitive and curious the students are. Thank you for your great commitment."



Maria Montessori Comprehensive School  
Headmaster Klaus Heesen (left rear)  
Teacher Verena Uhl (2nd from the right)

### Assistance for Brazilian Schools in Japan

In June 2014, Seiko Epson donated projectors and document cameras to 11 Brazilian schools in Japan to help improve the learning environment. During a speech at a donation ceremony, Minoru Usui, president of Seiko Epson, said, "Brazil and Japan share a long history during which hundreds of thousands of Japanese emigrated to Brazil and, more recently, large numbers of Brazilians came to Japan. Epson has deep ties with Brazil. Our Sao Paulo sales company has more than 150 Brazilian employees and our manufacturing company more than 500. I hope that you will use the donated equipment to further your studies and that, in the future, you might use your familiarity of Japanese culture to serve as a bridge between our two countries."

Consul-General Marco Farani of the Brazilian Consulate-General in Tokyo thanked Epson by saying, "The projectors and other equipment Epson has donated will be tremendously useful in improving the learning environment, and their use in the classroom will be treasured."



Seiko Epson president Minoru Usui with Brazilian school students



President Usui shaking hands with some of the students. Consul-General Marco Farani is shown on the left.



## Epson Information Science Vocational School (Japan)

Our society is increasingly built around information. To meet the needs of changing times, we established the Epson Information Science Vocational School in 1989. Its purpose is to develop technical personnel who are trusted by the community and can make wide-ranging contributions to society. As of March 2015, more than 2,400 persons have graduated from the college.

Most of the instructors are businesspeople or technical experts who have worked on the front lines of business. Even some of our own employees go out to the school to teach students. Classes are designed to ensure that students acquire technical skills they can put to practical use on the job. As a result of the school's efforts, we have made informal employment offers to 95% or more of each graduating class in the 26 years since it opened. The school continues to turn out a large number of persons who go to work in information technology, mechanics, electricity and electronics, and accounting.



Epson Information Science Vocational School



A class in session

## Corporate Citizenship

# Culture and the Arts

## Culture and the Arts

### Support for the Saito Kinen Festival Matsumoto (Japan)

To contribute to the flourishing of music and the arts, Seiko Epson has since 1992 been a special corporate sponsor of the Saito Kinen Festival Matsumoto<sup>1</sup>, a nearly month-long classical music festival held annually in the city of Matsumoto, in Nagano, Japan. In addition, for more than a decade we have invited children from elementary and special needs schools in Nagano prefecture to Concert for Children. These concerts, which feature young performers, are part of the festival's educational program. For children who have few opportunities to listen live orchestras, the Concert for Children program can spark an interest in classical performances.



Saito Kinen Festival Matsumoto

<sup>1</sup> The festival will be renamed the "Seiji Ozawa Matsumoto Festival," beginning from the 2015 performances.

Corporate Citizenship

Community Events

Community Events

Children's Assistance Program (China)

Since 2012, Epson Wuxi Co., Ltd. (EWL) has worked through the China Charity Federation in Wuxi to provide assistance to economically disadvantaged children in the city who need financial aid to continue their education. In 2014, a total of 25 high school and vocational school students to whom EWL provided assistance over a period of three years successfully graduated.

In June 2014, EWL management and employees also co-sponsored donations to an orphanage in the Tibet Autonomous Region and to an elementary school in Gansu Province. They donated multiple boxes of clothing (some 180 articles of clothing) and company-procured school supplies, such as pencils, erasers, notebooks, and books. A few months later, in September, they sent several more boxes full of clothing and new school supplies. EWL is committed to continuing sustained, meaningful assistance programs that meet local needs.



Pencils and notebooks donated by the management and employees of EWL

Community Beautification Activities (Worldwide)

Epson offices around the world help keep their local communities clean and beautiful. Beautification activities not only keep our communities looking good, they also foster a spirit of community volunteerism and activism.



Lake Suwa Adopt Program (cleanup program in Suwa, Japan)



Dong Jiangbin Park cleanup program (Fuzhou, China)



Road Warrior cleanup activities (Portland, Oregon, U.S.A.)

Topic: Epson's Shiojiri Plant Recognized for Beautification Efforts (Japan)

Since 2007, employees at Epson's Shiojiri Plant have helped to beautify the local community by picking up trash and weeding along a river that runs by the plant. Every year the more than 600 employees of the Shiojiri Plant split up into five groups, and every month, from April through August, one of the groups goes out to beautify the community. Since 2010 they have also been carpeting the river bank with shibazakura, flowering plants in pinks, purples, and various other colors.

In May 2014, the prefectural government showed its appreciation by recognizing the Shiojiri Plant with an award for its efforts to enrich the environment. Yuji Akatsu, manager of the W General Affairs Group, says, "I think there is value in activities that get everyone involved. It is an honor to be recognized for this program, which is now in its seventh year and has raised the consciousness of employees to environmental beautification."



Yuji Akatsu with certificate of commendation and plaque in hand

## Epson Rural Education Program (China)

Epson (China) Co., Ltd. (ECC) launched a program in 2009 designed to improve the learning environment in schools in the rural western area of China. Under this program, ECC donated and installed projectors, PCs, and peripheral equipment that could be used with education software to computerize classrooms. ECC also offered the training course for teachers as part of the program.

In 2014 ECC outfitted classrooms in seven elementary and middle schools in Sichuan province with projectors, PCs, and other information equipment. In August of the same year, ECC invited 40 elementary and middle school teachers to Sichuan Normal University to participate in a one-week training course in the use of the equipment. Says author Lui Wenjia, who backs this program and has been visiting classrooms as a volunteer to explain how to use the equipment, "Teachers usually conduct lessons by lecturing and writing on a blackboard, but now, with the aid of advanced information equipment, they have access to a vast trove of colorful images and content that will further promote learning and increase student motivation."



Dedication ceremony for the Epson Rural Education Program

To date, ECC has donated equipment to 30 elementary and middle schools in Shaanxi Province, Gansu Province, Qinghai Province, and Yunnan Province. Moreover, nearly 240 teachers have participated in training courses. Epson is committed to continuing its efforts to improve the effectiveness of information equipment in the classroom and to assist schools in improving the learning environment.



Commemorative photo with students



Teachers from Sichuan receiving training

## Blood Drive (Philippines)

Epson Precision (Philippines), Inc. (EPPI), in partnership with the Batangas chapter of the Philippine Red Cross and with the cooperation of EPPI employees, has participated in Red Cross blood drives since 2000. The company further promoted this initiative in 2014 with the slogan "One pack of blood saves a life. One action creates millions of smiles." Once a month, EPPI employees and their family members can come in at any convenient time between 10 AM and 7 PM to donate blood. To further inspire employees to give blood, the company partners with the Philippine Red Cross give regular talks about blood and medical exams.



Employees donating blood

The Philippine Red Cross commended EPPI in 2014 for their efforts. Moreover, seven employees who had donated a large amount of blood were given the "Blood Galloner Award."



Blood Galloner Award ceremony

## Corporate Citizenship

# Environmental Conservation

## Environmental Conservation

### Fourteenth Recycling Event Held (USA)

Epson Portland Inc. (EPI) sets aside every April as a month to think about energy conservation and the global environment. During this month, employees hold a recycling event. The event took place for the 14th time in 2015, with nearby businesses helping out. Participants collected unneeded electronic devices, batteries, used paper, and other items. Visitors also received one of 28 poplar or pine tree seedlings to plant at home. The seedlings were grown from seeds of trees on the EPI premises. Along with this, EPI held an event in partnership with the local government to collect harmful household waste. Area citizens brought in old paint, antifreeze, and other materials. The collected waste was taken from EPI to a waste processing plant, where it was all appropriately dismantled and/or recycled.



A visitor takes home a pine tree seedling



Event to collect harmful household waste

### Support for Tree Planting by Senior High School Students (Philippines)

Epson Precision (Philippines), Inc. (EPPI) began offering a tree planting program for area senior high school students in 2010. The program teaches students the importance of protecting the environment by letting them plant trees. In October 2014, a crew planted trees on Mt. Malipunyo in the province of Batangas in the northern Philippines, where EPPI is located. In total, 114 students took part, planting about 1,700 trees.



One group participating in the program



Students planting a seedling

### Planting Trees to Protect Water Resources (China)

In April 2014, Epson Engineering (Shenzhen) Ltd. (ESL) volunteers planted trees along the banks of Xili Dam, a water resource protection area in Shenzhen, China. Some 50 employees and members of their families spent two hours planting more than 100 sweet osmanthus saplings to prevent sand and soil from washing into the dam and protect this precious source of water.



ESL employees and families planting trees

### 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.

- Bellmark Program
- Cartridge collection program at Epson sites
- Ink Cartridge Satogaeri (Homecoming) Project

## Corporate Citizenship

# Social Welfare

## Social Welfare

### Support for Children Battling Cancer (Philippines)

Epson Philippines Corporation (EPC) is a partner in the “Portraits of Love” charity event organized by photographer Pilar Tuason and the Kythe Foundation. The event is intended to bring smiles to the faces of children battling cancer.

In 2015, the partners invited about 80 children under treatment at a children’s hospital in Quezon City to the event. Fifty volunteers joined the effort, including Epson employees. We brought an Epson printer to print out photos from the event onsite, and generated great delight by giving the photos to the children and their parents.



Children enjoyed several fun activities at the event

### Poster Donation to Children's Aid Foundation (Denmark)

Epson Europe B.V. Denmark Office (EEB) supports the Children’s Aid Foundation. The company uses Epson inkjet printers to print posters, including event notices. Established in 1904, the foundation runs children’s homes and other facilities to protect children abused or neglected by their parents. It also hosts a large number of events for children to enjoy, like sports events, summer camps, and Christmas parties. In June 2014, EEB printed and donated 110 posters in honor of the foundation’s 110th anniversary.



A donated poster

### Donations to Hope House Children's Hospices (U.K.)

British affiliate Epson Telford Ltd. (ETL) and its employees strive to be good members of the community through volunteer work and donations. In 2014 the company and its employees donated three digital cameras, 54 Easter eggs, three new inkjet printers, five boxes of photo paper, and a cheque for £155 to Hope House Children’s Hospices, a charity that provides support to families facing the loss of a child.



ETL employees and their donations

## Communication

# Approach

## Approach

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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, Harmony, offers employees feedback from the end users of Epson products or its external partners based on actual visits and discussions with those individuals. By delivering the unfiltered voice of the customer to our employees who have few opportunities to meet with either customers or vendors, Harmony is helping Epson to further raise employee awareness about the creation of customer value.

In FY2014, we shared the voices of a variety of customers and sales agents who are using or selling our large-format inkjet printers for signage and displays, the large-format inkjet printers that can print directly on fabric, as well as our scanners, watches, and so on.

## Shareholders and Investors

### Annual General Shareholders' Meeting

At Epson, we consider the General Shareholders' Meeting to be a valuable opportunity to communicate directly with our shareholders.

In 2015, at the 73rd Annual General Shareholders' Meeting, Seiko Epson President Minoru Usui, addressed shareholders directly, reporting on events and highlights from the 2014 fiscal year and explaining the direction in which the company is headed, particularly in printing, visual communications, quality of life, and manufacturing --the four key domains where Epson seeks to apply its technological strengths to drive change.



The 73rd Annual General Shareholders' Meeting

Every year shareholders bring a range of opinions and questions to the General Shareholders' Meeting, which Usui and the other directors openly address.

To augment the explanations, we set up product displays to give shareholders a solid sense of upcoming Epson innovations. The displays depicted the advances we have already made in the four domains, as well as our vision for the future in these areas. A special exhibit was created to mark the 40th anniversary of the Epson brand.



Communication

**Governments, Communities, NGOs/NPOs**

**Governments**

**Cooperation with the Beijing Forestry Carbon Administration**

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 Forestry Carbon Administration, a Beijing city government agency that promotes the planting of trees to absorb carbon dioxide (CO<sub>2</sub>). ECC contributes to the Beijing Fund of the China Green Carbon Sink Fund via this project and, with the Beijing Forestry Carbon Administration, helps to maintain a 37,000-square-meter area in Beijing’s Bai Wang Shan Forest Park, measure and monitor CO<sub>2</sub> absorption, and educate local citizens about CO<sub>2</sub> reduction. Through this project ECC seeks to raise awareness of environmental conservation among its employees and help fulfill its corporate social responsibility.

The project itself runs throughout the year, but ECC has also held three tree-planting events in conjunction with members of the Beijing Forestry Carbon Administration, with a total of 360 employees and members of their families participating. In addition to planting trees, participants prune and water the trees, pick up trash, and attend family nature classes. The head of the Beijing Forestry Carbon Administration says, “Epson, which sees the importance of environmental conservation and actively participates in the carbon sink project, serves as a model for other companies and is demonstrating social leadership in the reduction of CO<sub>2</sub>.”



ECC employees and family members who participated in the tree-planting program

Epson continues to communicate closely with local governments in communities where it operates so that it may contribute to these communities.



Publicizing the program in the park



Planting trees



Family nature class

**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 2014, we held such events at eight 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 the orientations held in April 2015, we provided a general overview of Epson's business situation and strategies, explained our initiatives and procurement policies, and asked for suppliers' understanding and cooperation in improving quality, reducing costs, strictly observing delivery times, participating in CSR initiatives, and promoting business continuity management.



Procurement policy orientation for suppliers

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.

Communication

# Employees

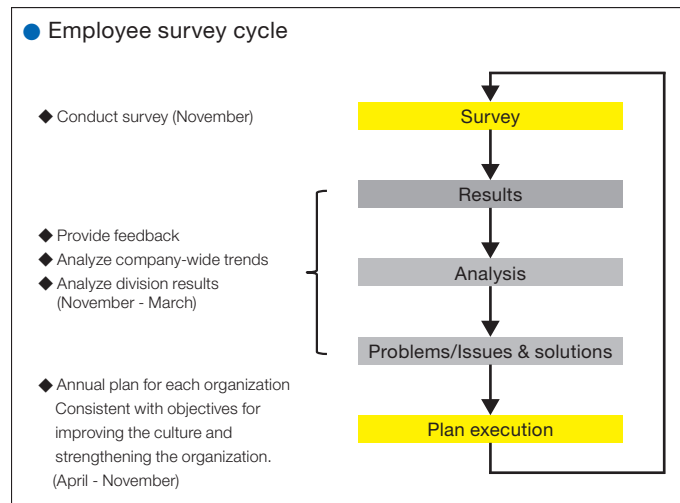
## Employees

### 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

### Global Press Tour

In June 2014, Epson hosted 45 top media from over 20 countries at a press tour in Japan. Over several days the journalists visited the company's major operations, spent time with President Usui and the COO of each Division, and experienced firsthand the breadth and depth of Epson's technology across the printing, projection, sensing and robotics fields. The shared feedback from the participating press members was that they realized Epson was not simply a printer company, but a technology company.

Epson aims to use such opportunities to build good relationships with the press and to effectively communicate its business strategy to its stakeholders.



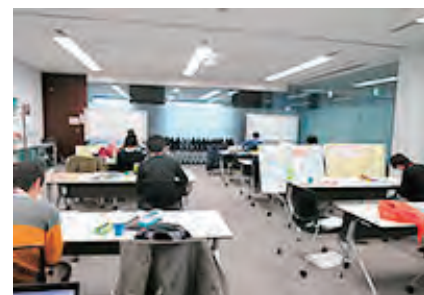
Global media with President Usui at Hirooka Plant

## Dialogue with Students and Educators

### Design Internships

Seiko Epson offers internships every year in March to aspiring designers.

Although short, these internships give students from multiple universities an opportunity to learn about problem-solving processes and the creation of unique designs under the tutelage of designers who are actually working in the field. This year's internship was held at Seiko Epson's Hirooka Office. Students from various universities worked together on a project under the instruction of a Seiko Epson designer. The program is designed to give them meaningful experience and insight into the design world.



Interns tackling a project

The advantage of an internship over the classroom, said one intern, is that it offers a unique opportunity to learn the mental approach to design, not just technique. Others reported that the internship was a valuable experience because it made them think about how they need to approach design work before they enter the workforce.

### Training Guidance for Specialized Senior High Schools

Since 2012, Epson's Monozukuri Juku (Manufacturing School) has given practical training and educational guidance training for students and educators from Nagano Prefecture specialized senior high schools.

Training for specialized senior high school educators welcomes not just new teachers, but also principals' associations and vice-principals' associations. Lectures address the role that specialized senior high school students should play and strengths they should acquire as seen from the business world. They also touch on how businesses and schools interact with each other. School teachers have praised this effort. As one commented, "This gave me a concrete idea of the type of student that businesses are looking to recruit. This is useful for helping me guide my students."



Educational guidance training for educators at specialized senior high schools

## Miscellaneous

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### Monozukuri (Manufacturing) Museum

The Monozukuri Museum within Seiko Epson's Head Office is a space with exhibits of historically significant documents and landmark products that the company has developed, manufactured, and sold over the years.

The museum has a historical corner that provides a retrospective view of Epson over the decades and a hands-on corner that features products in the four key domains Epson is currently targeting: printing, visual communications, quality of life, and manufacturing.



Historical Corner  
(Product exhibits that trace the history of product development and manufacturing at Epson)



Hands-on Corner  
(Showing 3D projected images)

The historical corner has exhibits that trace Epson's history through its products, including the world's first analog quartz watch and a color inkjet printer that went aboard a spacecraft. Meanwhile, the hands-on corner treats visitors to a 3D experience with smart glasses and projectors.

The Epson brand was established in June 1975 and this year marks its 40th anniversary. The Manufacturing Museum was redesigned in March 2015 to provide visitors with a panoramic view of the history of Epson by tracing the brand's origins from the EP-101, the world's first compact, lightweight digital printer, through the many product lines that evolved from it over the ensuing decades.

### Photo and Design Contests

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

- Epson Photo Grand Prix 2014: Epson Sales Japan Corp.
- The Epson International Pano Awards 2014: Epson Australia Pty. Ltd. (EAL)
- Epson Creative Design Contest 2014: Epson Taiwan Technology & Trading Ltd. (ETT)

## International Recognition

### Inclusion in SRI Indices (as of May 2015)

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



 FTSE4GoodGlobal Index  
<http://www.ftse.com/products/indices/FTSE4Good>

### External recognition earned in FY2015

Award	Conferred by	Recipient	Date
Product and Service Awards			
TIPA Award 2015: Best Photo Printer, Best Photo Projector, Best Photo Projector	The Technical Image Press Association (TIPA) is a Europe-based association representing 29 photo and imaging magazines worldwide.	The Epson SureColor P600 inkjet printer, the Epson EH-LS10000 printer, and the Epson Perfection V850 Pro scanner	April 2015
Communications Awards			
Second Annual IR Good Visual Award	IR Good Visual Award Executive Committee	Seiko Epson Corporation	April 2015

### External recognition earned in FY2014

Award	Conferred by	Recipient	Date
Product and Service Awards			
2014 Nikkei Superior Products and Services Award for Superiority	Nikkei Inc.	Moverio BT-200AV/200 smart glasses	Jan. 2015
No. 1 in After-Sales Service Satisfaction, PC Category (excluding tablets)	Economic & business magazine Nikkei Business	Epson Direct Corporation	Nov. 2014
Grand Prix for Lifestyle Innovation Category, CEATEC JAPAN 2014	CEATEC JAPAN Organizing Committee	Moverio BT-200AV/200 smart glasses	Oct. 2014
No.1 in Support Satisfaction, PC Category	Personal computer magazine Nikkei Pasokon	Epson Direct Corporation	Sep. 2014
No.1 in Customer Satisfaction, Desktop PC Category	Personal computer magazine Nikkei Pasokon	Epson Direct Corporation	Sep. 2014
FY2014 Mechanical Engineering Heritage	The Japan Society of Mechanical Engineers	The first Grand Seiko (launched in 1960), the Seiko Quartz Astron 35SQ (launched in 1969)	Aug. 2014

"Most Satisfied Customers Award – Printers, Small Business Award" for 2014	Canstar Blue Pty Limited (a leading customer satisfaction and research and ratings company that surveyed consumers of electronic products in Australia and New Zealand)	Inkjet printers	July 2014
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
<b>Environmental Awards</b>			
Gold Rating for the Enhanced Water Efficiency Building Award, Industry Category	Public Utilities Board (Singapore)	Singapore Epson Industrial Pte. Ltd. surface finishing business	Sep. 2014
Excellent Enterprise in Waste Reduction	Shenzhen Pengcheng Waste Reduction Steering Committee (China)	Epson Engineering (Shenzhen) Ltd.	Jul. 2014
2014 China Low-Carbon Model Company	News China	Epson (China) Co., Ltd.	Jun. 2014
Nagano Prefectural Shinshu Environment Council Award	Nagano Prefectural Shinshu Environment Council	Seiko Epson Corporation, Shiojiri Plant	May 2014
Industrial Partners Pretreatment Award	Clean Water Services (U.S.)	Epson Portland Inc.	Apr. 2014
<b>Employee Awards</b>			
PhotoMaster Accreditation Test "Outstanding Group Award"	Kokusai Bunka College, a private educational foundation	Epson Sales Japan	February 2015
Gold Planning Award, Feature/Non-serial Article Category, 2014 In-house Magazine Planning Competition	Nana Total Communication Institute	Epson Group Journal Harmony [Feature] Daring to Change - Blazing Your Own Trail -	Oct. 2014
3-Star Award, 2014 Best Companies to Work For	Taipei City Government Department of Labor (Taiwan)	Epson Taiwan Technology & Trading Ltd.	Sep. 2014
METI Minister's Award for Distinguished Service in Electrical Safety, Factory Category	Ministry of Economy, Trade and Industry	Tohoku Epson Corporation	Aug. 2014
Gold Prize, Zero Accident Campaign	Occupational Safety and Health Bureau (Thailand)	Epson Precision (Thailand) Ltd.	Aug. 2014
President's Award of Japan Association for Safety of Hazardous Materials	Japan Association for Safety of Hazardous Materials	Seiko Epson Corporation, Shiojiri Plant	Jun. 2014
Gold Flag Award for Occupational Health and Safety Management System (SMK3)	Ministry of Manpower and Transmigration (Indonesia)	P.T. Epson Batam	May 2014
<b>Intellectual Property Awards</b>			
Nagano Prefecture Governor's Award at 2014 Kanto Region Commendation for Invention	Japan Institute of Invention and Innovation	PC-less photo printer	Nov. 2014
Top 100 Global Innovators, 2014	Thomson Reuters (U.S.)	Seiko Epson Corp.	Jun. 2014
Top 100 Post-War Innovations in Japan	Japan Institute of Invention and Innovation	The Seiko Quartz Astron 35SQ	Jun. 2014
<b>IR Awards</b>			
IR Prime Business Award	Japan Investor Relations Association	Seiko Epson Corp.	Nov. 2014

\* The name of the award in English is a direct translation of the Japanese.

## 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.





## 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.

## Basic NESP Policy

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 established a basic NESP policy and shall take strategic actions to enable personnel at all Epson sites around the world to work with vibrancy as a team in the knowledge that they are safe and secure.

NESP: New Epson Safety & Health Program

(NESP is a progressive program that Epson has developed based on general occupational safety and health management system principles and organizations.)



1. Involving all personnel (employees, contractors, and other partners), implement the PDCA cycle for NESP activities and drive continuous improvements.
2. Investigate potential hazards (via risk assessments, etc.), and thoroughly analyze the causes of industrial incidents and occupational injury accidents. Develop measures based on these to prevent future incidents and accidents.
3. Foster a vital organizational culture where work and health are in harmonious balance by preventing work-related health problems and supporting employees' own health monitoring and improvement efforts.
4. Periodically review the preparations you have in place for fires, earthquakes, floods, infectious diseases, and other natural disasters and the actions you have planned to save lives, prevent the spread of damage, and restore business operations. Conduct drills on an ongoing basis to verify preparation and action effectiveness, and implement further improvements.
5. Systematically train employees, and raise the level of safety and health awareness and management.
6. Observe occupational safety and health legal and regulatory requirements in your country and region, as well as internal regulations, standards, and policies.
7. Allocate appropriate management resources for safety and health programs, and continuously make effective improvements.

Established on April 1, 2001

Revised on June 1, 2014

## 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

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