EPSON
EXCEED YOUR VISION

SUSTAINABILITY REPORT 2016

April 2015 - March 2016

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
EXCEED YOUR VISION

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 2016 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.”

Contents

Prospering with the Community

Reporting Period

April 2015 to March 2016

Note: Contains some information on activities conducted after March 2016.

Scope

This report describes the sustainability efforts of Seiko Epson Corporation and 90 consolidated subsidiaries. The scope of environmental reporting, however, covers Seiko Epson Corporation, 56 affiliates.

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

Organizational Changes in This Reporting Period

- Addition of one subsidiary and removal of three
- Removal of two affiliates

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 (*Iryokikigyou Kousei Torihiki Kyougikai*)

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.

Publication Date of this Report

August 31, 2016

Next Scheduled Reports

Sustainability Report	August 2017
Sustainability Report Highlights	September 2017

Inquiries about Sustainability Report

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

Disclaimer

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

Group Outline

Corporate Outline

Company Name	Seiko Epson Corporation
Founded	May 18, 1942
Head Office	3-3-5 Owa, Suwa-shi, Nagano, Japan
Paid-in Capital	¥53,204 million

Revenue (consolidated)

¥1,092.4 billion
(FY2015)

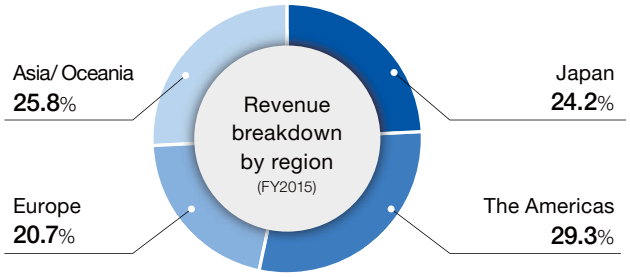
Number of employees

Epson Group (consolidated): **67,605**
Parent company: **11,850**
(as of March 31, 2016)

Group companies

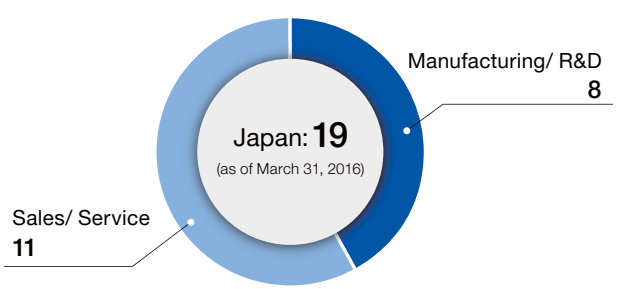
90
(includes parent company)
Japan: **19**, Overseas: **71**
(as of March 31, 2016)

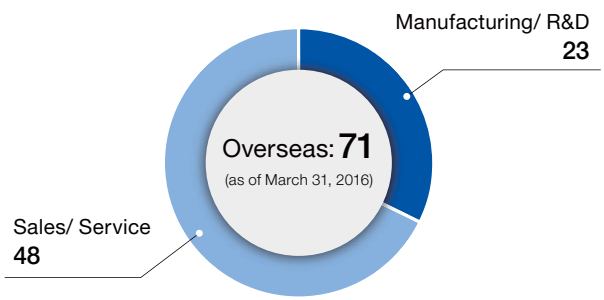
Revenue Breakdown by Region



Employee Numbers by Region

Group Company Breakdown





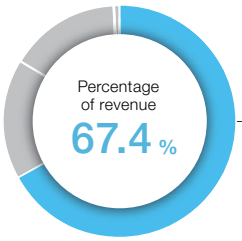
FY2015 Business Overview by Segment

Consolidated

Revenue ¥1,092.4 billion　　Business profit ¥84.9 billion

Printing Solutions Business segment

Epson will further refine its original Micro Piezo inkjet technology to provide higher productivity, better environmental performance, and a sustainable printing ecosystem.

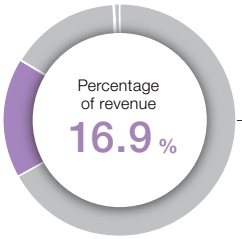


Revenue ¥736.3 billion

Segment profit ¥104.7 billion

Visual Communications Business segment

Epson will hone the competitive edge of its microdisplay and projection technologies to provide exciting visual experiences and a natural visual communications environment in business and home settings.

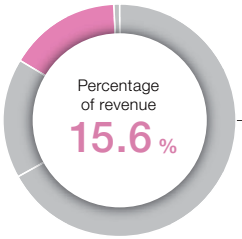


Revenue ¥184.0 billion

Segment profit ¥15.5 billion

Wearable & Industrial Products Business segment

Epson will create new value by capitalizing on the strengths of its technology in areas such as precision machining, high-density board assembly, low power designs, high-precision sensing, and advanced precision mechatronics.



Revenue ¥170.4 billion

Segment profit ¥9.8 billion

Other

Revenue ¥1.4 billion

Segment loss ¥0.5 billion

* Consolidated total sales exclude intersegment sales
* Segment sales include intersegment sales
* Business profit and segment profit are very similar to operating income under Japanese accounting standards (J-GAAP), both conceptually and numerically. Epson began using business profit as an indicator after adopting International Financial Reporting Standards (IFRS) in FY2014 to facilitate comparisons with past results.

Message from Management

Aiming to Make Epson an Indispensable Company for Our Customers and Society

In March 2016, Epson announced its Epson 25 Corporate Vision. This document draws a vision of where we want Epson to be in ten years and maps out our path to get there. We will make further rapid advances by leveraging the business infrastructure we have built to date to transform Epson into a company that creates a new connected age of people, things and information with efficient, compact and precision technologies.

In the future, advances in information and communications technology will allow all kinds of information to be connected over the Internet, causing cyberspace to expand dramatically. In this world, hardware products that interface with cyberspace will be essential for businesses and consumers in the real world. Seeing this macro trend, Epson, as a real world manufacturer, will provide the value of its efficient, compact and precision technologies through original products built around its core technologies. We will offer customers value by reducing wastes of all kinds and saving their time, effort, and money. We want to change business and work processes-both ours and those of our customers-to significantly reduce environmental impacts. And we want to help our customers sharply increase their productivity, accuracy, creativity, and other areas of performance.

Epson has a tradition of creating products that increase productivity and effectiveness while mitigating environmental impacts. For example, customers who replace their office laser printers with inkjet printers save energy and reduce their waste emissions, since inkjets do not have large toner cartridges and photoconductor units. Apparel-related businesses can sharply reduce the amount of water they waste by using digital inkjet textile printers and dye-sublimation transfer printers instead of traditional dyeing processes, which are water intensive. The PaperLab in-office paper recycler that we announced at the end of 2015 can recycle waste paper in the office using a dry process. Waste paper will not have to be hauled off to a recycling facility, so users will reduce their CO_2 emissions. And, since only a small amount of water is used to maintain humidity inside the system, PaperLab will save water, a valuable resource that is used in tremendous volumes in traditional wet recycling processes. Epson is thus changing work processes and providing original products that produce new value.

Epson declared its support for the United Nations Global Compact in 2004, and we continue to drive initiatives aligned with the ten principles of the GC relating to human rights, labor, environment, and anti-corruption. We have been working to build and maintain a strong, fair and transparent governance system by, for example, establishing a Corporate Governance Policy in 2015 and transitioning to a company with an Audit & Supervisory Committee in 2016. As a member of society, Epson believes that it is important to fulfill our corporate social responsibility by conducting ourselves the right way. That means, among other things, establishing business ethics, maintaining compliance, respecting human rights and employee diversity, and addressing environmental issues. At Epson we take such social issues seriously and try to address them with the aim of becoming an indispensable company for our customers and society.

Minoru Usui
President
Seiko Epson Corporation

Business Vision

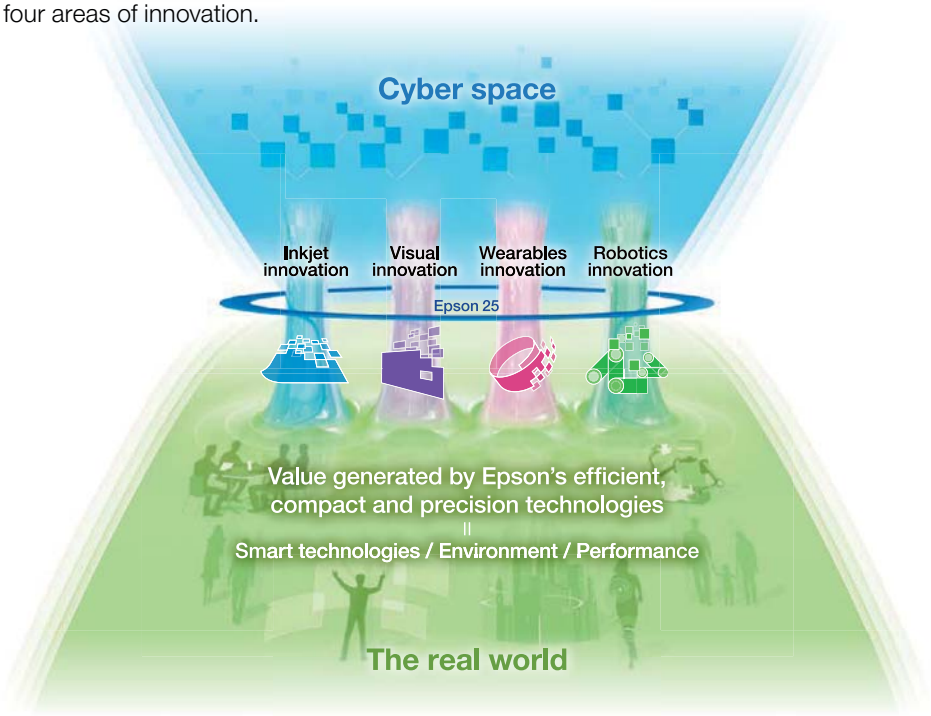
Epson 25 Corporate Vision

In March 2016, Epson established its Epson 25 Corporate Vision, which sets the company's path for growth until 2025.

Vision statement

Creating a new connected age of people, things and information with efficient, compact and precision technologies

Advances in information and communications technology mean increasing amounts of information will become available on the internet, and so-called cyber space will continue to expand. Epson believes that products acting as the interface between cyber space and the actual or real world where customers operate will be of critical importance. As a company that specializes in generating value in the real world, Epson's vision is to create a new connected age of people, things and information with efficient, compact and precision technologies that generate value to customers in the form of smart technologies, the environment and performance in four areas of innovation.



Value generated by Epson technologies

Smart technologies

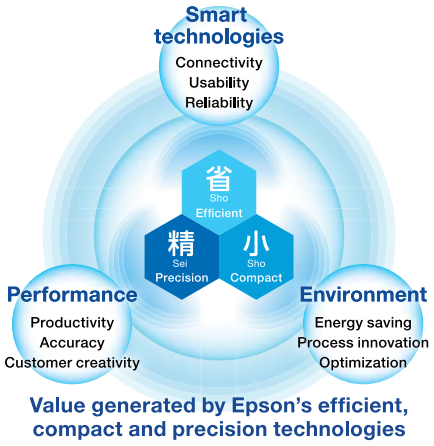
Create convenient and easy-to-use products that can be used anytime and anywhere, and which help customers reduce waste, and save money, effort and time.

Environment

Leverage Epson products to reduce environmental impact by improving customers' work processes, and contribute to a sustainable society.

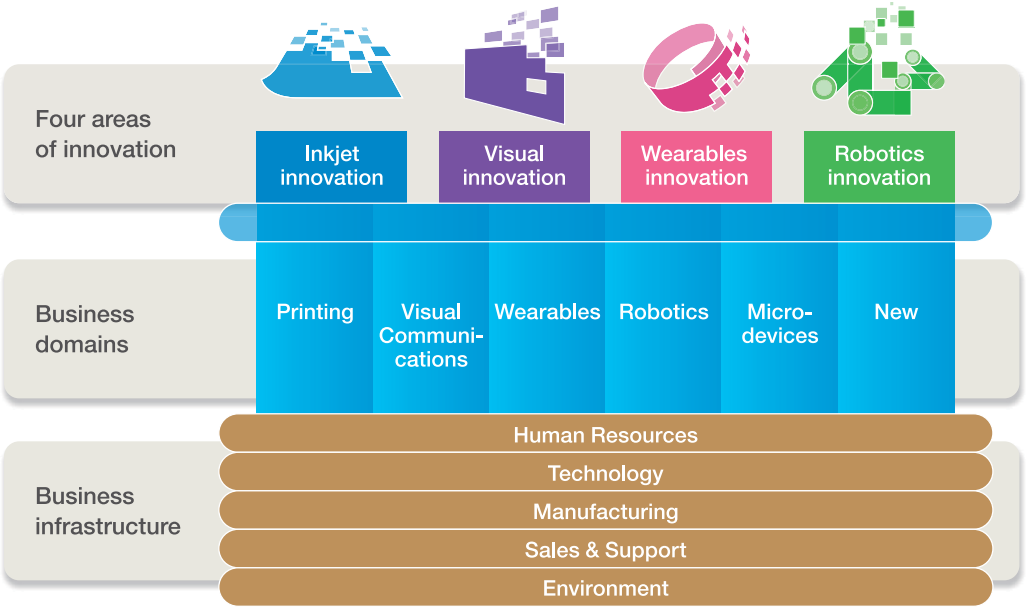
Performance

Use outstanding products to contribute to customers' performance through productivity, accuracy and creativity.



Epson's four areas of innovation

Epson will generate value with its efficient, compact and precision technologies in printing, visual communications, wearables, robotics and microdevices to drive innovations in four areas. We will also strengthen our business infrastructure to support these efforts.



Printing domain

Inkjet innovation

Refine Micro Piezo technology, and expand into high-productivity segments. Improve environmental performance and create a sustainable printing ecosystem.

Visual communications domain

Visual innovation

Refine original microdisplay and projection technologies, and create outstanding visual experiences and a natural visual communications environment for every aspect of business and lifestyles.

Wearables domain

Wearables innovation

Leverage our watchmaking heritage, refine timekeeping and sensing accuracy, and offer a sense of status and fashion.

Robotics domain

Robotics innovation

Combine our core technologies with sensing and smart technologies in manufacturing, expand applications, and create a future in which robots support people in a wide variety of situations.

Microdevices domain: Supporting the Four Innovations

Microdevices

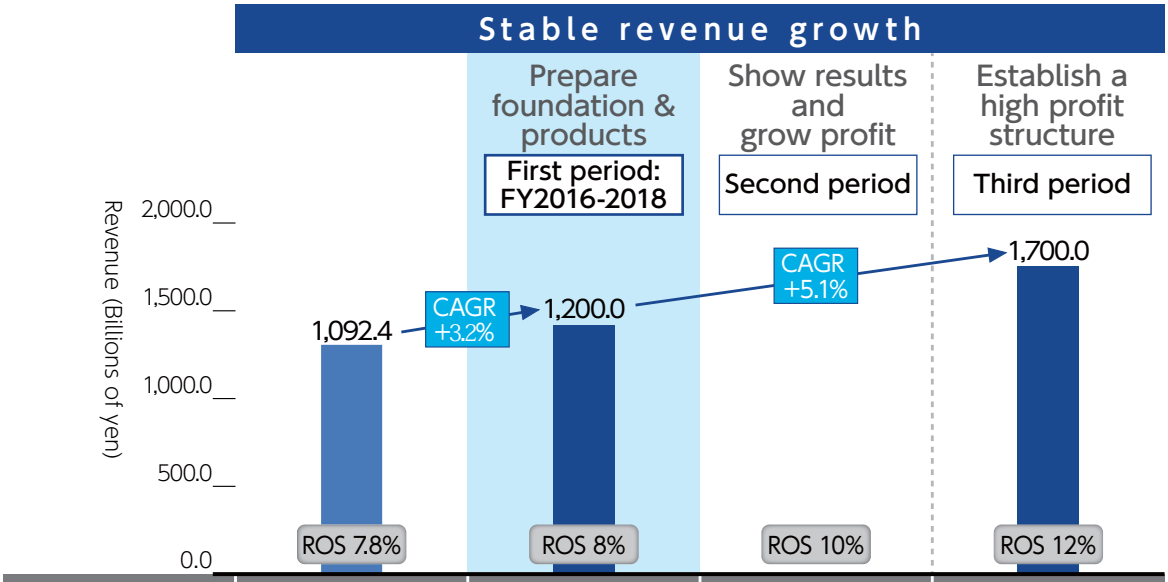
Contribute to Epson's finished products and to the development of smart communications, power, transportation and manufacturing systems with advanced Epson quartz timing and sensing solutions and low-power semiconductor solutions.

Epson has set high targets and established an ambitious vision for the next ten years. Going forward, we aim to create a new connected age of people, things and information with efficient, compact and precision technologies, and become a company that is indispensable for our customers and society.

Mid-Range Business Plan

Objectives (FY2016-2018)

Epson will take a three-phase approach to realizing the Epson 25 Corporate Vision. The Epson 25 Mid-Range Business Plan (FY2016-2018) is the plan for the first phase. In this first phase, we will continue the strategic initiatives begun under SE15. At the same time, we will also ready solid infrastructure by preparing for product development and making the necessary investment in line with strategies for attaining the Epson 25 vision. Building a foundation for growth during this three-year phase will be an important first step toward accelerating revenue growth and increasing profitability in the phases that follow.



	FY2015 actual	FY2018 targets	——	FY2025 targets
Revenue	1,092.4	1,200.0	Growth acceleration	1,700.0
Business profit	84.9	96.0	Improved profitability	200.0
ROS	7.8%	8%	10%	12%
ROE	9.5%	Sustain at at least 10%		15%

Exchange rates: ¥120.14/ USD, ¥132.58/ EUR Assumed rates for targets: ¥115.00/ USD, ¥125.00/ EUR

ROS (Business profit) = Business profit/ Revenue

ROE = Profit for the period attributable to owners of the parent company/ Beginning and ending balance average equity attributable to owners of the parent company

Basic policies

- In businesses where SE15 strategic initiatives were successful, continue to grow by honing our edge. In business domains where we were unable to fully advance, quickly address issues and establish a path to growth.
- Ensure growth by creating products and services that deliver customer value in the areas of smart technology, the environment, and performance.
- Invest management resources as needed to achieve Epson 25, while also taking into account short-term profit growth.
- Quickly establish new business models, and strengthen sales, support, the brand, and operations.

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.

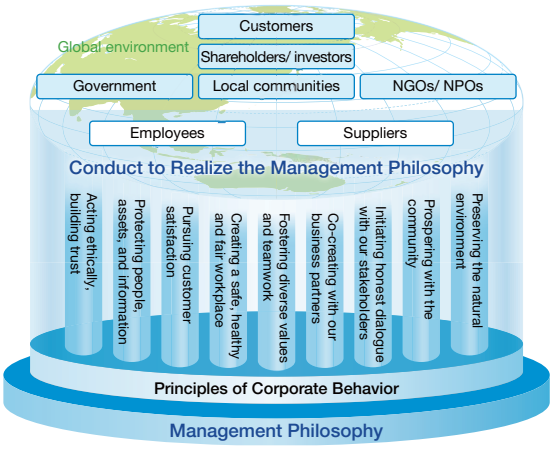
Management Philosophy (Please refer to page 114 of "Appendices")

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 2016) 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 115 of "Appendices")

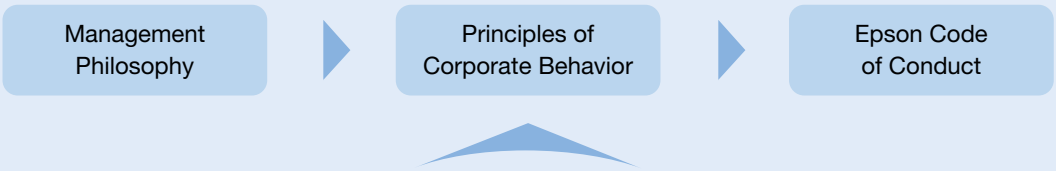
Anti-Bribery and Competition Law Guidelines for Business Partners

In July 2016, Epson created "Anti-Bribery and Competition Law Guidelines for Business Partners" to help ensure that its business partners understand its attitude to anti-bribery and competition laws. The guidelines require business partners to reject such illegal practices when dealing with the Epson Group.

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.

Customer Commitment

Approach

Approach

Epson's CS and quality policies and organizations are designed to achieve customer satisfaction, one of the core commitments included in Epson's Management Philosophy.

Quality Policy

Epson seeks to provide products and services that earn customer satisfaction with an all-hands commitment to the quality policy below.

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.

Mid-Range CS & Quality Action Policy

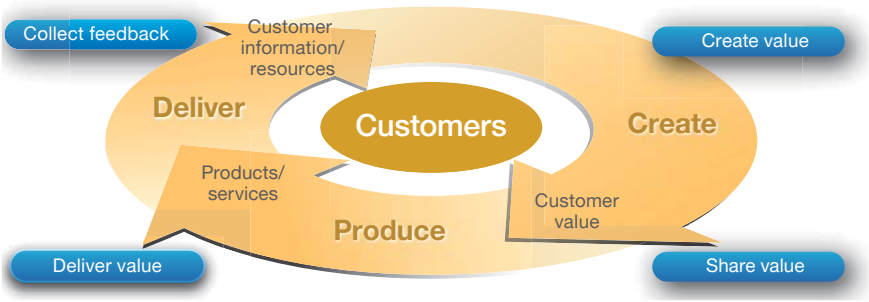
Epson implements CS & quality programs in line with a Mid-Range CS & Quality Action Policy that is based on the Quality Policy and stipulates our vision for creating products and services that please our customers and earn their trust.

Our Vision

Epson provides quality that customers trust and that exceeds their expectations across all areas of operations, from products and services to sales and manufacturing.

1. Our customer-centric process allows us to capture customer expectations and tie them to products and services.
2. We are constantly improving quality and teamwork to continue to provide new value to customers.
3. Establish relationships with customers so that they feel confident in choosing Epson products.

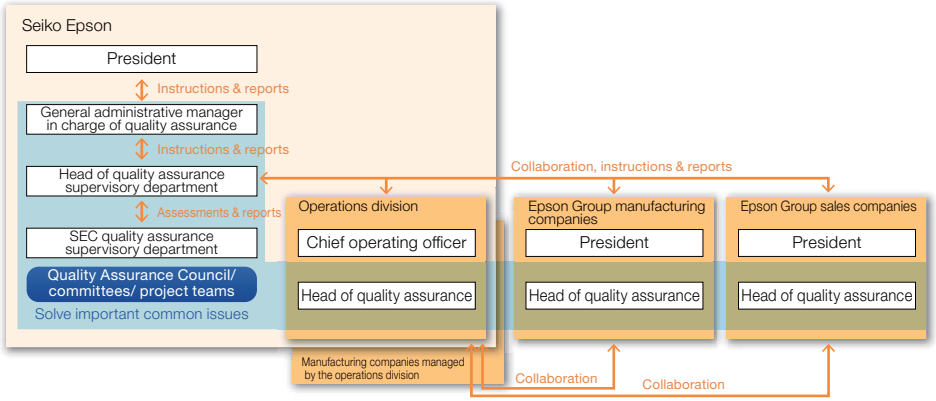
CS & Quality Vision (Creating Customer Value)



Quality Assurance Program Organization

Epson carries out actions to assure quality across the Epson Group. A Quality Assurance Council and project teams solve shared issues and serious problems. In addition, we manage our quality assurance programs by periodically assessing and reviewing the state of quality and the progress of actions, reporting the results to the president, and formulating and implementing policies for further improvement.

● Quality Assurance Program Organization



Customer Commitment

Pursuing Customer Satisfaction

Pursuing Customer Satisfaction

Epson undertakes various activities to provide our customers with satisfaction that exceeds their expectations through our products, services, production and sales. This is a representative example of Epson's activities.

The TM-C7500 Revolutionizes the Printing Environment

In creating labels for displaying products to their best advantage, there is a need to be able to design color labels with photographs and text for each product, and print them attractively at high speed, on demand. On learning of this customer requirement, Epson developed the TM-C7500 color label printer.

First, we sought to learn how businesses make and use labels, and ascertained what difficulties they encountered. For example, when making GHS (Globally Harmonized System of Classification and Labeling of Chemicals) for chemical containers, we discovered that customers followed a two-step procedure.

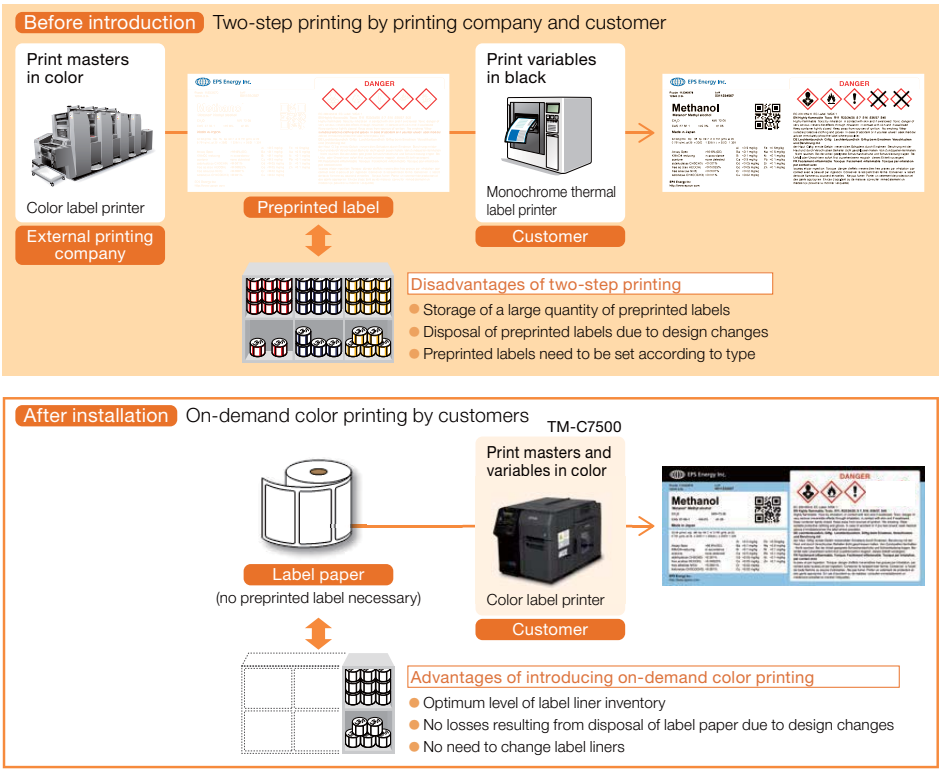
First they would ask an external printing contractor to make several varieties of preprinted labels showing the company logo and the red diamond for the picture symbol, in the places designated in the GHS standard. Then, using their own barcode label software, they would print barcodes, product information, and picture symbols for each chemical on the preprinted labels using a monochrome thermal label printer. As a result, we discovered that customers faced the following issues.

1. It was necessary to prepare several varieties of preprinted labels for the different types of chemical. Also, the printing contractors imposed minimum print runs, resulting in inventory management headaches.

2. The cost of disposing of labels that became obsolete through design changes.

3. Printing the barcodes took time.

● Comparison of GHS Label Printing Before and After TM-C7500 Installation



In order to solve these problems faced by customers, the product plan for the TM-C7500 was developed with a focus on achieving color, high speed and high resolution, and the ability to move to an environment enabling smooth, on-demand color label printing leveraging customers' existing label printing environments.

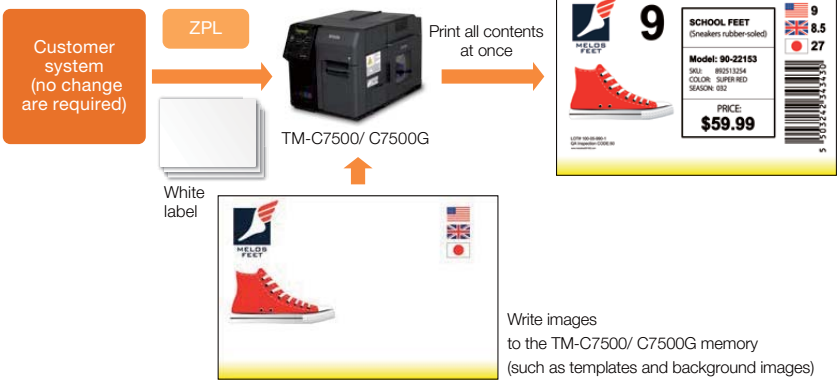
1. To achieve color, high speed and high resolution, the printer is equipped with PrecisionCore lineheads with print speeds of up to 300 mm per second.

2. The internal memory of the printer comes with a stock of images. Equipping the printer with a function for combining this image data with the text and other print information sent from the barcode label software significantly reduces the volume of data sent from the barcode label software. This substantially cuts down the waiting time while data is being sent and read.

3. In order to leverage customers' existing label printing environments, the printer is equipped with ZPLII commands which are standard in the monochrome thermal label printing environments, and ESC/ Label commands including Epson's proprietary commands for achieving color printing with an inkjet.

4. By working with companies that produce three types of barcode label printing software popular with customers, we incorporated the three types of software in the TM-C7500 native driver to achieve an environment that enables on-demand color label printing without customers having to change their systems.

● Example of Color Label Printing



The printer is highly regarded by customers in the healthcare packaging business who have been able to simplify product identification with highly expressive labels through high-resolution color printing with highly water and alcohol resistant pigment inks. They value the ability to cut costs through on-demand printing, reducing use of preprinted labels, as well as reducing the impact on the environment over the product life cycle.

GHS label

Epson will continue to revolutionize the world of label printing by delivering label printing environments that meet wider customer needs.

Incorporating the Voice of the Customer: Quality Control Improvement in Manufacturing Processes

The role of manufacturing processes is to create products that accurately reflect the voice of the customer captured in product plans and designs. In manufacturing processes, we build products that meet specified quality requirements. We specify a lot of quality controls for product components and processes. Quality control engineers are sent to manufacturing sites worldwide to introduce quality improvement activities so that we can strictly manage required controls at the sites and assure quality.

Improvement in collaboration with an overseas affiliate

For example, to further improve the manufacturing quality of printheads for inkjet printers manufactured at Epson Engineering (Shenzhen) Ltd. (ESL, China), we shared quantitative information that shows the relationship between the work environment (cleanliness) and printhead quality to specify how each manufacturing process should be. We have allowed staff to visualize issues that occur, improved technology and the work environment, and achieved the highest level of quality as a result.

We collaborate with local engineers to solve problems logically, develop the talents of manufacturing professionals, and improve quality at plants around the world.

Providing Easy-to-Follow Video Manuals

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

Epson has found, however, that some 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

Customer Commitment

Sales/ Service & Support

Sales/ Service & Support

Epson wants customers to be able to identify products that meet their needs. We always look to provide accurate, readily understandable product information and quality after-sales service so that customers can use our products with peace-of-mind.

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 Corporation holds a skills competition every year for the customer engineers (CE) of partner companies who directly visit customers and service their Epson products. Through the skills competition, CEs get the chance to practice "Epson CE Style." the CE code of conduct, and improve their service skills and the quality of their interactions with customers.

Service Personnel Skills Competition champion Takuma Nishi

In fiscal 2015, the skills competition was held for the first time at Seiko Epson's Hirooka Office. Eight CEs selected from partner companies nationwide competed to demonstrate their skills on the PX-M7050FX (Japan-only model), a printer for the domestic market used with managed print services. One spectator commented, "I realized how dedicated the CEs are in their approach to maintenance."Another said, "By holding the competition at the Hirooka Office, the developers got a feel for the importance of product serviceability."The 2015 competition was won by Takuma Nishi from the North Kanto area. After the competition, he spoke of his dedication to service work. "It was a valuable opportunity to reappraise my approach to service. I think my attention to detail was the winning factor. Thanks to everyone for their support."

Photo Seminars

EpSITE[1] 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.

[1] 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 New Photo Forum

The Epson New Photo Forum is a photography event that conveys the enjoyment of printing photos, including basic knowledge of inkjet printing, how to print correctly, and techniques for finishing photos as works of art.

The latest inkjet printers are displayed at the event venue, as well as the following presentations.

- Printing seminars for making art photos.
- An exhibition of prints of photos provided by customers.
- An exhibition of printed works using a variety of print paper and different manufacturer's cameras.

Epson New Photo Forum

Participants enjoy an event where professional photographers offer critiques of customer's photos.

Customer Commitment

Activities to Improve Quality

Activities to Improve Quality

Epson conducts activities to improve the quality of its products, services, manufacturing and sales in order to provide quality that exceeds customer expectations and earns their trust.

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 2015 fiscal year we had 737 registered monitors who evaluated 24 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

Supplier Quality Assurance

Epson internally manufactures key components such as printheads for inkjet printers. At the same time, our suppliers also provide us with many of the parts needed for manufacturing. Therefore, our quality assurance programs go beyond the Epson Group. We share our approach to quality with our suppliers and work with them to improve quality.

For example, we stipulate our basic quality assurance policies and requirements in quality assurance standards, verify the quality of parts by visiting suppliers, and give them advice about ways to improve. In addition, we hold meetings with suppliers and our own people who are in charge of supplier quality control at our operations divisions to improve quality assurance programs.

A meeting of people in charge of supplier QC

Global Sharing of Service & Support Information

Epson has built service and support organizations around the world so that our customers can use our products and services with confidence.

We hold an annual Epson Group Services and Support Conference that is attended by people in charge of these functions at our overseas regional sales headquarters and some sales companies. The purpose of the meeting is to improve the quality of our service and support. At the meeting, we share technical information about service and support, as well as about the use of our products and services by customers. We also review actions and discuss issues to formulate long-term strategies. The results of the meeting are used in our Group companies around the world.

Epson Group Services and Support Meeting

Improvement of Employee Quality Control Skills

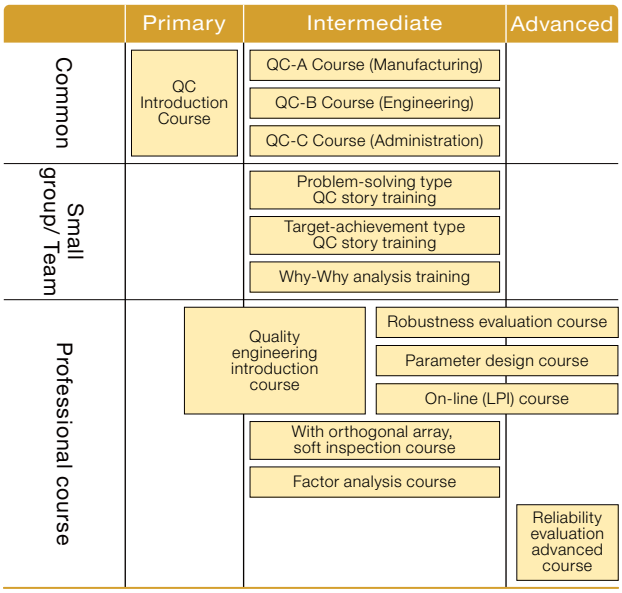
Training

Epson provides quality control training to all employees so that they can help improve quality. Manufacturing personnel, engineers, and office workers separately receive training for the basics of QC first. After that, they receive systematic training to learn the skills required to fulfill their duties and participate in E-kaizen programs (see below).

In addition, we train and certify QC trainers at overseas production sites and certify trainers so that our overseas employees can receive the same level of training as our employees in Japan.

Epson aims to develop people who are able to identify and address the root causes of problems so that we can produce and sell products and services that exceed customer expectations.

● Quality Control Training Program



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

● Standard QC Courses for All Employees (FY2015, Japan)

Course	People trained	% trained
QC Introduction	247	92%
QC-ABC	175	82%

● Licensed Quality Control Training Trainers

Region	Number of Production Sites with Licensed Trainers	Licensed Trainers[1]
Southeast Asia	7 companies	260
China	8 companies	78

[1] Number of licensed trainers as of March 31, 2016

Quality Improvement Initiatives (E-Kaizen Activities)

Epson companies conduct so-called E-Kaizen continuous improvement activities on both an individual and team level to systematically solve issues encountered on the job.

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 bloc events, we make QC circle presentations available for viewing on 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 2015, with 12 elite teams from the various blocs giving their presentations. Lulutong, a team from Epson Engineering (Shenzhen) Ltd., (ESL, China) came away with the President's Award in recognition of outstanding actions taken to establish a multi-model production system.

Liang Weiguo, manager of P Key Components Engineering and Manufacturing, the

The FY2015 Worldwide Team Presentations, in Japan

Members of the President's Award-winning Lulutong team

department to which Lulutong belongs, said, “We want to help increase productivity across Epson by rolling out this production system to other production sites. The goal is not to win the President’s Award but to further increase productivity. Still, we will try to win the President’s Award again next year by further developing our skills and teamwork.”

Activities to Raise Awareness

November is CS & Quality Month across Epson. In FY2015, we raised CS and quality awareness with an online course about key initiatives for relaying customer expectations to people in every phase of the product commercialization process, from planning through sales support. In addition, we held an event to listen to customer opinions, ideas, and wishes that was attended by approximately 1,000 employees in Japan. We use events like this to help shape our products and services to the needs of our customers.

FY2015 CS & Quality Month poster

Program in which we listened to customers’ voices

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.

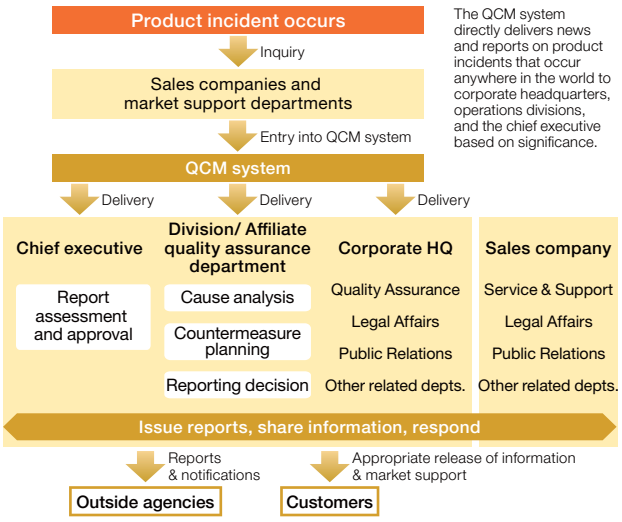
Our product safety and environmental compliance requirements are set forth in the Epson Quality Standard (EQS), a set of unified standards implemented across the entire Epson Group. EQS specifies independent controls that we widely implement to meet or exceed legal and regulatory requirements in each 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.

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

● Epson Product Incident Response Process



Analyses to Prevent Product Incidents

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

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


Burning test at combustion laboratory

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 researches 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.

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[1], and also evaluates the level and safety of substances for which the Japanese Health, Labor and Welfare Ministry has issued indoor concentration guideline values[2]. 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 rigorousness of the Health, Labor and Welfare Ministry's indoor concentration guideline values.

Measurement of substances released by products

[1] Blue Angel, introduced in Germany in 1978, is the world's first environmental label.
[2] Indoor concentration guideline values are the levels of airborne chemical substances that are considered to be unlikely to have harmful personal health effects even if persons take in throughout life the substances at the indicated concentrations.

Product Information Security Initiatives

Once reserved for laser, business inkjet, and other office printers, network connectivity is now routinely provided with home inkjet printers and other consumer devices, which can be accessed via wireless LANs, smartphones, tablets, and other Wi-Fi-capable equipment. Network connectivity is a great convenience, but it also exposes users to security risks, such as cyber-attacks that could lead to the destruction of data or the theft of confidential information by persons or organizations who exploit network device software vulnerabilities[3].

To ensure the security of Epson products, Epson evaluates the vulnerability of embedded software, printer drivers, and other software and other web services such as email printing based on information security requirements included in the Epson Quality Standard (EQS).

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

Epson and the Environment

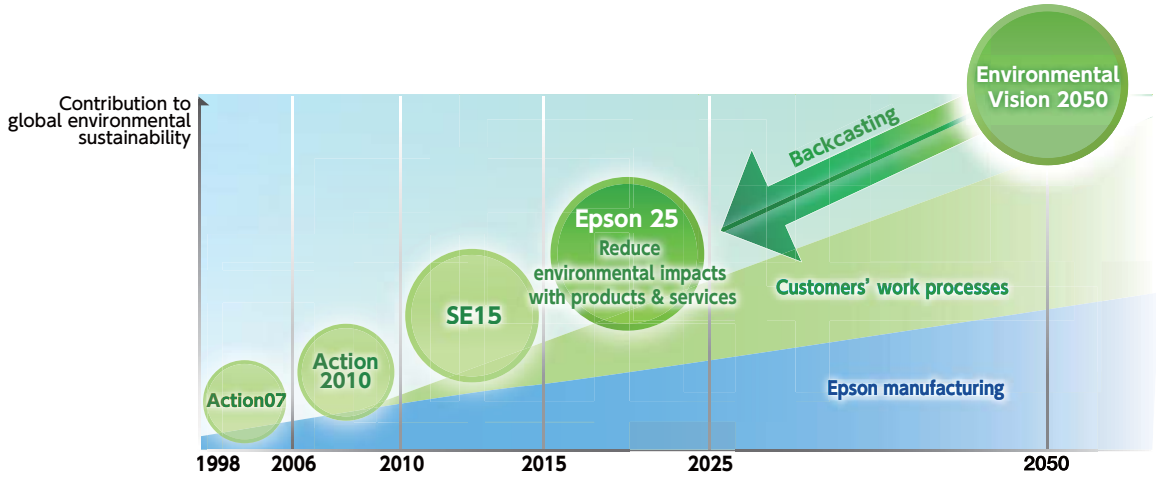
Environmental Vision 2050

In 2008, Epson established its Environmental Vision 2050 as a long-term guide for environmental action, and has since been working to realize the vision.

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

1. Reduction of CO_2 emissions by 90% across the entire product life cycle
2. Inclusion of all products in the resource reuse and recycling loop*
3. Restoration and preservation of biodiversity as a member of the ecosystem, together with local communities

Environmental Vision 2050 and Backcasting*



Epson's approach

Environmental conservation is an important global issue. Epson strives to fulfill its corporate responsibility by addressing environmental issues, with, for example, a CFC-elimination program in the 1980s. We set midterm goals for each important milestone year and make steady progress on these to help us achieve the 2050 vision.

Under the Epson 25 Corporate Vision, we will provide products and services that contribute to the environment by making efficient use of energy and resources, by reducing the environmental impacts of production processes, and by reducing the environmental impacts of customers' business processes.

Glossary

Carrying capacity

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

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

Biodiversity

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

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

Resource recycling loop

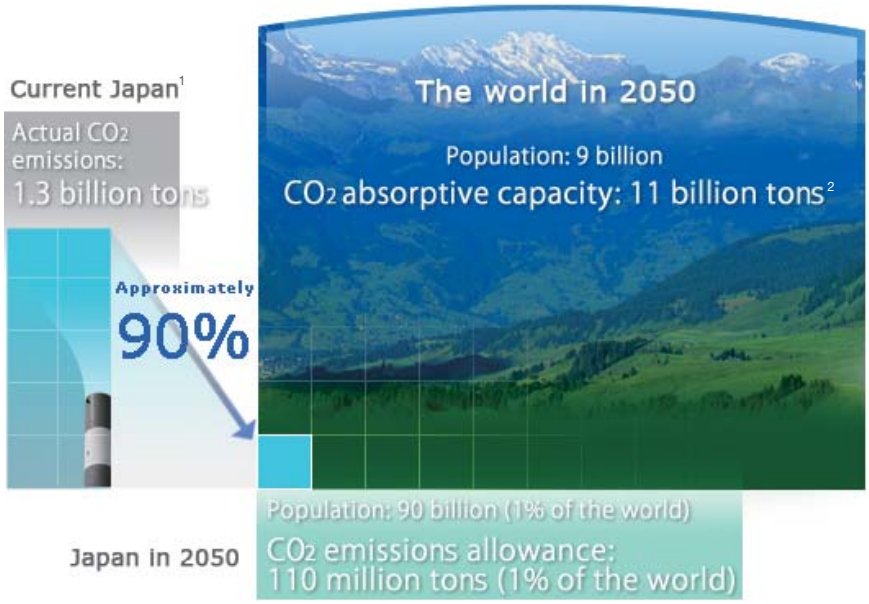
A system in which the input of new resources is gradually reduced by repeatedly reusing and recycling resources used in earlier products.

Backcasting

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_2 Emissions

The amount of CO_2 emissions has to be kept within the Earth's absorption capacity. Just as people in all parts of the world can emit CO_2, 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 its CO_2 emissions by 90%.

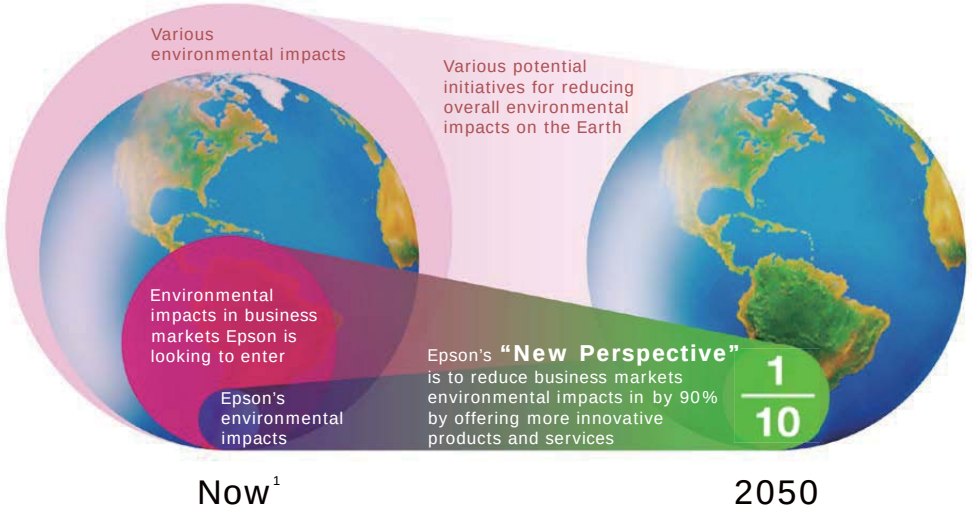


[1] At that time in 2006
[2] According to the Fourth IPCC (Intergovernmental Panel on Climate Change) Assessment Report.

Business Actions to Minimize Environmental Impacts

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

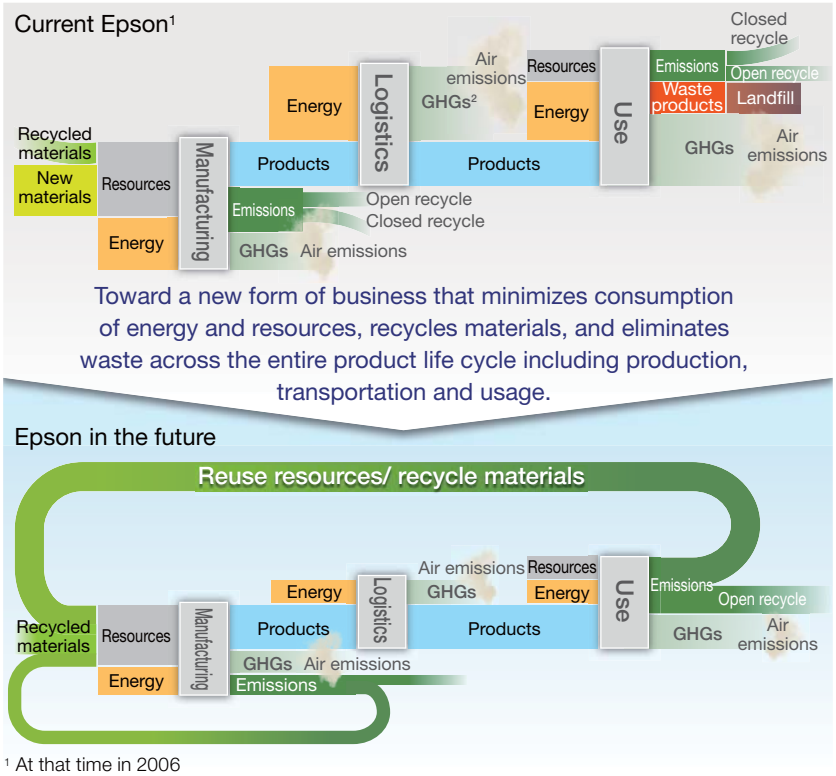
For example, applying Micro Piezo technology in an expanded range of commercial and industrial fields and replacing conventional analog printing processes with Epson's digital printing processes can be expected to sharply reduce environmental impacts. Epson aims to achieve in 2050 a 90% reduction in CO_2 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_2 emissions across the life-cycles of products and services

[1] At that time in 2006

Resource Recycling Loop

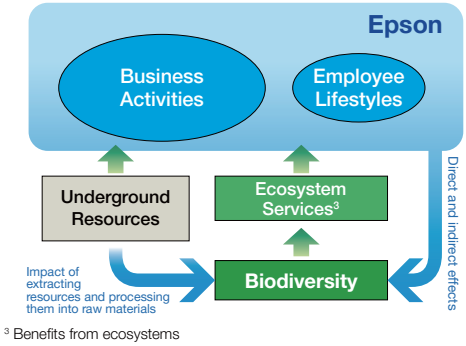


[1] At that time in 2006
[2] Greenhouse gasses

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



[3] Benefits from ecosystems

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

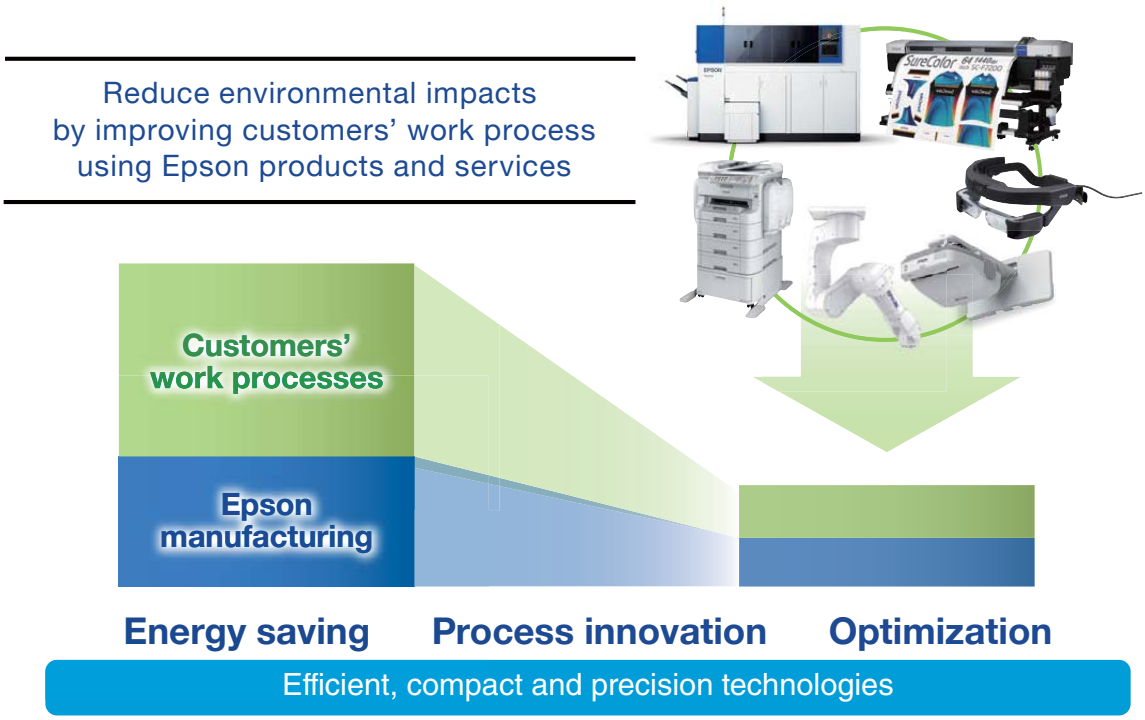
Factor	Relationship to Epson	Theme	Main Initiatives
Climate change	Greenhouse gas emissions	Prevention of global warming	Energy-saving product designs Production and transport measures
Land use	Land alterations accompanying underground resource mining	Resource recycling Resource saving	Reduced-resource products and 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 and use during manufacturing of hazardous substances

Epson and the Environment

2025 Goals

Epson 25 Corporate Vision environmental statement

Contribute to the development of a sustainable society by leveraging efficient, compact and precision technologies to reduce the environmental impact of products and services across their life cycles.



Epson will continue to drive improvements in the basic environmental performance of its products in addition to reducing the environmental impact of their manufacture, transportation and sales. Epson also contributes to broader environmental conservation by reducing the environmental impact of customer work processes through its unique products and to the sustainable development of its customers' business and society in general.

SE15 Environmental Corporate Vision Review

Overview

Epson rolled out business based on the SE15 mid-term environmental policy it established in 2010. As a result, we achieved energy- and resource-saving targets for reducing the environmental impacts of our products. We also achieved market launch objectives for products and services that are designed from a new perspective and lead to improved customer environmental performance. We achieved the environmental performance objectives for the Epson Group as a whole by taking action to reduce energy and water use in production. Meanwhile, it became clear that integrating manufacturing and sales to help customers reduce their environmental impacts will be a key to achieving Environmental Vision 2050.

Achievements

New Perspective	Launched digital inkjet textile printers and business inkjet printers equipped with high-yield replaceable ink packs and which positively impact the behavior and businesses of customers.
Products	Provided eco-conscious products such as extremely compact, energy-efficient printers and projectors that use a laser light source with a long service life.
Production	Achieved the CO_2 emissions reduction target for the Epson Group as a whole. CO_2 emissions were reduced by 43% compared to FY2006 (the target was 35%).
Eco Community	Conducted environmental education and environmental community service programs around the world using Epson products and technologies.

Issues

- Require deeper analysis of customer and social needs
- Require creating and providing environmental value in both existing and new businesses

2015 Goals

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 Group Environmental Performance (FY2015)

	FY2015 Actions	FY2015 Results	FY2015 Targets
New Perspective	Launch and promote "new perspective" products & services that can change customer behavior and businesses.	Developed the PaperLab in-office paper recycler, a product that changes the in-office paper cycle and helps to create a sustainable ecosystem. -Demonstrated a developmental prototype of the PaperLab at Eco-Products 2015	Launch and promote products and services that change customer behavior and businesses.
		Launched high-capacity ink tank printers that reduce wastes and the frequency with which ink has to be replaced. -Japan and the U.S.	
		Launched a smart headset that allows customers to reduce their environmental impacts and work more efficiently by, for example, remotely delivering the information people need to carry out tasks and by increasing sorting and material handling efficiency in warehouses. -Moverio Pro BT-2000	
	2015 Goals: Going beyond only reducing the environmental impacts of products themselves, Epson proposes new products, services, functions, and uses that offer positive changes to the behavior and businesses of customers.		
Products	Energy-saving: Comply with ENERGY STAR® Ver. 2.0	Designed & registered compliant products in every category. Began designing products in anticipation of Ver. 3.0 and external power supply regulations (U.S. federal law & E.U. ErP Lot 7.)	Develop industry-leading energy-saving designs and technology.
	Introduce resource conservation and long-life products	Launched receipt printers that are smaller and lighter than the earlier models and that support tablet-based POS systems. -TM-m10 and TM-m30	Achieve environmental performance for a new category of products that exceeds existing technology.
		Developed laser business projectors. Realized high brightness and a lamp service life of 20,000 hours. -Announced EB-L25000U series and EB-L1000 series	
	Low-noise: Comply with eco labels	Implemented measures to lower noise in some models. Expected to get Blue Angel certification and Chinese environmental label for these models.	Promote low-noise design.
	Low-VOC[1]: Develop low-VOC ink and complied with eco label standards	Confirmed that linehead printers are compliant with the standard. Showcased the measurement results for office inkjet printers that are compliant with ISO 14644 (a cleanroom standard) at CeBIT 2016 (an international IT show in Germany.)	Develop and launch to market low-VOC ink.
	Resources and power conservation: Expand the number of Eco Mark watches	Eco Mark products accounted for 75.5% of total watch sales (the target was 70%). Introduced new GPS solar, solar radio wave and mechanical 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.		

[1] Volatile Organic Compounds

	FY2015 Actions	FY2015 Results	FY2015 Targets
Production	Reduce CO_2 emissions	Reduced by 43.3% Target: Reduce emissions 35% vs. FY06	Reduce per unit of sales 20% vs. FY06
	Reduce PRTR[1] substance emissions	Reduced by 54.2% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce total VOC emissions	Reduced by 52.0% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce waste emissions	Reduced by 33.0% Target: Reduce emissions to FY06 emission level or less	Reduce emissions to FY06 emission level or less
	Reduce water use	Reduced by 55.4% Target: Reduce usage 50% vs. FY06	Reduce usage 55% 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.	- Created and used videos that show Epson's commitment to the environment - Provided environmental education and conducted lectures (Japan, China) - Continued an education program for future leaders (Taiwan) - Cleanup activities at various sites (Japan, China, US) - Participated in environmental exhibitions (Japan, Germany)	Carry out policies/ actions depending on site needs.
	2015 Goals: We are working to achieve new socially and economically sustainable practices through environmental community action centered on products and services.		

[1] 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.

Design for Environment
(Please refer to page 33.)

Management of Chemical Substances in Products
(Please refer to page 51.)

Production
(Please refer to page 54.)

Transport
(Please refer to page 56.)

New Perspective
(Please refer to page 35.)

Products
(Please refer to page 42.)

Product Environmental Information
(Please refer to page 48.)

Product Recycling
(Please refer to page 60.)

Design for Environment

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

Think

Epson takes a life-cycle thinking approach in efforts to minimize customers' environmental impacts by (1) providing products that change the way they work and live, and (2) providing products that offer environmental performance as a basic feature. We set concrete targets for environmental specifications that should be achieved at the product planning stage. And, we have introduced a design-for-environment (DfE) process in which we evaluate how well we did in and after the design stage.

Primary Environmental Performance Features

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

Energy Conservation

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

Resource Conservation

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.

Recyclability

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

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

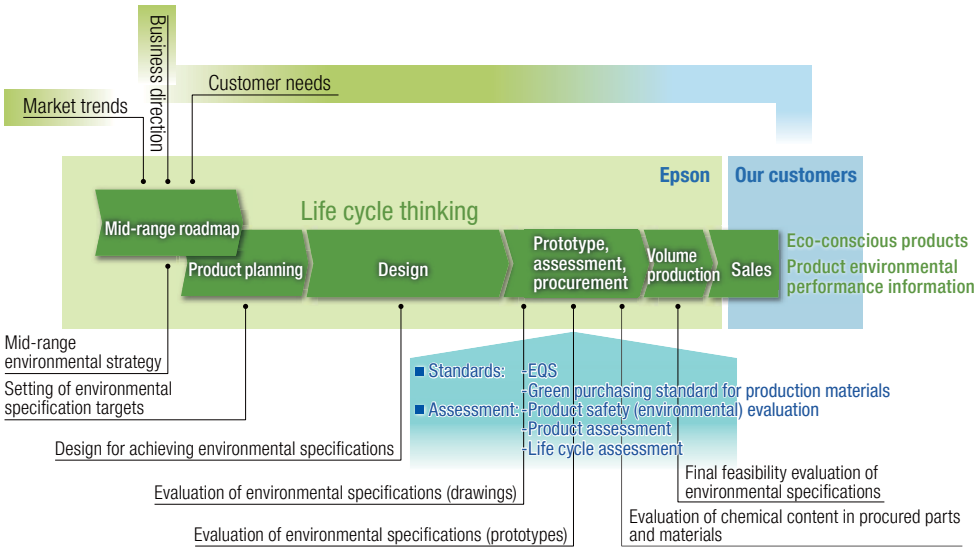
Substance Safety

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 it is finally sold.

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.

Photo Printing

Revamping the Photo Printing Workflow with Inkjet Minilabs

Epson inkjet minilabs are easier to maintain than traditional silver-halide photofinishing equipment. In addition to streamlining the photo printing workflow, they save maintenance costs, help to mitigate resource consumption and reduce the environmental impacts of the printing process.

SureLab SL-D3000
Inkjet Minilab

Efficient Photo Printing with Digital Printing

Silver-halide minilabs require chemical adjustment and calibration in the morning, as well as waste fluid processing and cleaning at the end of the day[1]. The SureLab SL-D3000 inkjet minilab, however, does not require any special maintenance at startup and shutdown. Inkjet minilabs dramatically improve the photofinishers' work environment because, without chemicals, there is no waste liquid to be processed, no parts to be cleaned, and no chemical smell.

[1] According to Epson research.

Eco Features

SureLab SL-D3000

- No chemicals means no liquid waste.
- No washing process means no water hookup is needed.
- Compact body has a 2.1 m^2 installation footprint[2]. The compact design allows greater installation freedom.

[2] Without sorter option

Textiles/ Garments

Revolutionizing textile printing processes with digital technology

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

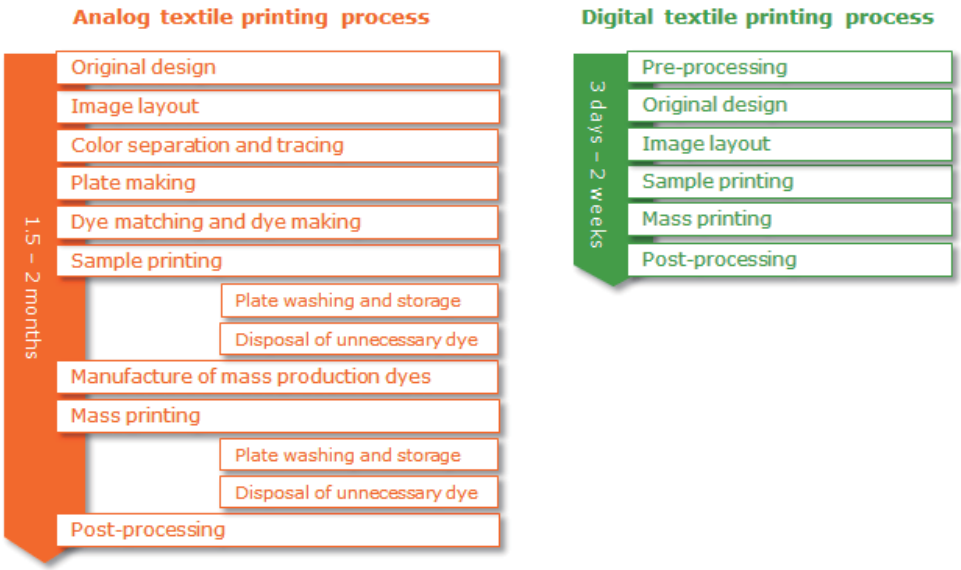
Monna Lisa[1]
digital textile printer

[1] An industrial inkjet digital textile printer jointly developed by Epson and Italian textile production equipment manufacturer Robustelli s.r.l.

Streamlined manufacturing process

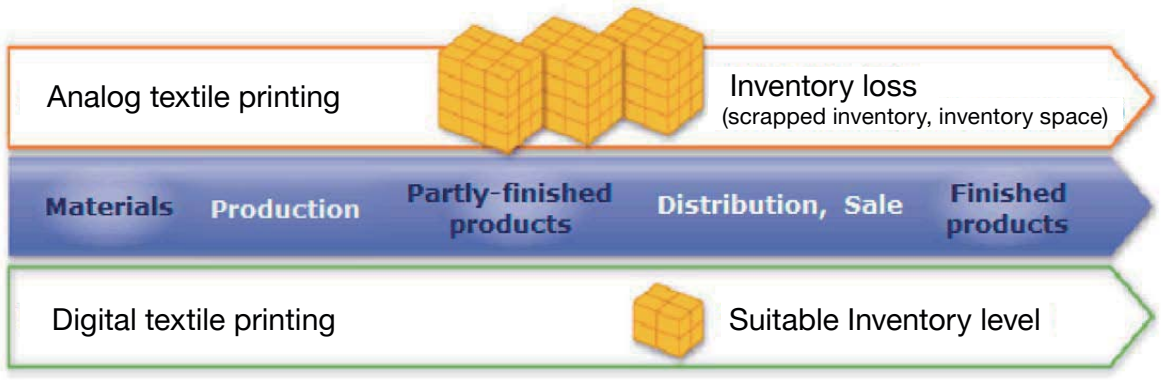
Digital textile printing is greener than traditional analog textile printing. Since the digital process is shorter and does not require plates, it uses anywhere from 40% to 75% less electrical power and water than a traditional process, as well as far less ink and fewer chemical products[2].

[2] Based on Epson's own research



Efficient inventory management

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



Eco Features

Monna Lisa

- The digital textile printing process, which is shorter than the traditional analog process and does not require plates, uses anywhere from 40% to 75% less electrical power and water than a traditional process, and wastes far less ink.
- Ideal for small-lot production. Minimizes inventory losses from manufacturing through to sales.

Office/ Government

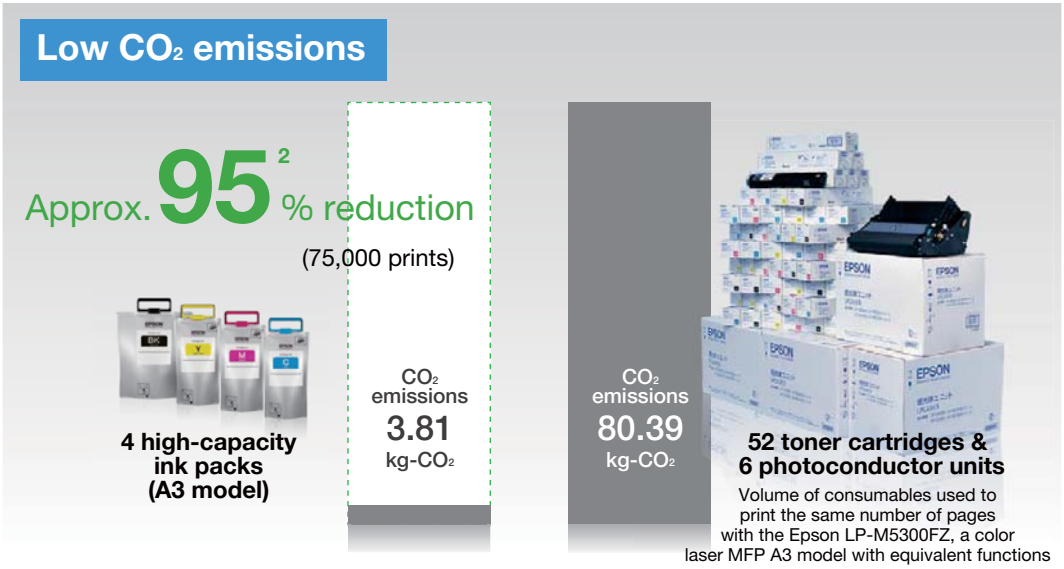
Changing Office Printing with Inkjet Technology

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[1] without replacing the ink. Reduced CO_2 emissions by using fewer resources, and easier management of consumables.

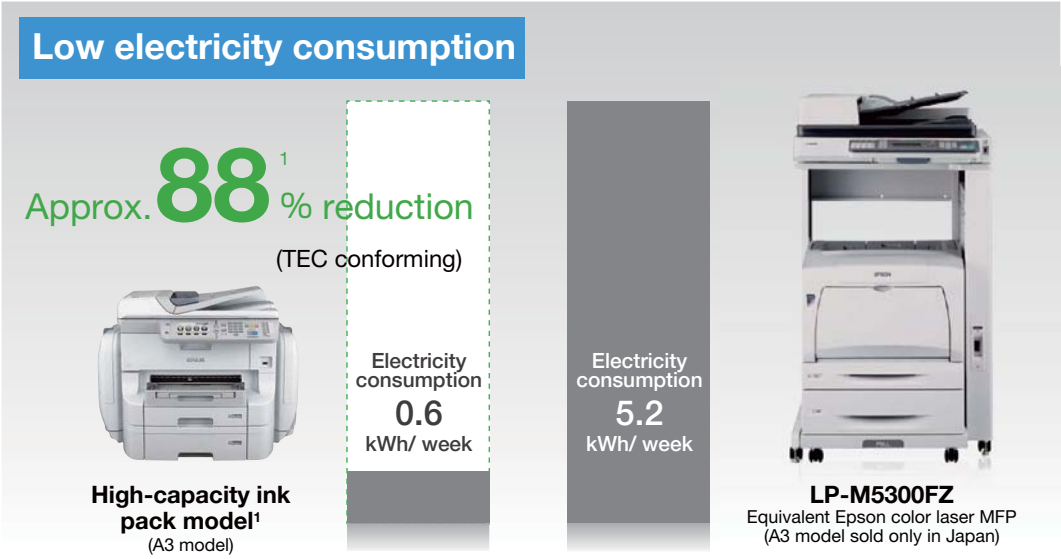


[1] Quoted yields are extrapolated based on Epson original methodology from the print simulation of test patterns provided in ISO/ IEC24711 and ISO/ IEC24712. Quoted yields will vary depending on the images that you are printing, the paper type that you are using, frequency of printing, environmental conditions, etc.

[2] 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_2 emissions. CO_2 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.



[1] Typical electricity consumption (TEC) is based on the ENERGY STAR® program's TEC test method criteria and measured when making 288 prints per day with the A3 all-in-one basic model, the A3 printer basic model, and the A3 printer full set. Compared with the Epson LP-M5300FZ Japan model, a color laser MFP with equivalent functions. The TEC value of the WorkForce Pro WF-R8590 series is 0.7 kWh. Electricity consumption will vary depending on customer printer use.

Note: Figures of CO_2 emissions and electricity consumption for high-capacity ink pack models and laser printers 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 and reduce CO_2 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 is 0.6 kWh.
- Eco Mode allows you to save even more energy and paper.

Stores

Next-Generation POS System Optimizes Peripheral Equipment

The TM-T88V-DT is a next-generation thermal receipt printer created by integrating a receipt printer with a PC.

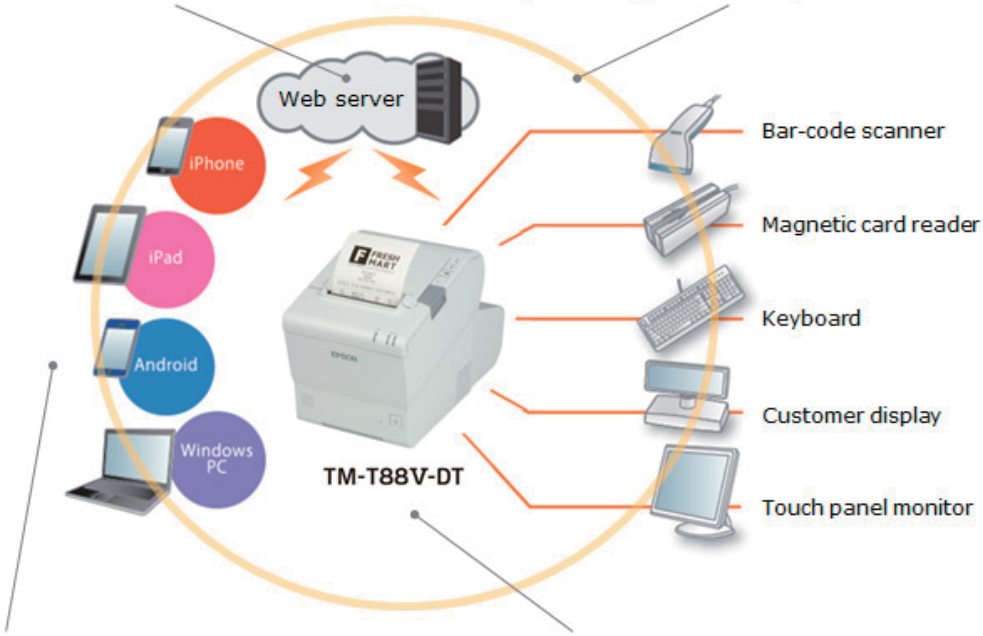
TM-T88V-DT
intelligent printer

Greatly Simplified System Configuration

The TM-T88V-DT has a built-in Web server and is loaded with interfaces for connectivity with a wide assortment of peripheral devices. Since it can be used with a Web browser and is not dependent on any one OS or terminal type, the TM-T88V-DT greatly simplifies POS system configuration.

Easy maintenance
The latest applications are always available through the cloud (Web server), reducing the environmental impacts of onsite installation and updating by service staff.

POS configuration flexibility
Because the number of POS system can be flexibly changed depending on the level of demand, users can reduce the environmental impacts of their operation by removing unnecessary devices.



Network terminal compatibility
The latest power-saving smart devices can be utilized because the TM-T88V-DT has no restrictions on the type of terminal or OS.

Resource-saving design
- The TM-T88V-DT contributes to resource-saving by incorporating space-saving design. Its footprint is approximately equal to that of the TM-T88V.
- Paper-saving features reduce paper use by up to 30%.

* The product names, service names, and company names used herein are the trademarks or registered trademarks of their respective owners. TM and ® marks are not shown.

Eco Features

TM-T88V-DT

- Because the number of POS systems can be flexibly changed depending on the level of demand, users can reduce the environmental impacts of their operation by removing unnecessary devices.
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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.

In the following article, a life cycle icon is used to clearly communicate the stage of the product life cycles in which Epson has achieved significant reductions in environmental impacts.

An All-In-One Printer Small Enough to Place Where You Want It

Released in 2015, the Expression Premium XP-630 was engineered to be as compact as possible while containing a large number of functions. Smaller products use fewer materials, have smaller retail boxes, and are thus more efficient to ship.


Choose

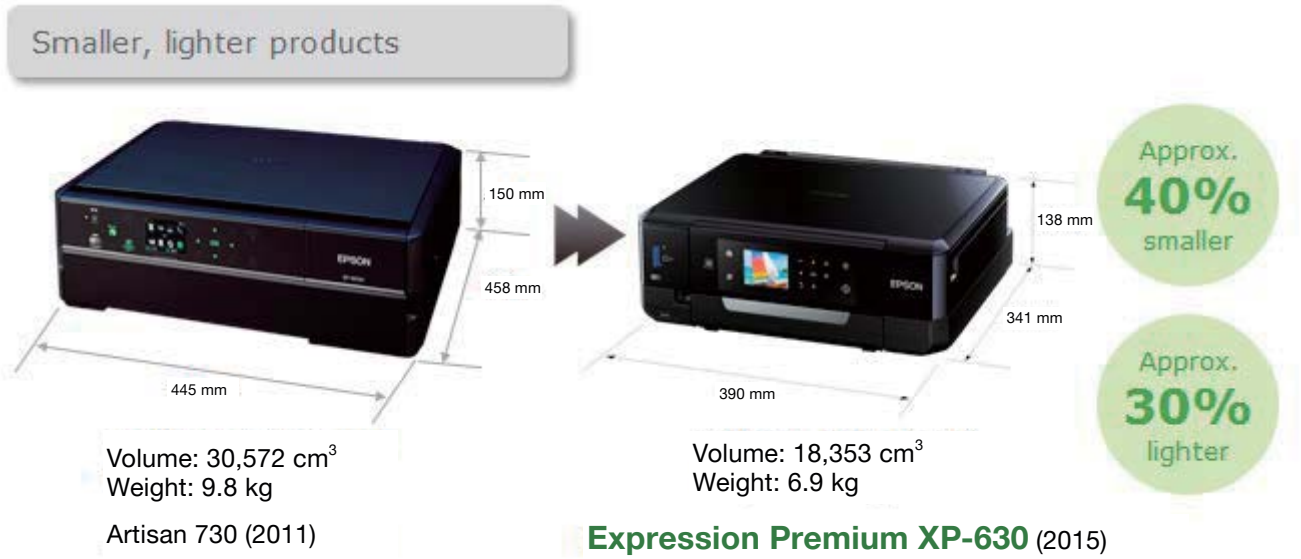

Create


Deliver


Use

Expression Premium XP-630

Improving Transport Efficiency with Smaller Products and Packaging



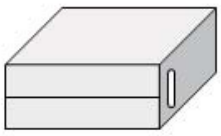
Volume: 30,572 cm^3
Weight: 9.8 kg

Artisan 730 (2011)

Volume: 18,353 cm^3
Weight: 6.9 kg

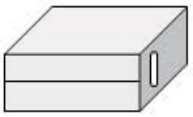
Expression Premium XP-630 (2015)

Smaller retail boxes



W550 × D534 × H266 mm
(78,124 cm^3)

Artisan 730 (2011)



W479 × D427 × H235 mm
(48,065 cm^3)

Expression Premium XP-630 (2015)

Approx. **38%** smaller

Greater product transport efficiency

640 units/ 40ft container

Artisan 730 (2011)

1,134 units/ 40ft container

Expression Premium XP-630 (2015)

Loading efficiency for containers **1.7 times**

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 also use the copy preview feature to check and adjust copies before printing them.

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

Eco Features

- Compact design. Offers the customer more freedom when it comes to installation location and reduces environmental impacts.
- Save power and money using the power off timer function.
- Save paper and money using the copy preview function, which enables users to check and adjust copied documents, helping to prevent misprints.
- Fewer environmental impacts and lower power consumption with mercury-free LEDs as light sources.

Standard Office Projectors with a Variety of Power-Saving Features

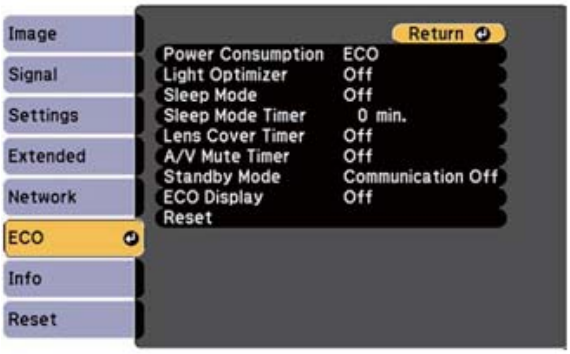
The EB-S31/X31/X36/W32/U32, EX3240/5240/5250/7240/9200, VS240, PL1224/1264/1284 and CB-S31/X31/X31E/X36/W32/U32 projectors were launched to market in 2015 as standard office models. They reduce users' environmental footprints with a variety of functions that minimize power consumption both when projecting images and when idle.

Use

EB-W32

Eco Menu Offers a Range of Power-Saving Options

When projected images are too bright, such as when you are using the projector in a dark room or projecting onto a small screen, you can switch to Eco mode to lower the brightness and reduce power consumption by 27% during projection. You can also use the Light Optimizer[1] function to automatically adjust lamp brightness based on the projected image. These projectors are also designed to use less power when they are not projecting images. They are equipped with a Super Low Brightness Mode. When Sleep Mode, the Lens Cover Timer, and the A/V Mute Timer are used, these products will automatically turn off after a certain period of time.



Eco menu

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

Lower Power Consumption in Standby Mode

Consumes just 0.2 W of power[2] (at 100-120 V). The Instant Off feature allows you to turn off and immediately unplug the projector after use, eliminating cool-down time and saving energy.

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

Eco Features

- These projectors reduce energy waste with an energy-efficient basic design and power-saving options on the Eco menu.
- Save power by setting the projector's power consumption setting to Eco or by using Light Optimizer to automatically adjust lamp brightness based on the projected image.
- A Super Low Brightness Mode is now available. Use Sleep Mode, the Lens Cover Timer, and the A/V Mute Timer to reduce power consumption when interrupting projecting.
- Consumes just 0.2 W of power (at 100-120 V) in standby mode.

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 the 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.

Use

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 in 2015 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.

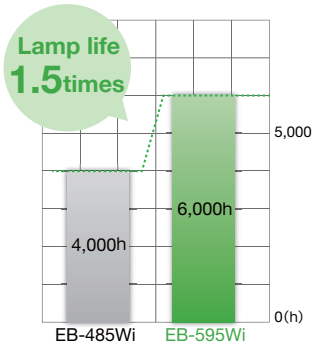
Requirements

- Power consumption
- Noise emissions
- Material requirements for plastics used in the housing and housing parts
- Recyclable design
- Lamp service life
- 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.[1] The longer life means less frequent lamp replacements, saving users' time and money.

[1] 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[2] to automatically adjust lamp brightness based on the projected image.
- Consumes just 0.3 W (at 100-120 V) in standby mode.

[2] 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.

Low-Power GPS Solar Watch

The 8X series is the second generation of Astron GPS solar watches capable of quickly pinpointing your position and capturing the local time anywhere on Earth. Watches in the series sport a new chronograph (stopwatch function) and dual-time display, yet are about 30% smaller[1] than the first-generation 7X series and are about 40% more energy efficient.

[1] Compared to the watch head (case) of the models in the 7X series, which were released in 2012.

Seiko Astron SBXB003[2]

[2] This product is sold by Seiko Watch Corporation.

Equipped with a Newly Developed GPS Module and Miniature Ring Antenna

Epson developed a new GPS module for small, accurate, low-power solar watches and combined it with a small yet acutely sensitive ring-shaped antenna that captures even weak GPS satellite signals so that it can automatically correct the time anywhere in the world.

-Newly Developed GPS Module

The ultra-low power new GPS module consumes about 50% less power than the 7X series yet offers even better sensitivity.

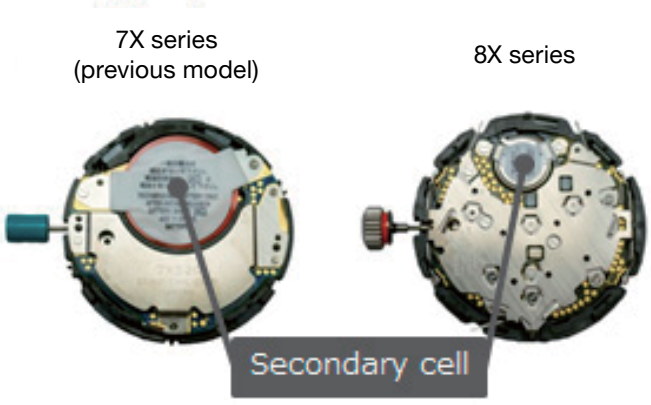
-Compact Antenna with a New Design

This high-sensitivity ring sensor is about 2.5 mm smaller in diameter than the 7X series.

Thinner Watch Head

With a diameter of 20.0 mm and a thickness of 1.6 mm, the rechargeable battery used in the 7X series was overlaid on the movement, but the dramatically improved energy efficiency of the new GPS chip enabled us to reduce the size of the rechargeable battery used in the 8X series and incorporate it inside the movement.

In addition, the 8X series has one circuit board instead of two because the board components were mounted on both sides of the board. This enabled us to reduce the thickness of the watch head by 3.5 mm.



Realization of a Stable Power Supply

Since about 10,000 times more current is consumed when receiving GPS signals than when simply keeping time, we developed a new radio wave reception algorithm, lithium-ion battery, and a low-power charge control circuit that controls the charging and discharging of the battery to dramatically reduce power consumption.

Eco Features

- The development of new core components, including the GPS module, power supply system and antenna enabled Epson to reduce the size and increase the energy efficiency of the 8X series compared to the 7X series.
- The solar panel eliminates the need for a battery replacement or an external charger.

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

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

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

[1] The ENERGY STAR® Program is also being implemented by EFTA, Switzerland, Canada, Australia, New Zealand and Taiwan. Third-party certification became a requirement in North America from January 2011.

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

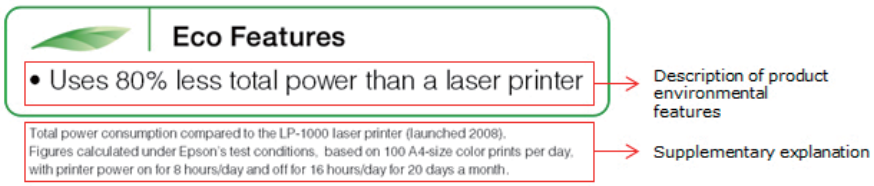
Epson's Type II Environmental Labelling Program

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 started preparing to use eco labels from December 2009 to communicate the environmental features of its products and services to customers in a simple and straightforward way. The labels are displayed on communication tools such as brochures, product catalogs, and individual product boxes.



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[2]. For electronic devices we use our own format to provide quantitative data regarding substances included in these products.

[2] 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

Epson gives preference to lower-impact alternatives when selecting the components and raw materials that make up its products.

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.

Purchasing

- Instruct suppliers to comply with the requirements stated in the Epson Group Green Purchasing Standard for Production Materials[1].
- Exclude substances that are subject to legal, regulatory, or other restrictions, and obtain information about substances contained in parts and materials.

Production

- Confirm that no restricted substances are present in parts and materials before producing products. (Analyze parts and materials using x-ray fluorescence (XRF) spectrometer.)

Shipping

- Confirm that restricted substances have not been used in products before they are shipped.

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

At Epson, we prioritize purchases that meet our original green product standards. These apply not only to chemicals that go into our products but also office equipment and supplies used by Epson employees. Since April 2007, we have purchased paper products according to the Epson Group Paper Product Procurement Policy. World Wildlife Fund Japan provided 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.

-Measures for Meeting the RoHS Directive

Epson has made compatibility with the European RoHS directive[2] a standard feature of its entire lineup of products throughout the world, regardless of whether a particular product is bound for the European market or not.

Phthalate esters (DEHP, BBP, DBP, and DIBP) will be added to the list of restricted substances in July 2019. Epson began looking into alternatives to these substances in 2009 and by March 2014 had eliminated them from all but a few industrial products and products in inventory.

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

-Actions for REACH Compliance

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

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

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

-Response to GHS[1]

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 countries and regions will require GHS compliance.

[1] 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.).

-The Highest Level of Textile Product Safety

Oeko-Tex Standard® 100 certification

The printing process using Epson UltraChrome DG ink is certified in accordance with Product Class I of the Oeko-Tex Standard® 100, the strictest of the four product classes. Under this classification, even printed textile items that directly come into contact with the skin of infants and toddlers are classed as safe.

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100
N-KEN 12143 Nissenken

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® 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 volume production. Epson is proactive in eliminating from its products substances that could adversely affect the environment or human health.

Production

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

Global Warming Prevention

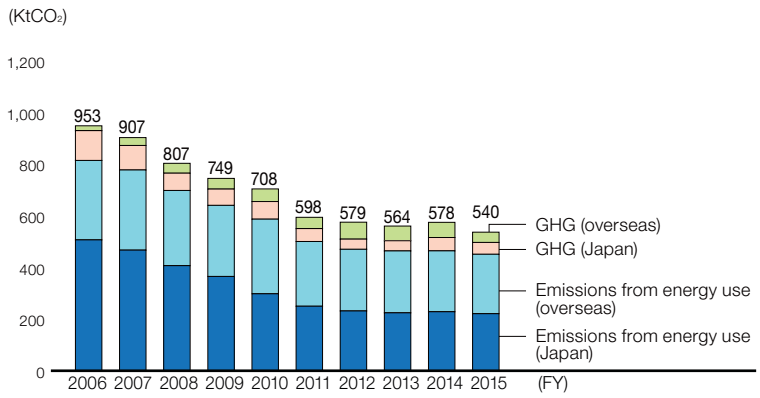
Epson's initiatives to prevent global warming revolve around reducing CO_2 emissions by conserving energy, and reducing global emissions of greenhouse gases other than CO_2.

In fiscal 2015, we set out to reduce greenhouse gas emission by 35% compared with fiscal 2006 and achieved our worldwide target.

43% Reduction

CO_2 emissions
(compared to FY2006)

● Greenhouse Gas Emissions



* In Japan we used an average value published by the Federation of Electric Power Companies as a conversion factor to calculate equivalent CO_2 emissions from energy consumed. Outside Japan we used national emissions factors provided by the Japan Electrical Manufacturers' Association (JEMA).
* To calculate CO_2 emissions from fuels both in Japan and abroad, we used the CO_2 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_2 equivalent of emissions of GHG other than CO_2, we used conversion factors published by the Intergovernmental Panel on Climate Change (IPCC) in 2001.

Substance Management

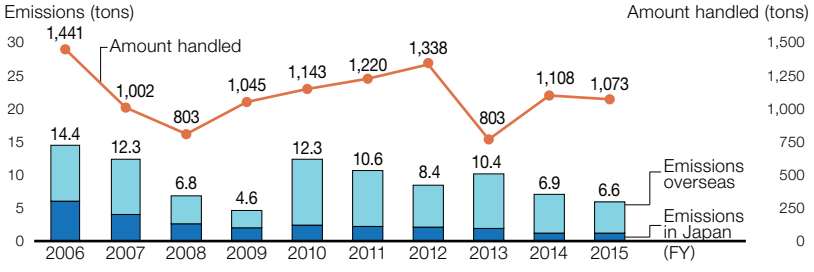
Epson uses its "E-Chem" chemical data management system to centrally track information on chemical substances used at Epson sites around the world. We are engaged in ongoing efforts to reduce the quantities of chemicals used and to moderate emissions of pollutant release and transfer register (PRTR)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

Using fiscal 2006 emissions as a benchmark, all Epson business units managed and met their fiscal 2015 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.

54% Reduction

PRTR substance emission
(compared to FY2006)

● PRTR Substance Handling & Emissions

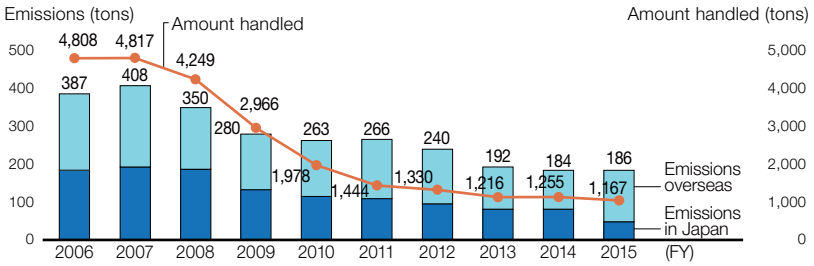


* FY2014 amounts differ from those in Sustainability Report 2015 due to a recalculation.

52% Reduction

VOC emission
(compared to FY2006)

● VOC Handling & Emissions



* FY2014 amounts differ from those in Sustainability Report 2015 due to a recalculation.

Zero Emissions

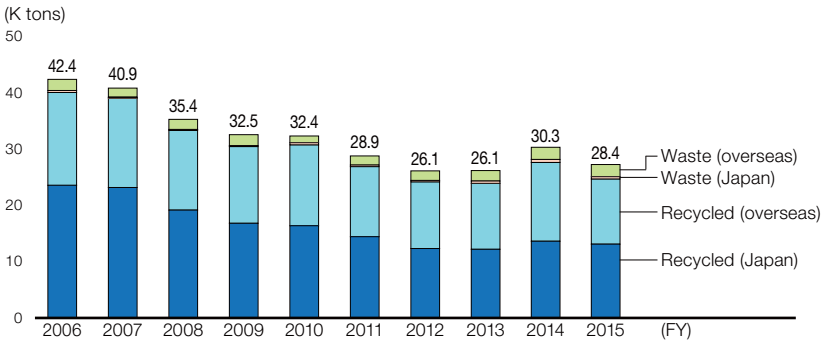
Epson's zero emissions program began with an effort to recycle 100% of its waste products. In 2003 all Group companies in Japan and overseas production sites met their material recycling targets. We have been shifting towards resource conservation initiatives, which seek to reduce the resource inputs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

In the 2015 fiscal year we employed control metrics benchmarked against fiscal 2006 emissions, and we met our Group reduction target.

33% Reduction

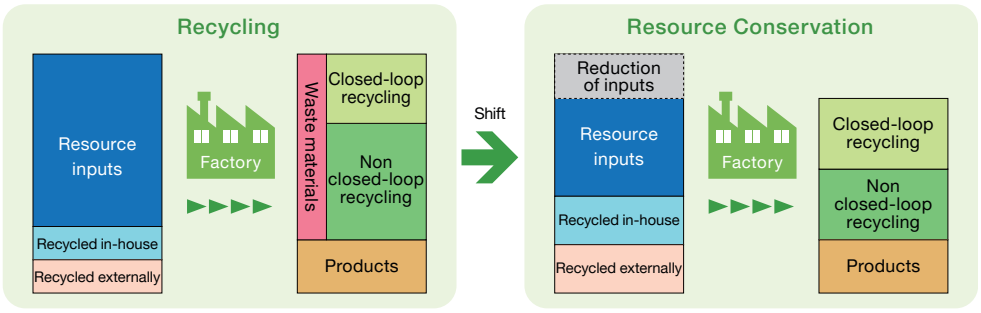
Wastes emission
(compared to FY2006)

● Annual Waste[1] Emissions



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

● Zero Emissions Programs



Definition of recycling

- Recycling 100% of waste materials
- Maximum of 50 g of burnable waste per person per day

Definition of resource conservation

- Reduction of resource inputs
- Reduction of wastes by using recycled resources

Water Recycling

Epson is mitigating environmental impacts and maintaining legal and regulatory compliance by focusing on water and resources from a risk management point of view. Basic to this is making sure we soil and consume no more water than necessary, and recycling and reusing what we do use.

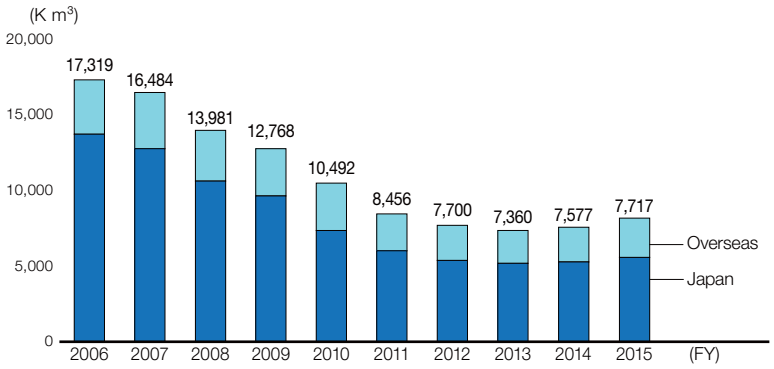
We work actively to increase the recycling rate of factory wastewater and comply with stricter water quality regulations. Moreover, we are implementing energy-efficient water treatment facilities. Thus, we seek to reduce the overall impact of production processes.

In fiscal 2015, we set out to reduce water usage by 50% compared with fiscal 2006, and we met our Group reduction target.

55% Reduction

Water usage
(compared to FY2006)

● Annual Water Usage



Transport

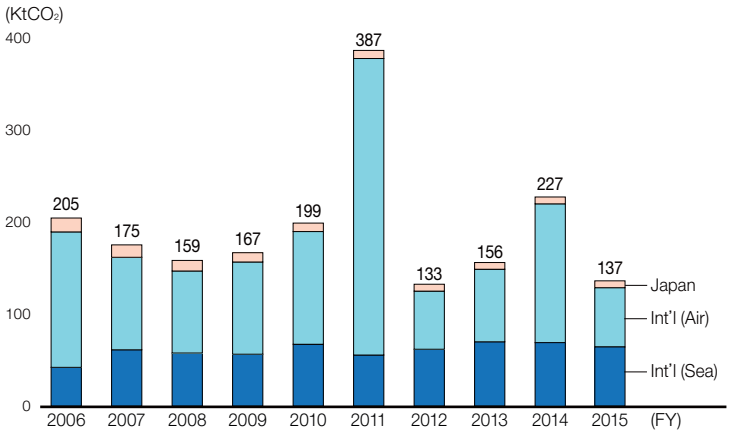
Epson is reducing CO_2 emissions by increasing the efficiency of product, part, and waste transportation. We are making products smaller (which increases shipping efficiency), rethinking our logistics centers, innovating the loading and packing processes (to boost loading efficiency), and reconsidering shipment departure and arrival frequencies and number of trips.

In the 2015 fiscal year we employed control metrics benchmarked against fiscal 2006 emissions, and met our Group reduction target.

33% Reduction

CO_2 emissions
(compared to FY2006)

● CO_2 Emissions from Distribution



Epson has manufacturing sites and sales centers in all parts of the world making environmentally-conscious transportation an important consideration. Here we present examples of such environmentally-conscious transportation initiatives in which we introduced high cube containers[1] and changed our shipping method.

[1] With a height of 9 ft 6 in (about 2.6 m), they are 1 ft (about 30 cm) taller than standard containers, whose height is 8 feet 6 inches (about 2.3 m).

Topic 1: Improving Transport Efficiency with High Cube Containers

Currently, high cube containers account for about 70% of shipping containers in the marketplace. Hitherto, Epson has used the standard type of container for shipping products from its factories, but with the widespread adoption of high cube containers, we are gradually making the switch.

Since the inner dimensions of the containers are higher, palletizing products for standard containers resulted in wasted space amounting to about 10%. Optimizing the pallets for high cube containers reduces the number of containers required, contributing to reducing environmental impact by raising transportation efficiency.

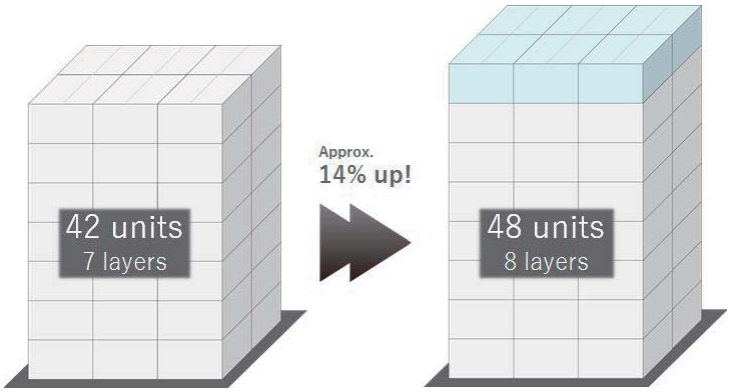
Koyuru Naito
Logistics Planning Department

Says Koyuru Naito of Epson's Logistics Planning Department who led the initiative, "All of our arrangements including the number of products shipped and the height of the pallet racks in our warehouses were optimized for pallet sizes to fit standard containers. In order to introduce high cube containers, it was necessary to ask for the cooperation of the warehouse managers at sales companies who receive the containers. We had to ask them to review the layout of their warehouses, optimize the method of stacking and so on. We had a very hard time adjusting the cost factors, but a shared awareness that this would reduce our environmental impact was a very important point in undertaking this activity."

For shipments from Southeast Asia, where many of Epson's finished products are manufactured, the switch to high cube containers for all areas of Europe was completed in fiscal 2011 and in fiscal 2015 for the U.S., Brazil and India.

Comparison of Standard and High Cube Containers

	40 ft Standard containers	40 ft High cube containers	Advantages
Container size (LWH)	12,033 x 2,352 x 2,393 mm	12,033 x 2,352 x 2,698 mm	1 ft (30 cm) up
Cubic capacity	67.7 m^3	76.4 m^3	12.9% up
Case of WF-2650 Series			
Packaging dimensions	488 x 434 x 301 mm		-
Palletize dimensions	976 x 1,302 x 2,108 mm	976 x 1,302 x 2,409 mm	1 additional layer
Number of units per pallet	42 units	48 units	14.3% up
Number of units per container	882 units	1,008 units	



Results of Switching Containers for Shipping to the U.S.

* We have calculated the reductions in CO_2 emissions emitted when transporting containers by cargo ship, train and truck from our manufacturing affiliates in Southeast Asia, as a result of reducing the number of containers shipped to the U.S. by about 200. The unit indicator by the Japan Ship Technology Research Association is used for calculating emissions during sea transport.

Topic 2: Reduced Environmental Impact by Changing Printhead Shipping

Previously, printheads for shipping to our printer manufacturing sites in Indonesia were gathered from our plants around Japan at Tohoku Epson in Yamagata Prefecture and transported by truck to Narita Airport for air transportation. By establishing a sea transportation pipeline from Sakata Port, which is located conveniently about 8 km from Tohoku Epson, we significantly reduced our costs and CO_2 emissions.

Containers shipped overseas from Sakata Port

CO_2 Reductions Due to Changing the Shipping Method (Unit: t-CO_2)

	Before		After	
	Distance	CO_2 emissions	Distance	CO_2 emissions
Land	Approx. 500 km	33.9	Approx. 8 km	0.5
Air	Approx. 5,800 km	401.3	-	
Sea	-		Approx. 6,200 km	47.7
Total		435.2		48.2

89% Down!! CO_2 emissions

* We calculated the CO_2 emissions from shipping a 20-foot container from Tohoku Epson to Indonesia's capital, Jakarta. The unit indicator by the Japan Ship Technology Research Association is used for calculating emissions during sea transport.

Environmental Risk Management

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

Epson did not exceed any environmental legal limits in the 2015 fiscal year, nor did it receive any environmental complaints or have any environmental accidents. Epson was not subjected to fines or other penalties.

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 (0.1 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	FY2013	FY2014	FY2015	Remediation
Head Office	34	10	15	Barrier, pump and treat, monitoring
Shiojiri	0.25	0.26	0.22	Barrier, pump and treat, monitoring
Fujimi	0.048	0.057	0.043	Barrier, pump and treat, monitoring
Suwa-Minami	0.075	0.087	0.050	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: 0.01 mg/L max.
- Groundwater standard under Japan's Soil Contamination Countermeasures Law: 0.01 mg/L max.

Business Site Information

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

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

Web Epson Group Business Site and Company Environmental Data
http://www.epson.jp/SR/environment/production/individual_data.htm
* Link to Japanese site

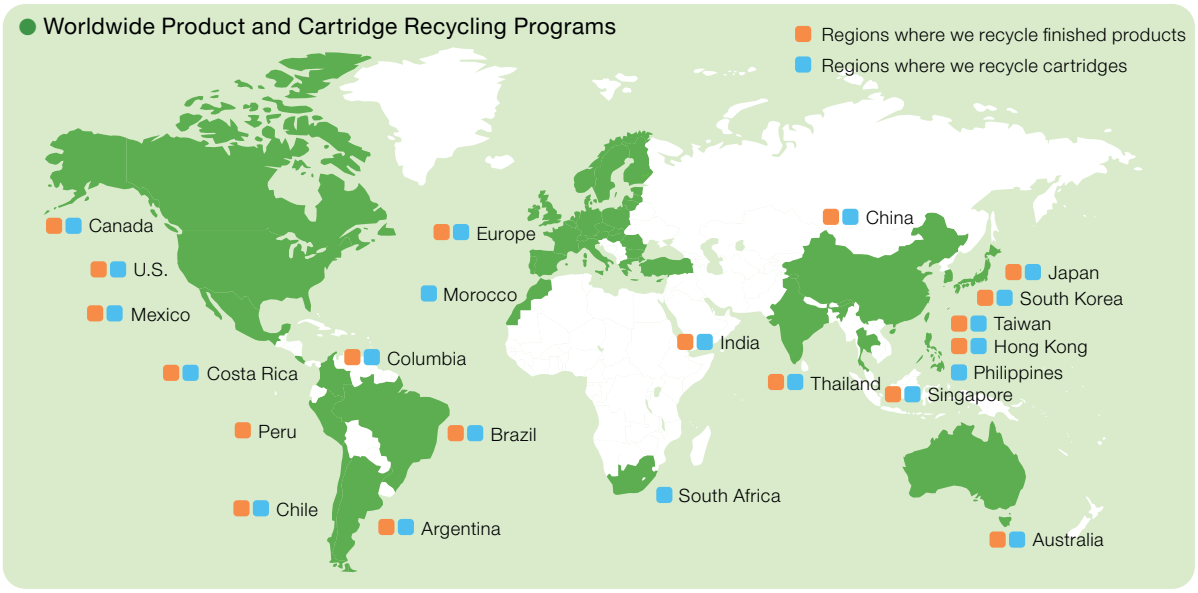
Web ISO 14001 Certification List
http://global.epson.com/SR/environment/production/iso14001.html

Epson and the Environment

Product Recycling

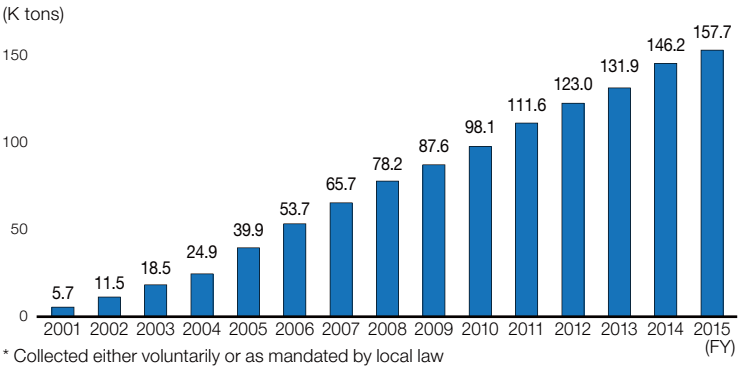
To expand the resource reuse and recycling loop, work with customers, communities, and others in the industry to collect and recycle end-of-life products in countries around the world.

Epson's Global Collection and Recycling Systems



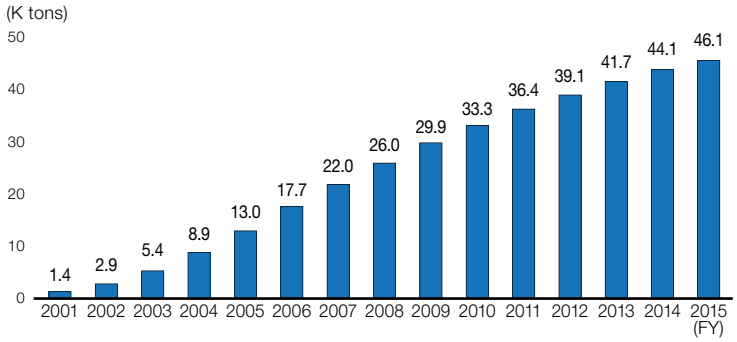
Collection Trends for Products and Cartridges

Finished Products Collected (cumulative through fiscal year)



* Collected either voluntarily or as mandated by local law
* Sum of amount actually collected and amount expected to be collected

Cartridges Collected (cumulative through fiscal year)



Summary of Activities in Each Region

Europe

Finished Products

The European WEEE (waste electrical and electronic equipment) directive has been effective since 2005, and has been reflected in national legislation. To comply with the European WEEE directive, Epson is building recycling systems in each country. Moreover, Epson implements environmentally-conscious design in response to the WEEE directive 2012, that requires manufacturers to increase recyclability of products. Epson also acts quickly to comply with similar legislation that is expected to be adopted in EMEA[1] nations that are not EU member states.

[1] Europe, the Middle East and Africa

Cartridges

Epson Europe B.V. (EEB) is building a collection and recycling system for cartridges while monitoring customer needs and legislative trends. In 2013, EEB rebuilt the system to provide customers with more collection options and to increase recycling efficiency.

-Collection and Recycling Programs

• Postal Collections

Customers request empty pre-printed envelopes, and return filled envelopes via post for consumer inkjet and LabelWorks cartridges. Customers simply request and attach a return label, and return up to ten cartridges in a package.

• Epson Express Center

Customers return consumer inkjet, laser printer, and LabelWorks cartridges to the nearest Epson Express Center.

• Box Collections

After customers go online and sign up to the program they receive a collection box for large format printer and laser printer (more than 10) cartridges. When the box is full, it will be collected by the recycling company.

Americas

Finished Products

In North America, there is a move to introduce a federal law pursuing producer responsibilities in collection/ recycling of the WEEE. In the U.S., Epson America, Inc. (EAI) has run a voluntary take back program since 2002.

In addition to the recycling program, EAI and the National Cristina Foundation have joined together with the goal of helping those who are facing economic challenges or have a disability gain access to the technology of today. With the customer donations, the program can help change the lives of those who need these products the most.

National Cristina Foundation™
Linking Life To Its Promise

Cartridges

In the U.S. and Canada, EAI has created a mail-based recycling program for ink cartridges. In the U.S., customers can return toner cartridges by attaching an electronic return label printed from a website.

Asia

Finished Products

In India, Epson India Pvt. Ltd. works on promoting recycling program by making an original logo under the India e-waste (Management and Handling) Rules, 2011 Directives.

In Taiwan, Epson Taiwan Technology & Trading Ltd. complies with the Resource Recycling Act.

Original logo

In South Korea, Epson Korea Co., Ltd. (EKL) is a member of KERC (Korea Electronics Recycling Cooperative) and complies with the Act on the Resource Circulation of Electrical and Electronic Equipment and Vehicles.

Cartridges

In Hong Kong, Epson Hong Kong Ltd. (EHK) started ink and toner cartridge collection in 2007. Customers can bring cartridges to the EHK office and business users can schedule a pickup online for toner cartridge quantities of five or more.

In Taiwan, Epson Taiwan Technology & Trading Ltd. set up a system in 2001 using a toll-free number and a website to accept collection requests directly from customers to facilitate on the-spot collection.

In Singapore in 2012, Epson Singapore Pte. Ltd. joined with Canon Inc. to cooperate with the Singapore National Environment Agency and National Library Board to begin promoting The Homecoming Project to collect ink and toner cartridges. Under the program, consumers can deposit ink and toner cartridges from any manufacturer in collection boxes installed in 21 branches of the national library.

Oceania

Finished Products

Epson Australia Pty. Limited. (EAL) is a founding member of the TechCollect Program. The program is one of three government approved co-regulatory arrangements for implementation of the Federal Government's Product Stewardship Act 2011, which began in 2012.

Cartridges

EAL participates in the Cartridges 4 Planet Ark program. EAL is a founding member of this promotion to recycle ink cartridges and toner cartridges. The aim of the program is to prevent cartridges from entering the waste stream and thereby reduce the potential environmental impact arising from the end of life disposal of cartridges.

Japan

Finished Products

Since 2003 Japan has legally required producers to collect and recycle unwanted computers from individuals and as businesses. In 1999, Epson launched a voluntary program to collect and recycle other Epson-brand waste electrical and electronic equipment (WEEE) also, such as printers, scanners, and projectors, from businesses ahead of the enforcement of applicable laws.

Cartridges

Epson has built various cartridge collection schemes while monitoring customer needs. In addition to being good for the environment, Epson's cartridge recycling program provides employment to persons with disabilities at Epson Mizube Corporation, a special subsidiary to support the employment of disabled individuals within the Epson Group.

• Take-Back Service

Epson has set up a collection service for customers who consume large numbers of cartridges. As part of this service Epson makes donations to OISCA[1] and NACS-J[2], organizations that work on environmentally sustainable development.

[1] The Organization for Industrial Spiritual and Cultural Advancement-International.
[2] The Nature Conservation Society of Japan.

• Bellmark Program

Epson has participated in the Bellmark program since 2005. In addition to reducing wastes and helping to preserve the environment, the Bellmark program supports participating schools by awarding them points for ink cartridges collected. Schools use these points to purchase educational materials and equipment.

• Cartridge Collection Program at Epson Sites in Japan

Epson began collecting used ink cartridges at Epson Group sites in Japan in 2011 in order to expand aid to the Bellmark program. Collection boxes have been installed at every Epson business site to collect cartridges from employees, business partners, and members of the community. The collected cartridges are recycled and Bellmark points are granted based on the number of cartridges collected. The points are then donated to the Bellmark Educational Support Foundation, local schools, or schools that were damaged by natural disasters.

• Ink Cartridge Satogaeri (Homecoming) Project

Printer manufacturers in Japan joined forces in 2008 to form the Ink Cartridge Satogaeri (Homecoming) Project, a program that uses approximately 3,600 post offices and more than 200 local governments across Japan to collect used ink cartridges. The project has donated to UNEP and the International Partnership for the Satoyama Initiative (IPSI), a program advocated by the Ministry of the Environment and UNU-IAS[3].

[3] United Nations University Institute of Advanced Studies

Collection box

• Joint Environmental Program

In April 2012, Epson and Catalina Marketing Corporation launched an environmental program where used ink cartridges from coupon printers are collected and refilled. Under the program, Epson collects used ink cartridges from nearly 30,000 inkjet coupon printers installed in retail stores across Japan. Epson then refurbishes and refills the cartridges for reuse at the stores. Except for the label, almost all parts of the cartridge are reused and product quality is managed just as it is for new cartridges.

Eco Benefits[4]

- Life cycle environmental impacts per cartridge reduced by 56%
- CO_2 emissions reduced by 39.5 tons per year

[4] Calculated under Epson's test conditions. Compared with when users dispose of new ink cartridges after use.

Epson and the Environment

Eco Community

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

Eco Corporate Citizenship

Please refer to page 104 of “Environmental Conservation.”

Eco Technology

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

Supporting PFC Gas Reductions using the Epson Method

Perfluorocarbons (PFC) were considered to be among the most difficult to measure of the non-CO_2 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

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

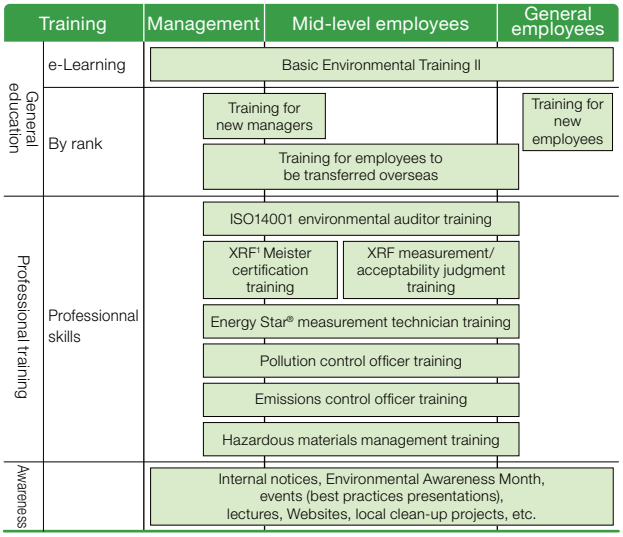
Eco Education

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)



[1] X-ray Fluorescence Analysis

FY2015 Environmental Education (Japan)

Training	Participants (Certification Recipients)[2]
Basic Environmental Training II (2015 Edition)	16,513
ISO 14001 environmental auditor training	0 (1,956)
XRF Meister	0 (28)
XRF measurement & acceptability judging	14 (74)

[2] This is the number of persons who took Basic Environmental Training II during the period it was offered (June 2015 to March 2016). Other figures show the number of certified persons as of the end of March 2016. XRF Meister includes overseas affiliates.

Mandatory e-learning for all employees in Japan

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.

Taiwan program

The theme for 2015, the fifth year of the program, was “Green Manufacturing and Innovation.” The two-day Taiwan Program held in July 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 100 students participated in the training.

Students from the fifth Green Talent program pose in front of a Japanese rowan tree planted by members of the third program, at Chitose Plant

From this group, ten excellent students were selected, based on interviews and a written exam, to take part in a program in Japan in October. These students visited the Chitose Plant (which makes liquid crystal display panels for projectors) and the Sapporo Software Center to learn about Epson environmental initiatives. Students also saw energy conservation and drainage processing equipment up close, and put on cleanroom suits to get some hands-on work experience. Other activities included a tour of a local home electronics recycler and a chance to see environmental footprint reduction initiatives in Sapporo. Events like these helped the students garner insights about environmental initiatives in Japan.

Eco Communication

Introduction of communications on environmental topics.

Eco-Products Fair (Japan)

Epson exhibited at Eco-Products 2015, Japan's largest environmental exhibition. Epson has exhibited at every Eco-Products show since it began in 1999, making 2015 the 17th time the company had participated.

The Epson booth at Eco-Products 2015

Our 2015 booth featured PaperLab, the first[1] in-office paper recycler that does not use water[2]. Though not yet for sale, we put a unit on display to demonstrate how it works. One demonstration took place every hour, and a big crowd flocked to each one. Visitors got to see the very moment when Epson's unique Dry Fiber Technology turned used office paper into new on the spot.

[1] PaperLab is the first paper recycling system to use a dry process, according to Epson research conducted in November 2015.
[2] A small amount of water is used to maintain humidity inside the system.

Discussion on Environmental Communications (Japan)

In May 2015, Professor Junko Edahiro of the Faculty of Environmental Studies at Tokyo City University arranged a meeting between Epson representatives and 18 third-year environmental management science students to discuss corporate environmental communications.


Discussion at Tokyo City University

The students, who were divided into six teams, prepared for the event by researching Epson's environmental communications and giving presentations about their findings. Next, after giving a presentation on the 40th anniversary of the Epson brand, Epson talked about its actions to reduce environmental impacts in line with a strategic policy entitled "Environmental Vision 2050." Epson also described the process used to establish the policy and the hopes for the environment that the policy represents. Following the presentations, the students and Epson employees gathered to discuss environmental communications. The students shared some insightful comments. One said that consumers are also going to have to change for enterprises to accelerate their environmental initiatives. Another was struck by how difficult it is to communicate environmental initiatives, while others said that they learned a lot simply by talking and listening.

Epson also had the students evaluate the environmental information on Epson's websites, including how easy the information is to find and understand. Epson also learned that the majority of students view web content on a PC when at home and on a smartphone when away from home, including at school. The event proved to be a good opportunity to think about how Epson can provide information in the future.

Community Dialog (Japan)

Seiko Epson and Epson Group companies in Japan organize events to exchange ideas with the local residents of the communities in which we operate for the purpose of cultivating a deeper understanding of our environmental initiatives and risk management system.

Environmental Communication Guidelines

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

Epson and the Environment

Environmental Management

As stated in its 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.

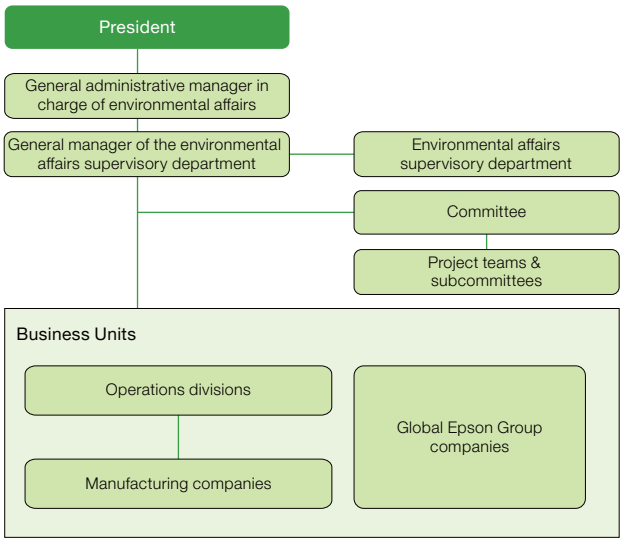
Environmental Policy (Please refer to page 124 of "Appendices")

Environmental Management System

Business units within the Epson Group establish their own environmental action plans based on the Epson 25 Corporate Vision, and carry out the activities using an Environmental Management System (EMS). We conduct internal evaluations to check performance against the plans and take corrective action against nonconformances.

We operate our EMS in compliance with the international ISO 14001 standard, and we implement a planning and control cycle to effect continuous improvement. Our major business sites in Japan and our manufacturing sites abroad are ISO 14001 certified.

● Promotion System for Environmental Activities



Our People

HR Development

Approach

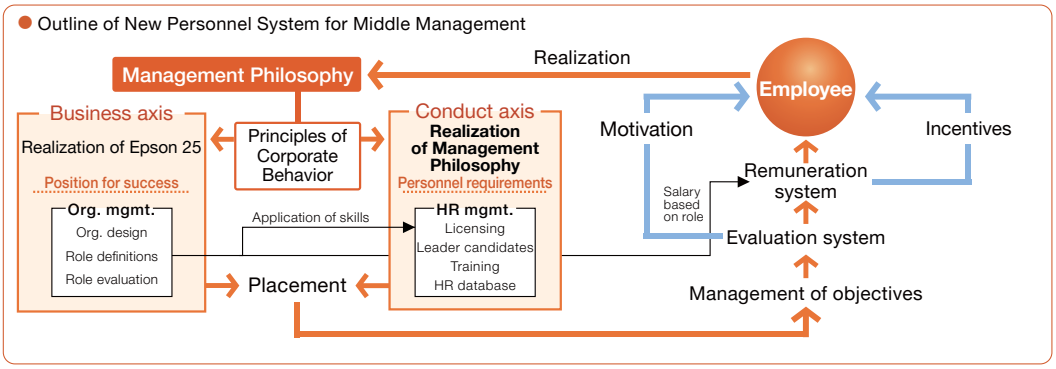
Epson develops and trains its employees in line with a Human Resources Development Policy established in 1996. The policy states that Epson will "...support employees who have aspirations for self-actualization, to connect all the companies in the Epson Group with people, and to nurture employees so 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 for middle management. This new system establishes clear roles and requirements for both business and personal conduct. To ensure the system is implemented effectively, training is provided in the two management skills required of middle managers. One is correctly understanding strategic business objectives and responding rapidly and nimbly to internal and external changes in the business environment. The other skill is supporting the growth and development of the people who report to middle managers by putting organizations and individuals in a position to succeed.

In addition, we provide ongoing training for new employees, young staff (known as grade C employees) and senior staff. This takes the form of group training for each grade and various open-type training. The training is intended to develop people who will fulfill roles as future middle managers.

Human Resources Development Policy (Please refer to page 122 of "Appendices")

● Outline of New Personnel System for Middle Management

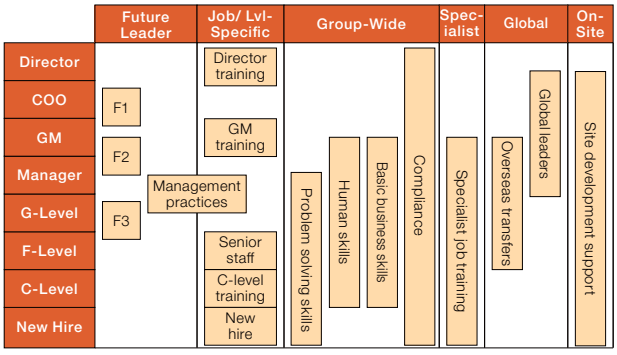


Practicing Off-the-Job Training on the Job

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.

● Training System (Japan)



* F1/ F2/ F3: Future leader training

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 the growth of the organization and the company.

Training Initiatives

Global Leadership 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 2015 fiscal year, 143 employees took the course.

Global Incubation Seminar

The Global Incubation Seminar (GIS) is a training program for developing global leaders. Targeted at the next generation of leaders around the world, it shares the Epson Group's vision and values with participants and empowers them to implement these in their own organizations. More than 300 members have taken part in this training since 1999. We have continued to develop global leaders in all those years.

The FY2015 training lasted for five days beginning February 22, 2016. Global Incubation Seminar (GIS) 2015 took place at Head Office. A total of 25 individuals took part from 19 overseas affiliates, two domestic operations divisions, and one Group company. Participants said that hearing Epson's management vision directly from senior executives deepened their understanding, and that talking to people from various places around the world exposed them to new opinions and ways of thinking, which made the training very meaningful.

Our aim is to offer this training continuously in future so that a wide range of employees can enhance their talents and provide the impetus for Epson's next generation in each part of the world.

One participant's Impressions of GIS 2015

"This gave me a deeper understanding of the company's management vision. I hope to communicate this vision and direction in my own workplace and allow everyone to work with confidence. As its leader, I want to guide my organization to make sure it is indispensable within the Group."

Emile Pattiwael
Senior General Manager, HR & GA Administrative Div., P.T. Epson Indonesia Industry

(Right) Emile Pattiwael
(Left) President Minoru Usui, SEC

Impressions from a Past Participant

"The training is very meaningful in terms of making Epson a stronger company. It tries to achieve that by bringing managers from around the world together so they can strengthen their ties and work towards for the same aims."

"This training has a very valuable platform of getting members from different regions, companies, and occupational categories at Epson together. We learned about Epson's history, its values and visions, and its picture of the future. It was also a chance to learn how each of us should think and act as Epson Group leaders trying to achieve those ideals. Additionally, after I went back to my workplace, I organized an event called Epson Day to put what I learned into practice. All employees in my company took part in Epson Day. There, I shared what I learnt, what the company is aiming for and what is expected of them, including over an amazing race team building platform. Going forward, I would urge GIS participants to see the big picture so they don't just settle for the way things are."

Alvin Tan (GIS 2013 participant)
Division Head, Business & Marketing Support Division, Epson Singapore Pte. Ltd.

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 efficient, compact and 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 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.

Mechatronics basic training

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 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 Epson.

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)

FY2015 Workforce Composition and Training Data

● Main Online Courses (Japan)

Course Title[1]	Start Date	Trainees[2]
Fundamentals of Security Export Control (2015)	June 2015	14,406
Import/ Export Control (Export Edition, 2015)	June 2015	13,985
Epson Code of Conduct (2014)	July 2014	16,828
Basic Information Security (2015)	July 2015	18,786
Basic Anti-Harassment (2014)	September 2014	17,469
Introduction to Procurement (Ethics & Code of Conduct 2015)	October 2015	14,759
Basic Bribery Controls (2014)	November 2014	15,273
J-SOX (2014)	December 2014	15,645

[1] Compliance training

[2] The number of persons completing the course by March 31, 2016.

● Training by Employee Level

Training	Who	People Trained	Percent Trained
New employee orientation	New hires	256	100%
C-level employee training	New C-level staff	133	91.7%
Senior staff training	New senior staff	186	96.3%
Section manager training	New section managers	100	98.0%

* Data for Seiko Epson Corporation employees as of March 31, 2016

* Employees who have not received training are scheduled to do so in FY2016

Our People

Promotion of Diversity

Diversity Policy

Respect for diversity is a cornerstone of Epson's Management Philosophy, and the company's personnel policies reflect this.

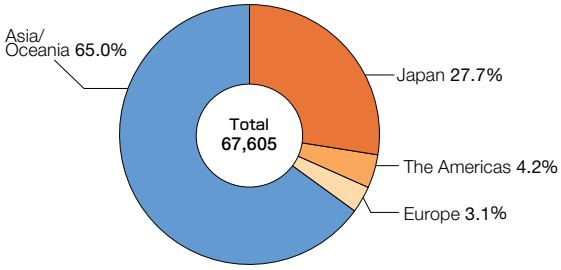
Diversity is the inclusion of individuals of different genders, national origins, cultures, religions, backgrounds, and so forth, regardless of whether these traits are innate or acquired, visible or invisible.

Epson's true customers are end-users the world over. To enrich their lives, we have to understand them and meet their needs. That is why we need more diversity within Epson itself. We believe that only with a richly diverse workforce of people who have respect for one another and who know and practice what is important can we create customer value. Epson will thus pursue even greater diversity in order to produce outcomes that surprise and delight our customers.

Global Talent

Epson has sites around the world to accurately identify and swiftly and flexibly meet the changing needs of customers at different times and in different regions. The Epson Group currently employs about 70,000 people.

● Employee Numbers by Region (as of March 31, 2016)



Examples of Our Initiatives

Sending young staff members overseas

Epson actively sends young staff members from Japan to Epson's overseas sites for professional development as part of its trainee program.

● Number of Employees Assigned to Overseas Training Programs

FY2011	FY2012	FY2013	FY2014	FY2015
10	8	20	34	32

Employees sent to Japan for training

Seiko Epson also enthusiastically receives trainees in Japan from its overseas sites.

On the right, technical trainees from the Philippines are using a microscope to examine a mold for making parts

Global meetings

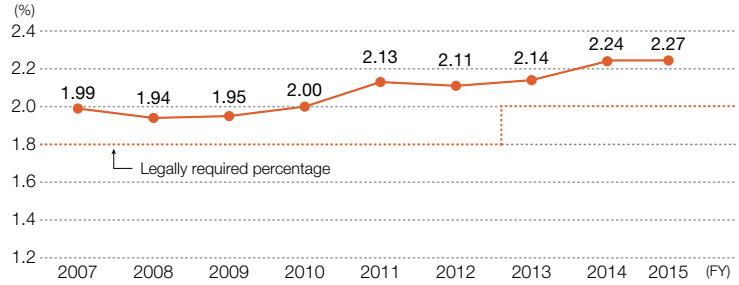
Epson holds a variety of meetings and seminars for representatives from our global sites.

Some are function specific, for areas such as legal affairs, finance and accounting, safety, and the environment. Others are for global projects involving matters such as IT systems and the adoption of IFRS. Still others, such as sales meetings, are held to discuss a range of topics and to share information and opinions globally.

Employing and Supporting Persons with Disabilities

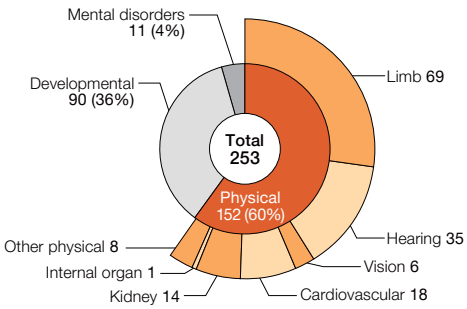
Epson employs a large number of persons with disabilities. For this reason we accommodate special needs in a variety of ways. For example, we provide easy-access restrooms, parking spaces, and other facilities. We also provide services such as sign language interpretation for in-house training and interviews, 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, and they are now expanding job opportunities for disabled employees.

Employees with Disabilities (Japan)



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

Type of Disability (Japan)



* The data is current as of June 1, 2015

Epson Mizube Corporation was founded in 1983 as a special subsidiary of Seiko Epson. It began with a workforce of 15 people, 11 of whom had disabilities, and 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 122 persons with disabilities at nine sites (as of the end of March 2016).

Epson Mizube began a building cleaning service in 2008. As of March 2016, it was providing cleaning services to seven Epson sites, with a crew of 47. The cleaning crews contribute to a pleasant working atmosphere for all by keeping the facilities clean and by cheerfully greeting other employees.

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. It was the first certified special subsidiary in Yamagata Prefecture, and is now a special subsidiary of Seiko Epson.

Based within Tohoku Epson, its 16 employees with disabilities (as of April 1, 2016) clean dust suits and provide in-house building cleaning services.

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 26 issues have been released, counting the edition published in March 2016.

Cover of Smile

Epson Mizube Employee Wins Prize for Poster

In September 2015, Epson Mizube employee Shoichi Yokouchi won a prize in a poster contest sponsored by the Japanese Health, Labour and Welfare Ministry. The photo he submitted of his co-workers inspecting a circuit board was used for posters during a special month dedicated to promoting employment of persons with disabilities. The photo earned high marks for its depiction of such people performing a high-level task. Posters featuring his photo were hung around Japan during the month.

Prize winner Shoichi Yokouchi and his work “Inspection with sound and light”

Workforce Composition and Service Period

Workforce Composition

Male/ Female Ratio	
Women	17%
Men	83%

Mgmt. Diversity[1]	
Women	2%
Men	98%

Junior Mgmt. Ratio[2]	
Women	6%
Men	94%

* Data for Seiko Epson Corporation employees as of March 31, 2016

[1] Section manager and higher

[2] Team leader

Length of Employment

(Unit: Year)

Total	Men	Women
19.4	18.9	22.2

* Data for Seiko Epson Corporation employees as of March 31, 2016

Our People

Respecting Human Rights

Zero Tolerance

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

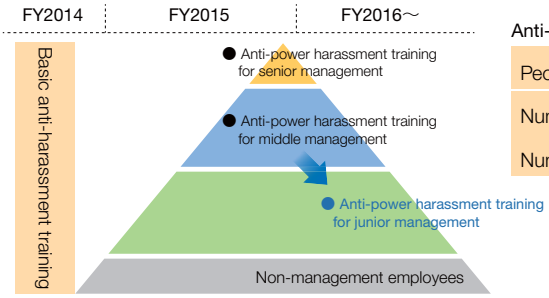
We have set up services that employees can use to report or consult on abuses of any kind. These services include such things as an harassment hotline, employee counseling service, and Epson helpline. Epson also strives to prevent fraud and other forms of misconduct in a number of ways, including by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

The Policies regarding Human Rights and Labor Standards (Please refer to page 121 of "Appendices")

Anti-Power Harassment Training

Epson maintains a harassment hotline to respond to employees' harassment concerns. In response to an increase in the number of employees reporting instances of power harassment, we rolled out anti-power harassment training seminars to Epson Group companies as a way to prevent harassment. In the 2015 fiscal year, all members of senior and middle management in Epson Group companies in Japan participated in the training. This fiscal year we plan to provide the training to junior management.

● Anti-Power Harassment Training Plan



Anti-Power Harassment Training for Management

People trained	1,303 (percent trained 100%)
Number of seminars	70
Number of sites	27 sites in Japan

as of March 31, 2016

Our People

Fostering a Better Workplace

Equal Gender Opportunity Initiatives

Seiko Epson, an early advocate of equal opportunity employment in Japan, abolished gender-based difference in pay in 1983. In addition, we aim to provide equal gender opportunity at the time of childbirth and childcare. The results of our initiatives show up in the numbers, such as the duration of service and the rate at which mothers return to work after taking childcare leave. Moreover, nearly 100% employees take parental leave. And, the return-to-work rate for employees who have taken maternity and childcare leave in the 2015 fiscal year was 98% (and has averaged 99% for the past 10 years). In fact, as of March 31, 2016, women stay with Epson longer than men on average (22.2 years for women versus 18.9 years for men).

● Childcare and Caregiver Leave Trends

FY	Childcare Leave				Caregiver Leave
	Total[1]	Women	Ratio of women granted leave[2]	Men[3]	
2015	52	40	98%	12 (11)	6
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

* Data for Seiko Epson Corporation employees as of March 31, 2016
[1] Including individuals who took well-being leave
[2] Number of individuals granted childcare leave/ eligible* individuals
(Individuals who have had a child and are eligible for childcare leave)
[3] Numbers in parentheses indicate employees who took special paid leave

Well-Being Leave Program

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

Monitoring and Controlling Working Hours

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

Work-Life Balance Initiatives

Recognizing the importance of the well-being and development of our children, Epson encourages employees to balance their careers with their personal lives. We enforce an eight-hour no overtime workday at least once per week at our sites in Japan, and an increasing number of sites have a day each year when parents can bring their children to work. To create an environment suitable for both male and female employees who want to pursue a career, we are working to support childcare. From October 2005, we have offered subsidies for baby sitting services. We have gradually increased the subsidy, and currently we pay the full amount for up to 16 hours. Company housing next to the workplace is made available as childcare space to maintain the privacy of employees' homes.

Certification as an “Eruboshi” Company

On July 11, 2016, the Japanese Minister of Health, Labour and Welfare granted Seiko Epson the top “Eruboshi” mark in recognition of its efforts as a good company to promote the active participation and advancement of women in the workplace.

The Ministry established the Eruboshi mark in February 2016 based on the newly enacted Act on Promotion of Women’s Participation and Advancement in the Workplace. Companies that draw up and submit an action plan and meet certain standards are eligible to receive the mark if they have demonstrated successful efforts to promote the advancement of women. Companies that apply for the mark are graded on five criteria and awarded one of three levels of certification depending on how many of the criteria they satisfy. Seiko Epson, which met all five criteria, was certified to receive the Grade 3 Eruboshi mark[1].

Seiko Epson launched a project to step up its initiatives related to women’s advancement. Through such programs as setting up discussions between female employees and management and establishing a new mechanism that enable people to continue working while they provide care for elderly relatives, the company intends not only to help women continue working, but also to provide an environment where women who want careers can advance into leadership roles.

[1] The criteria are recruitment, continued employment, working hours, percentage of women in managerial positions, and diversity of career courses.

Certification as an Kurumin and Platinum Kurumin Company

As a result of Epson’s efforts to establish a friendly workplace environment, we were awarded use of the so-called Kurumin symbol from 2007 and the Platinum Kurumin symbol in 2016. Use of these symbols is awarded by the Japanese Minister of Health, Labour and Welfare to companies that implement policies, that support the parenting of their employees in accordance with the Act on Measures to Support the Development of the Next Generation.

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

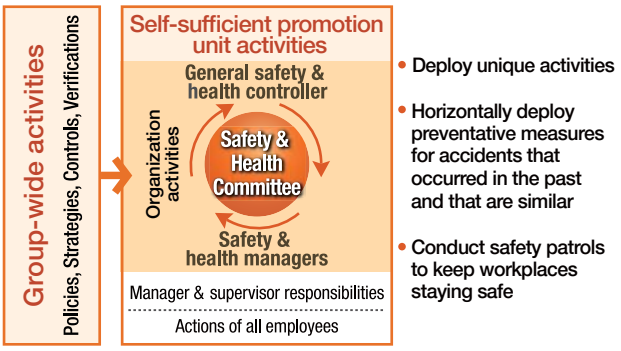
Occupational Safety and Health

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.

● Basic Concept of NESP

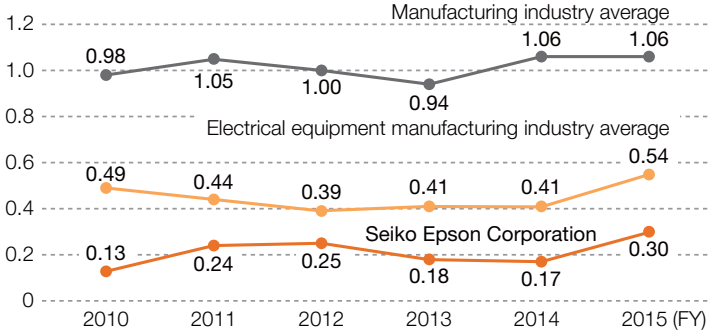


Basic NESP Policy (Please refer to page 120 of "Appendices")

Occupational Injury Accident Frequency (Japan)

The frequency and severity of occupational injury accidents are significantly below the national average.

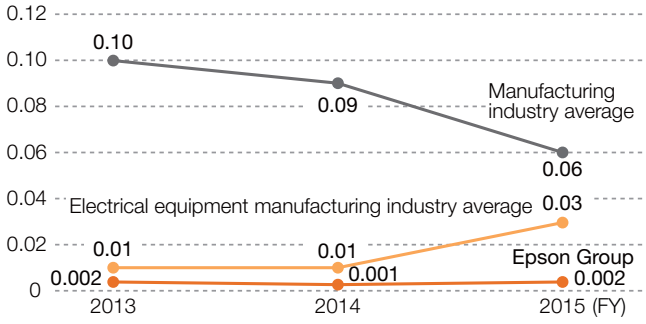
● Occupational Injury Accident Frequency (Japan)



Occupational injury accident frequency: the number of injury accidents per million work hours, where an injury accident is an incident that causes a worker to miss one or more days of work

$$\text{Occupational injury accident frequency} = \frac{\text{Number of injury accidents}}{\text{Total working hours}} \times 1{,}000{,}000$$

● Occupational Injury Accident Seriousness (Japan)



Occupational injury accident seriousness: the number of injury accidents per 1000 work hours, where an injury accident is an incident that causes a worker to miss one or more days of work

$$\text{Occupational injury accident seriousness} = \frac{\text{Number of working days missed}}{\text{Total working hours}} \times 1{,}000$$

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 meet separately in Japan and overseas to share information about their NESP (New Epson Safety & Health Program) activities and to discuss their obligations and responsibilities. Participants give presentations on outstanding activities to share improvements they have made with staff from other business sites.

Regional Information Sharing Meeting

Manufacturing affiliates in the Greater China Region, which has a high concentration of large production sites, hold an information sharing meeting every six months. Safety and health personnel discuss common issues and important actions such as legal compliance specific to China, and they make sure their safety and health activities are in step at all of their business sites.

We have a similar number of production sites in Southeast Asia and hold an annual meeting in the region to exchange safety and health information. This meeting helps to build partnerships among sites in five Southeast Asian countries. Participants give presentations on the activities taking place at their business sites, tour the plant where the meeting is held, and discuss safety know-how to learn from one another.

Information sharing in a tour of an Indonesian plant where the meeting was held in February 2016

Supplier Safety Management

To reduce the risk of procurement delays and interruptions due to occupational accidents and fires at suppliers' facilities, Epson manages suppliers based on a supplier safety management manual that specifies Epson's rules. In accordance with the manual, we ask suppliers to review their safety management systems using a prescribed checklist. After assessing the results of their self-review, we conclude a business agreement with suppliers who meet the criteria. If we identify an issue in a supplier, we perform an on-site check, discuss corrective actions with the supplier, and conclude a business agreement if we determine that the situation will be improved. All of our new suppliers have performed this self-review.

Raising Employee Awareness Using Safety News Reports

Epson carefully analyzes all occupational injuries and accidents in the Epson Group, identifies causes, and makes plans for preventing similar incidents. We document this information in safety news reports. The reports, which are available in Japanese, English, and Chinese, are posted on the intranet for use in preventing similar incidents. Safety news reports indicate root causes identified using specific analytical techniques. Preventive measures and safety considerations are prescribed.

Safety news reports on the intranet

Professional Development through Safety and Health Training

Epson considers safety and health training vital for protecting employees. The training curriculum is tailored to the position, roles, and responsibilities of employees. Training for non-management employees focuses on practical techniques such as risk assessment and hazard prediction. Training for managers and supervisors focuses on leadership. All Group companies use the same training curriculum. Since we have a variety of businesses, each with its unique needs, we also provide employees with training tailored to their business unit and company.

Safety and health training for non-management employees (Head Office)

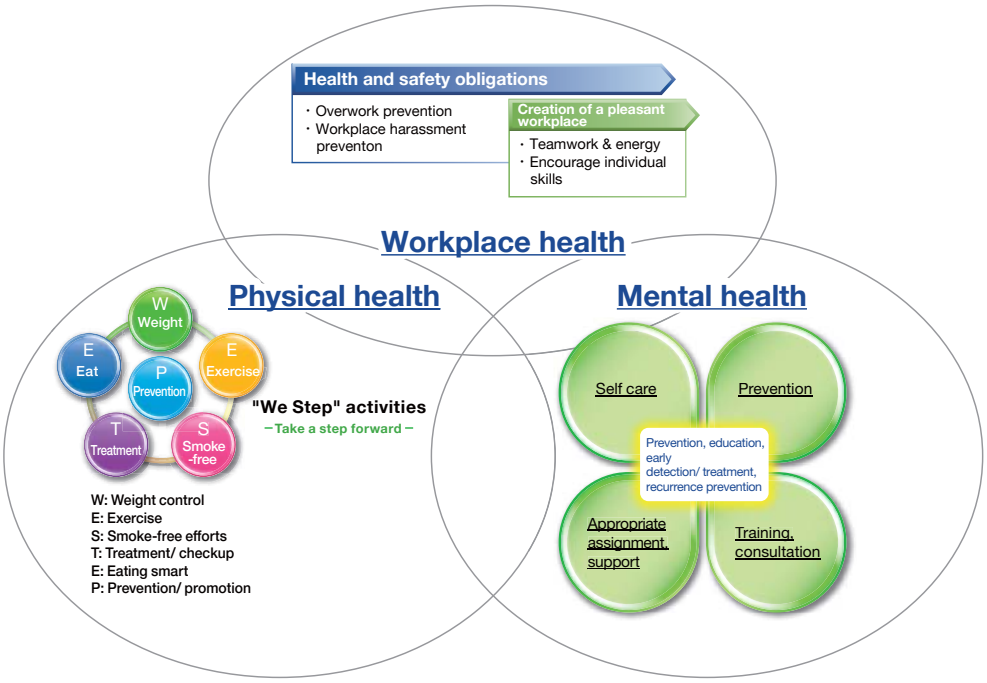
Maintaining Mental and Physical Wellbeing

Maintaining and improving employee health is a key objective of the New Epson Safety & Health Program (NESP).

In Japan, every five years since FY2001 we have instituted a mid-range plan on health. In April 2016 we established our new mid-range plan, Health Action 2020. The basic ideals of Health Action 2020 are to “emphasize safety and improve the working environment” while “fostering employee and workplace independence and autonomy.” Initiatives take place in three focus areas: workplace, physical, and mental health.

Outside Japan, we are working continuously to improve employee health management 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.

● Health Action 2020: Three Key Areas and Actions



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

Seiko Epson and Epson Group companies in Japan are pursuing a variety of initiatives that focus on preventing mental health issues and seeking to foster dynamic workplaces marked by rich personal relationships.

Training

We began mental health training in 2000 and have continued it since then. We provided group training for new employees, mid-level employees, and others in senior staff positions. Certain online courses have been designed for all employees. Employees also gather together to read out loud from a mental health textbook. One of the training seminars we offer is called “Around 35: Mental Health for the Prime of Your Career.” It is offered to employees around age 35-an age when they typically see significant changes in their role within the company as well as stressful events in their private lives. This seminar aims to help them to better understand themselves, deal with stress, and maintain their own mental health. It is held about 20 times a year between September and February, with more than 300 employees participating annually.

The “Around 35” seminar

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.

Stress Diagnoses

Since 2004, all employees in Japan have received an occupational stress diagnosis when they get their periodic medical checkup. The main purpose is to help employees practice self-care when they feel stress. Occupational physicians, nurses, and industrial counselors follow up with employees diagnosed as highly stressed. This has facilitated early detection and response to mental health troubles.

Nationally, a stress diagnosis system came into force in December 2015 based on the Industrial Safety and Health Act. We have updated our own diagnoses by adding considerations required by the law. We have established Group stress diagnosis standards that were deliberated by the Safety and Health Committees of Group companies, plants, and offices in Japan. Starting in FY2016, our stress diagnoses follow these standards. We use this process not only to help employees practice self-care against stress but also to improve the workplace environment.

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 at business sites in Japan. Kitchen sanitation supervisors and other related staff work together during these inspections. In this manner we are improving the state of sanitation management and addressing any facility problems. The risk is not only in Japan. If a food poisoning incident were to happen at an employee cafeteria at a large-scale production site overseas (especially in China or Southeast Asia), it could seriously impact employees' health and impede business continuity. Therefore, since FY2012 we have been taking steps at production sites in China, Indonesia, Malaysia, Singapore, and the Philippines to manage sanitation and risk.

These initiatives have received continuous support from the Head Office in Japan. In FY2015, sanitation managers from Head Office visited affiliates in Wuxi and Fujian, China. They checked cafeteria sanitation in those places and also conducted follow ups. The result of this initiative is that companies in Japan and abroad learn to identify sanitation management issues for themselves and systematically improve on therefore, raising the level of cafeteria sanitation management.

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 more than 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

Epson holds Fire Brigade Competitions every year, with the event being held for the 29th time in 2015. The competition gives members a chance to show off what they have learned from their training, energizes us as an organization and fosters a sense of solidarity.

About 600 people took part in the 2015 Competition. The president and several directors attended, as did Group company directors who have a disaster prevention role. In total, 35 teams appeared, including 19 in the small pump division (male and female), eight in the indoor fire hydrant division (female), and eight in the bugle band division. Nine teams from seven manufacturing sites in the Greater China Region and Southeast Asia participated and demonstrated the skills they had learned. Fire brigade leaders from two manufacturing sites in the Greater China Region and from three manufacturing sites in Southeast Asia observed the competition with an eye toward stepping up their activities in 2016 and beyond. Teams from multiple overseas manufacturing sites won awards, a testament to the steady progress being make overseas in terms of skills and awareness.

Epson operates many major 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 its initial fire-fighting technique and disaster awareness at manufacturing sites worldwide. Competitions are an excellent opportunity to raise fire and disaster awareness and better understand our Group stance on fire-fighting and disaster preparedness. Epson will continue to improve its disaster prevention efforts.

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

Tohoku Epson Corporation won the bugle band competition for the third consecutive year.

Epson Engineering (Shenzhen) Ltd. won second place in the indoor fire hydrant competition.

Fire Safety Education for Employees' Family Members (China)

In June 2015, Epson Precision (Shenzhen) Ltd. (EPSL) provided fire safety education to the families of employees living in company housing. The families learned how to use fire extinguishers, practiced how to safely evacuate a burning building, and watched a safety movie. The training not only taught participants proper evacuation practices and emergency actions to take in the event of a fire, it also raised awareness about fire prevention.

Teaching children how to use a fire extinguisher

Evacuation drill

Organizational Governance

Corporate Governance

Corporate Governance

Epson has strove to continuously enhance and strengthen corporate governance that realizes transparent, fair, timely and decisive decision-making to promote sustainable growth and increase corporate value over the mid- to long-term, with the appointment of more than one Outside Director and the establishment of a Director Nomination Committee and a Director Compensation Committee as discretional advisory bodies for the Board of Directors.

After acquiring approval at the 74th Ordinary General Meeting of Shareholders held in June 2016, Epson made the transition to a company with an Audit & Supervisory Committee to enhance the effectiveness of its corporate governance by further improving the supervisory function of and enhancing discussions at the Board of Directors meetings, as well as by speeding up decision-making in management.

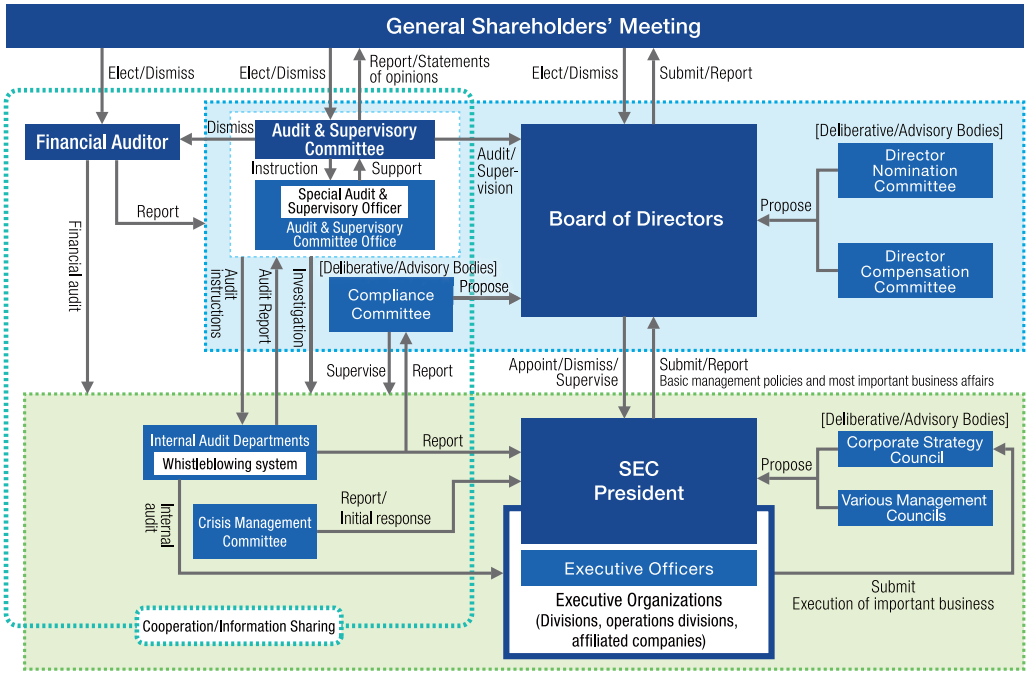
Principles of Corporate Governance

(1) Respect the rights of shareholders, and secure equality.
(2) Keeping the interests of shareholders, customers, communities, business partners, employees and other stakeholders in mind, work in an appropriately cooperative manner with them.
(3) Disclose company information as appropriate and ensure transparency.
(4) Directors, Executive Officers, and Special Audit & Supervisory Officers shall be aware of their fiduciary responsibilities and shall fulfill the roles and responsibilities expected of them.
(5) Epson shall engage in constructive dialogue with shareholders.

Corporate Governance structure

Epson has transitioned to a company with an Audit & Supervisory Committee, clearly separating the functions of management oversight and management execution. The new structure aims to reinforce the management oversight function while ensuring quick decision-making in management execution.

The governance structure is described below.



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 Office supervisory functions. The head of the business operations divisions take the responsibility for the business execution systems of subsidiaries, and the head of Head Office 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

Seiko Epson has transitioned to a company with an Audit & Supervisory Committee after receiving approval for the move at its June 2016 general shareholders'meeting. The company revised the composition of its Compliance Committee and the role of its Chief Compliance Officer (CCO) in conjunction with this change.

Under the new organization, the Compliance Committee, which acts as an advisory body to the Board of Directors and is chaired by a Full-Time Audit & Supervisory Committee Member, discusses important compliance activities, reports and proposes compliance affairs to the Board of Directors, and supervises business affairs. The CCO supervises and monitors the execution of all compliance operations, and periodically reports the state of compliance affairs to the Compliance Committee. In addition, a compliance control department and a risk management department 1) monitor compliance in general, making corrections and adjustments as necessary, and 2) take action to mitigate risks by regularly monitoring risks and overseeing risk management activities.

Meanwhile, the Corporate Strategy Council, an advisory body to 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 the Company's prescribed crisis management program. The president periodically reports the state of compliance affairs and important risk management affairs to the Board of Directors and, when needed, takes measures to respond to issues.

Epson is committed to maintaining effective whistleblower systems and has installed internal and external compliance hotlines and other advisory and support services to facilitate the reporting of potential compliance issues.

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

Epson's internal audit departments audit 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 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 2015 fiscal year, the Audit Office performed 35 operational audits and 26 information system audits of Epson business units, and provided them with advice on correcting 280 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 for delivering Epson products and services to customers in a timely manner.

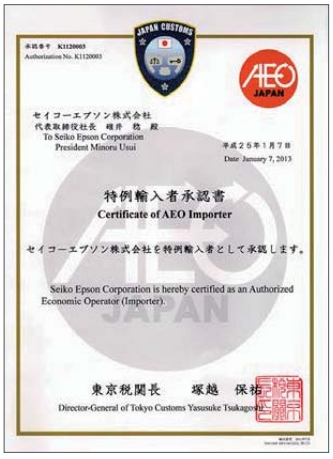
Meanwhile, we must observe numerous conventions and frameworks governing international trade that have been put in place to maintain international peace and security.

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.	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.
Epson Portland Inc.		
Epson El Paso Inc.		

Certificate of AEO Exporter



Certificate of AEO Importer

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 the 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 just with knowledge, but with wisdom. The course is designed to be easy to understand (avoiding legal language wherever possible and using visual aids), kind (presenting solutions instead of only what is prohibited), and interesting. ECC created a booklet with illustrations to explain potential compliance risks in the company, and the number of people at each training session was limited to encourage active participation in debate. Approximately 800 ECC employees and managers participated in the 50 sessions held during the 2015 fiscal year.

Beginning in the 2016 fiscal year, the training curriculum will be modified and rolled out to Epson Group manufacturing companies in China.

Compliance Month

October is Compliance Month at Epson. We use this month as an opportunity to remind ourselves of the importance of compliance in achieving the goals of the Management Philosophy and to communicate the Epson's compliance policies. In the 2015 fiscal year we expanded Compliance Month activities globally with the objective of raising compliance awareness in the workplace in line with the Management Philosophy.

Activities to raise awareness included (1) messages issued by the Chief Compliance Officer and the heads of each business unit and Group company; (2) a re-examination of internal controls by the head of each company; and (3) the posting of feature stories on compliance in company newsletters. In addition, many workplaces in Japan raised compliance awareness by discussing compliance issues that relate to them.

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 by each organization, 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.

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.

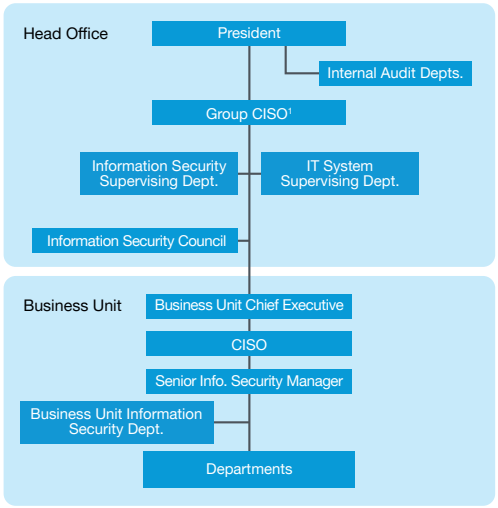
Information Security

Epson's Basic Information Security Policy describes the company's approach to information security and the requirements we must satisfy. Group personnel recognize the importance of information security, and this is reflected in Epson's information security governance and corporate culture.

Basic Information Security Policy (Please refer to page 118 of "Appendices")

At Epson, each business unit builds and maintains its own information security system based on Groupwide standards. Internal evaluations 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.

● Information Security Organization



[1] Chief Information Security Officer

In addition, the information security management systems (ISMS) of Seiko Epson Corporation's Professional Printing Division, IT Division, and Epson Avasys Corporation are certified compliant with ISO 27001, and all three organizations continuously work to systematically improve information security management.

Every year in July, Epson Group companies in Japan observe Information Security Month, a period during which special attention is focused on information security issues. Continuing the theme from 2014, the slogan for Information Security Month in 2015 was "Sustain. Prevent. Defend." We used this opportunity to remind employees about the importance of information security. Online information security training was mandatory for all personnel, including directors, while separate special training was also arranged for mid-level managers. Epson also took steps to raise information security awareness in the wake of a spate of targeted attacks directed at specific organizations, mandating online training and conducting drills in the event of a targeted email attack.

Our information security programs extend globally. In 2015, Epson lifted its level of information security by conducting information security training and support for affiliates in Southeast Asia and China.

Personal Data Protection

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 checks the work flow to verify that personal data is being handled appropriately for IT services that are provided along with products that handle personal data, such as Pulsense heart rate monitors and the M-Tracer golf swing analyzer.

In Japan, both Epson Sales Japan Corporation and Epson Direct Corporation 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 creative technologies so as to support the smooth and ongoing development of its existing businesses and the development and growth of new businesses. These actions ensure that its IP portfolio contributes to corporate earnings. Epson also respect the rights of third parties and implements measures to prevent infringement of those rights.

In 2015, Epson ranked seventh in Japan and 16th in the U.S. for number of patents granted. In addition, the EP-805 series (released in Japan in 2012), inkjet printers designed to provide greater installation freedom to our customers, have an approximately 38% smaller footprint and 40% smaller cubic volume compared to their predecessor, the EP-804 series. In November 2015, Epson received the Nagano Prefecture Governor's Award at the Kanto Region Invention Commendations for a patent for reducing printer size. Epson received the award in recognition of its contributions to the advancement of science and technology and to the development of industry.

Award winners at the Kanto Region Commendation for Invention

Epson Named Among Top 100 Global Innovators for Five Consecutive Years

In November 2015, international information services company Thomson Reuters recognized Seiko Epson for the fifth consecutive year as a "Top 100 Global Innovator" for its efforts in the area of global intellectual property protection. The award ceremony was held at Epson's Hirooka Office in February 2016.

The program identifies the most innovative enterprises and organizations in the world through a series of patent-based metrics including the number of patent applications, success rate, globalization, and influence. Forty companies, including 15 Japanese companies, were named as innovators for five consecutive years. At the award ceremony, Hirofumi Hino of Thomson Reuters said, "It is wonderful for Epson to be selected as one of the world's top 100 innovators. The award is a tribute to people involved in development and intellectual property. I expect you to continue to lead the industry." Toshiya Takahata, Executive Officer of Seiko Epson and general administrative manager of its Intellectual Property Division, said, "I am grateful for the award. It is a testament to the teamwork we have between our development and intellectual property functions. "

Commemorative trophy

Toshiya Takahata, receiving the trophy from Hirofumi Hino (right)

Sustainable Procurement

Approach

Approach

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 123 of “Appendices”)

Sustainable Procurement

Procurement Guidelines

Procurement Guidelines

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

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

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

In July 2016, we issued Rev. 3.3 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

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 request that our suppliers understand the guidelines and provide their full cooperation.

Conflict Minerals

Conflict Minerals in Epson Products

Epson's Policy Response to Conflict Minerals

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

Epson considers the conflict mineral issue to be important 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 will be taking the following actions to exclude conflict minerals from Epson products.

1. We ask our suppliers to understand and follow the Procurement Guidelines and the Epson Supplier Code of Conduct. We take various opportunities to explain and gain their understanding with regard to actions we take to ensure that our products do not contain conflict minerals.

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 the 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 requests the suppliers throughout its supply chain to produce evidence 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 requested our suppliers to abide by our rules concerning responsible mineral procurement that we added to the Epson Supplier Code of Conduct, which is included in our Procurement Guidelines.

- In September 2013, we set up a cross-organizational Conflict Minerals Review Committee consisting of personnel from all Epson's operations divisions and the procurement departments of Epson Group companies. Organization and administrative oversight is provided by the 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.

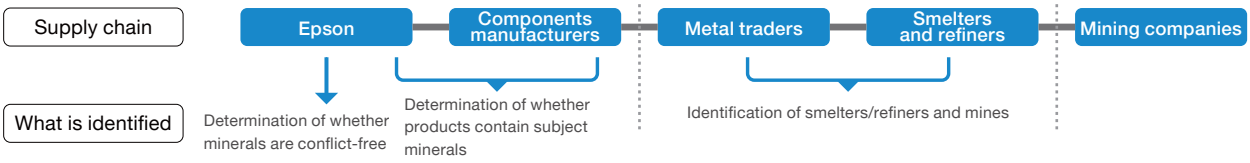
- In the 2013 fiscal year, we conducted conflict mineral surveys using the CFSI template for the main products in every business segment.

- In the 2014 fiscal year, we expanded the coverage of the conflict mineral surveys to all production material suppliers - approximately 950 companies around the globe - and received a 96% response.

- In the 2015 fiscal year, we requested additional surveys from 537 companies that reported that they could not identify refining companies, and conducted new surveys among 187 suppliers including 724 companies in total, receiving a 99% response.

- In April 2016, we held another Procurement Policy Orientation at which we once again asked suppliers to understand and cooperate in our responsible mineral procurement efforts.

● Supply Chain Overview and Epson's Survey



Initiatives from 2016

We will continue our efforts to achieve our target of identifying every refining company whose materials are contained in our products by March 2018. We will also improve our survey contents to enhance detecting capability, and carefully analyze our survey results. We will also communicate and cooperate more closely with our suppliers, improve survey accuracy and the rate of identifying refining companies, and supply chain transparency.

Sustainable Procurement

Paper Products Purchasing

Paper Products Purchasing

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

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

Thus Epson manages its entire supply chain from the immediate supplier all the way back to the forest to ensure the legality, sustainability and environmental safety of the paper products we procure. We ask that suppliers fully understand the intent and nature of these initiatives and then give us their support.

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 managemen

Scope of Application

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

Content of Conforming Procurement Management

Suppliers are asked to provide a “Certificate of Conformity to SEG Paper Products Procurement Policy” confirming conformity with the Procurement Policy.

Sustainable Procurement

Raising Awareness

Practicing CSR throughout the Supply Chain

Epson selects suppliers using fair criteria and procedures based on its Basic Procurement Policy. We have established internal rules that set forth criteria for selecting excellent supplier candidates that can provide us with a stable supply of quality parts and raw materials at fair prices.

In accordance with this rule, we now undertake a new supplier evaluation that focuses on appropriate environmental management, fair employment practices, and legalistic approaches to human rights and so on. We decide our suppliers based on this evaluation.

We also conduct a comprehensive annual evaluation of every supplier with which we do regular business. This periodic evaluation covers five items relating to suppliers' performance: general management, environmental management, quality management, cost management, and delivery deadline management. By reviewing the evaluation result, we can gain a clearer picture of a supplier and its practices, therefore contributing to stable supply. If a supplier receives a poor evaluation, we ask the company concerned to submit a corrective action plan. We then re-evaluate the supplier and provide feedback about the results. This process aims to achieve better and stronger relationship with our suppliers. On the other hand, we have set a procedure to terminate transactions with suppliers that have consistently failed periodical evaluations. A supplier that demonstrates poor results for two successive years is put on a watch list, with transactions suspended if this continues for two more years.

In the 2015 fiscal year we evaluated approximately 1,300 business units of 900 companies. We also presented suppliers with Epson's Procurement Guidelines and communicated our approach to CSR, which aims to foster trust with all stakeholders, to develop goodwill with the local and international communities, and to contribute to improving society as a whole. We aim to use these activities as a start point to promote initiatives for socially responsible procurement in cooperation with our suppliers.

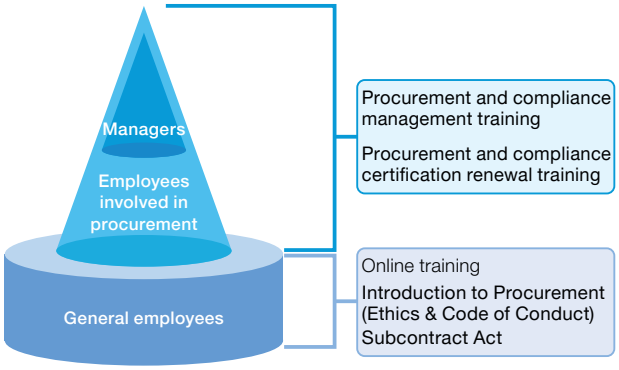
Compliance Management

Aiming to work to high ethical standards and a social conscience, Epson conducts procurement in strict compliance with both the letter and the spirit of local and international laws and regulations in every country and region around the world. We consider employee training and education are the most important factors in achieving this.

Epson Group companies in Japan train employees on the laws, regulations, and social norms of various countries and regions around the world to ensure every employee acquires the necessary expertise and awareness.

All employees in Japan are required to receive online training courses, entitled an Introduction to Procurement (Ethics & Code of Conduct) and Subcontracting Law Fundamentals. Moreover, employees involved directly with procurement, including those with procurement approval authority, must earn in-house certification by successfully completing the Procurement and Compliance Management course. All procurement personnel are required to receive Procurement and Compliance Certification Renewal Training every five years to allow them to obtain up-to-date information and knowledge.

● 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 achieve the highest possible level of compliance management.

Corporate Citizenship

Approach

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

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

Corporate Citizenship

Education for Young People

Education for Young People

Exhibited at the Youngsters' Science Festival (Japan)

In November 2015, Epson's Chitose Plant in Japan exhibited at the Youngsters' Science Festival held at the Chitose City Cultural Center. This event started in 1992 and it is held nationwide to enable children to experience the attraction of science.

Children at the venue

It has been seven years since the event was held in Chitose. We presented projectors that use the three primary colors, red, green and blue and the 3LCD panel technology, home projectors, and a 3D augmented reality maze experience using the Moverio BT-200 smart glasses. Around 300 elementary school pupils and their families visited the exhibit. They were surprised and delighted when they encountered the immersive images enabled by Epson technology.

Epson International Scholarship Foundation Students Visit the Kanbayashi Plant (Japan)

Epson's foundations aim to promote education, technology, and culture, to engage in environmental activities, and to contribute to the development of local communities. In August 2015, 18 international students from Asian countries on scholarships from the Epson International Scholarship Foundation visited Epson's Kanbayashi Plant in Matsumoto, Nagano, for a factory tour.

The Kanbayashi Plant collects and recycles ink cartridges. The students were divided into two groups, alternately touring the plant and viewing exhibits about the recovery and recycling of ink cartridges. In the question and answer session, the students had many questions about Epson's recycling operations and future developments, reflecting their strong awareness and interest in environmental issues.

The scholarship students who visited the Kanbayashi Plant

Support for Stargazing Extracurricular Activities (Japan)[1]

In July 2015, Epson participated in the stargazing extracurricular classes for 36 fifth graders of Nagano Prefecture's Takashima Elementary School at the Suwa Forest Learning Center as part of their science learning. We lent the group our Moverio BT-200 smart glasses, a wearable product, and sent four young technicians to support the stargazing.

Children using the Moverio BT-200 to enjoy stargazing

Unfortunately it rained on the day, and the stargazing had to be done indoors. But by using Moverio with its see-through lenses, the children experienced a simulation of a star-filled sky. They moved around exclaiming "Wow, I've never seen anything like this! I can almost touch the stars."

[1] The Moverio BT-200 is intended for ages from junior high school and older, but for these extracurricular lessons, our engineers were present to ensure safety, and time limits were set for use of the glasses.

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 2016, more than 2,500 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 27 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

Supporting the Seiji Ozawa Matsumoto Festival (Japan)

Epson has been a special corporate sponsor of the Seiji Ozawa Matsumoto Festival held every summer since 1992 for about a month in the city of Matsumoto, in Nagano, Japan. In this way we contribute to the development of music and the arts. As part of the festival elementary school children and children from special-needs schools in Nagano Prefecture have been invited for the last ten years to Concert for Children by young performers for the education of young people. For children who have few opportunities to listen to live orchestras, the Concert for Children program can spark an interest in classical performances. In addition, local children take part in a brass band parade and a joint recital, making this a rich local festival.

The Seiji Ozawa Matsumoto Festival

Concert for Children

Joint concert

Brass band parade

Corporate Citizenship

Community Events

Community Events

Garment Collecting and Reuse (China)

Since 2015, the management and employees of Epson Wuxi Co., Ltd. (EWL), in collaboration with Wuxi city, have been participating in a program to collect and reuse unwanted clothes. EWL installed a collection box in its office and encouraged its employees to donate clothes they no longer need. Wuxi city periodically picks up the clothes. As of April 2016, EWL, as the first company to install a clothes collection box, has collected approximately 1,500 articles of clothing. EWL is committed to continuing meaningful assistance programs that meet local needs.

Office collection box

Movie Events and Painting Contests (Taiwan)

Epson Taiwan Technology & Trading Ltd. (ETT) has been showing movies at elementary schools in Taiwan since 2009. The aim is to use Epson projectors to bring the joy of movies to local children. To date, ETT has shown movies to about 110,000 people in 1,100 places.

Since 2010, ETT also has been holding a painting contest that has a movie theme. Somewhere between 1,300 to 1,500 works are submitted by children every year. The works are screened by well-known journalists and artists, and selected works are awarded prizes.

Children enjoying a movie

Employee 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.

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 Philippine Red Cross to continually give talks about blood and medical exams. In the 2015 fiscal year, a total of 1,347 employees participated in the blood drives. The Philippine Red Cross commended EPPI in 2015 for their efforts. Moreover, 19 employees who had donated a large amount of blood were given the “Blood Galloner Award.”

Blood Galloner Award ceremony

Career Education for Junior High School Students (Japan)

In October 2015, Epson held a career education lesson for 115 first grade pupils from Fujimi Junior High School in Nagano Prefecture, Japan. Six employees of the Wearable Products Operations Division served as instructors on the theme “What is work?” Fujimi Junior High School started this activity in 2014 to give pupils the opportunity to think about their future from first grade. At the request of the school, Epson has dispatched lecturers for two consecutive years.

General Manager Yasunobu Ikemoto of the Wearable Products Operations Division explained that the various divisions of the company work separately and collectively to create, produce and sell products that are useful and enjoyable for customers to use. The pupils then split into groups to consider development and design, planning and design, production technology, marketing, and management, followed by a lively question and answer session about the hardships and pleasures of work.

Pupils listen to the lecturers

The question and answer groups

Donation of a Classroom for a Typhoon-Damaged Elementary School (Philippines)

In June 2015, Epson Precision (Philippines) Inc. (EPPI, Philippines) constructed a building and donated desks to replace classrooms at Bislig Elementary School in Tanauan on Leyte Island of the Philippines that were damaged by a typhoon. The handover ceremony was attended by the mayor of Tanauan, officials from the board of education, President Tadaaki Hagata of EPPI, and employees from Leyte Island.

On November 8, 2013, Yolanda, the most powerful typhoon ever recorded made landfall, devastating Leyte and Samar islands in the central Philippines. About 10 million people or ten percent of the total population of the Philippines were affected. Leyte Island and its vicinity was particularly heavily affected. About 1,200 schools were damaged, affecting about 190,000 pupils. Much of the typhoon damage was due to high tides of nearly two meters, so the new building has a large space on the rooftop to enable evacuation during such tides.

Temporary classroom used after the typhoon

The newly completed school

Corporate Citizenship

Environmental Conservation

Environmental Conservation

Recycling Event (USA)

For the past 15 years, Epson Portland Inc. (EPI) has set aside every April as a month to think about energy conservation and the global environment. During this month, employees hold a recycling event. In 2016, people brought in 280 kg of unneeded electronic devices and 230 kg of used paper.

Along with this, EPI held an event in partnership with the local government to collect harmful household waste. More than 200 area citizens brought in old paint, used drum cans, and other materials. The collected waste was taken from EPI to a waste processing plant, where it was all appropriately processed.

Participants sorting paint

Beautification Project (China)

Since 2009, Epson Precision Suzhou Co., Ltd (EPSZ) has been holding parent-child cleanup events as a way to contribute to a healthy community environment and to educate children about the environment.

In November 2015, approximately 50 employees and their family members participated in a cleanup of a local park, where they picked up and sorted trash. Tourists who saw the eager volunteers gave words of appreciation. Through this event, the child volunteers learned about taking the initiative to protect the environment.

Cleanup participants

Every year on the last Saturday in March, EPSZ also participates in activities such as “Earth Hour,” a lights-off event during which employees stop using electricity from 8:30 p.m. to 9:30 p.m.

Planting Trees to Protect Water Resources (China)

In April 2015, Epson Engineering (Shenzhen) Ltd. (ESL) volunteers planted trees along the banks of Gong Ming Dam, a water resource protection area in Shenzhen, China.

Some 90 employees and members of their families spent two hours planting more than 200 saplings to prevent sand and soil from washing into the Gong Ming dam and protect this precious source of water. Since 2001, 785 volunteers from ESL have been planting trees in the community surrounding its business sites. ESL is committed to continuing environmental conservation programs to preserve the environment for children.

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

Participants planting a sapling

Road Warriors: Highway Clean-Up (USA)

Volunteers from Epson Portland Inc. (EPI) have participated in a highway clean-up program since 1992. In 2015, EPI employees spent a total of 122 hours picking up trash along U.S. Route 26 (the Sunset Highway).

Donations Tied to Used Cartridge Collection (Japan)

Seiko Epson participates in various programs for donating to environmental bodies, environmental groups, and environmental causes. Amounts are tied to the number of used ink cartridges and toner cartridges collected.

Corporate Citizenship

Social Welfare

Social Welfare

Fantas Aquarium (Japan)

Between July and December 2015, more than 120 Seiko Epson volunteers, put into groups of six to eight, took a “digital aquarium” projection show on the road, entertaining children and adults at 16 hospitals and special needs schools around Japan. Epson backed up this program as a company by allowing the volunteers to participate during regular business hours.

People at the hospitals and schools said that the so-called digital aquarium was like a dream world and that some children who normally show little expression or reaction became noticeably more animated, following the moving fish with their eyes, for example. One person said that she feels the digital aquarium is a new model for programs that support persons with serious disabilities. At all venues, the show sparked heart-warming communication, and the audience showed obvious joy and appreciation. We will continue to hold the program in Japan in the fiscal year 2016.

Visitors enjoying an underwater world projected on soft cloth screens

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

Employees of British affiliate Epson Telford Ltd. (ETL) donated Easter eggs to Hope House Children’s Hospices for Easter in 2015. The Hope House Children’s Hospices supports medical facilities that provide terminal care to children with last stage cancer. In July, nine ETL employees raised money for Hope House by taking on a tandem skydiving challenge. ETL employees voluntarily participate in such programs as members of the community.

Easter eggs

Printer Donations (U.K.)

In 2015 Epson Telford Ltd. donated 14 printers to schools and welfare institutions through the Telford and Wrekin council.

Communication

Approach

Communication serves as a vital bridge that connects Epson to its various stakeholders, including customers, shareholders, investors, governments, communities, NGOs and NPOs, media outlets, suppliers, students, and employees. Epson provides accurate, unbiased information to all stakeholders in accordance with the Epson Group Communications Regulation. In addition to upholding public order, decency, and morality and maintaining neutrality, Epson refrains from discrimination in any form, including but not limited to discrimination based on gender, age, national origin, ethnicity, race, religion, or social standing. Our communications respect the individual and cultural diversity and aim to 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 may 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 FY2015, 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, office inkjet all-in-one printers, interactive projectors, as well as our wearable GPS monitors 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 2016, at the 74th Annual General Shareholders' Meeting, Seiko Epson President Minoru Usui, addressed shareholders directly, reporting on events and highlights from the 2015 fiscal year and explaining how Epson will achieve its Epson 25 Corporate Vision.

The 74th 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 sense of how we plan to achieve Epson 25. The displays showed the four areas in which Epson aims to drive innovation: inkjet, visual, wearables, and robotics. Shareholders were able to learn what Epson aims to achieve in these areas and the unique core devices that enable the company to create products that others cannot imitate.

Epson Selected as a Constituent of the FTSE4Good Index Series, a Socially Responsible Investment (SRI) Index, for the 12th Consecutive Year

For the 12th consecutive year, FTSE Russell has selected Seiko Epson as a component of one of the SRI indexes in its FTSE4Good series. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products. Inclusion in this index is one of the key selection criteria used by investors concerned about corporate social responsibility and sustainability.

FTSE4Good

FTSE4Good Index Series
June 2016

As a good corporate citizen, Epson emphasizes social responsibility and seeks to help create a better world through environmental conservation and other initiatives.

Communication

Governments, Communities, NGOs/ NPOs

Governments

Chemical Risk Assessments

Epson provided eight instructors at government request for a Chemical Risk Assessment Workshop held in Suwa in Nagano, Japan, in February 2016. The workshop was arranged to teach the purpose of chemical risk assessments and techniques for assessing risks using case studies and other materials. Kazuo Yajima, who heads up the health and safety section of the Okaya Labor Standards Inspection Office, says, “Epson is a leader in the Suwa area. I would like the company to help spread and entrench labor safety and health programs in our community.”

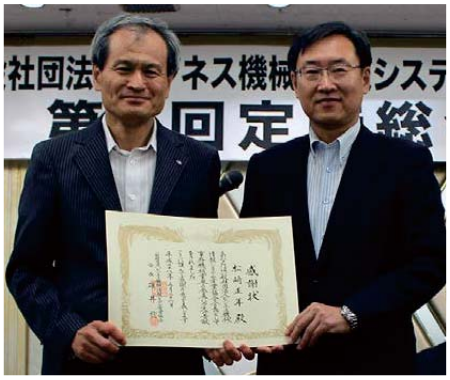
An Epson employee providing hands-on instruction

Co-sponsored by the Okaya Labor Standards Inspection Office and the Suwa Labor Standards Association, the workshop was held to prepare area companies to comply with a 2016 amendment to the Japanese Industrial Safety and Health Act that will make chemical risk assessments compulsory. The workshop was attended by 85 people from 67 companies in the Suwa area. Epson was asked to provide instructors for the workshop because of its proactive efforts to implement internal chemical risk assessments immediately after government chemical risk assessment guidelines were first announced in 2006. Going forward, Epson will continue to communicate and work closely with local governments in communities where it operates.

An instructor answering questions from a workshop participant

Appointment as Chairing Company of the Japan Business Machine and Information System Industries Association (JBMIA)

In May 2016, Epson was appointed as the chairing company of the Japan Business Machine and Information System Industries Association (JBMIA) and Minoru Usui, president of Epson, was elected as the president of the JBMIA. JBMIA is an industry group that aims to promote the general development of business machines and the information system industry associated with them, developing the Japanese economy, and improving office environments.



The former president (left) and the new president (right)

The Association represents manufacturers of copiers, all-in-ones, printers, digital printing machines, data projectors, shredders, document management systems and so on. The Association has made policy recommendations and requested deregulation concerning the environment and trade both inside and outside governments and agencies, released statistics for office equipment shipped, and pursued standardization of various types of equipment. JBMIA will continue to respond to diversifying environmental regulations, strengthening cooperation with overseas organizations to build a global business system, and contributing to the development of industry and society.

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 2015, we held such events at eight business sites in Japan.

Exchanging information with local residents

Explaining the company to locals

Communication

Suppliers

Suppliers

Procurement Policy Orientation

In addition to its commitment to delivering quality products, Epson believes that maintaining human rights, labor standards and environmental conservation throughout its entire supply chain is an important part of its corporate responsibility. Epson therefore considers all suppliers as important business partners.

FY2016 procurement policy orientation

Epson holds annual orientation meetings to brief suppliers about its procurement policies. At the orientations held in April 2016, we provided a general overview of our business situation and strategies, explained our initiatives and procurement policies, and asked for suppliers' understanding and cooperation in improving quality, reducing costs, keeping strictly to appointed delivery dates, participating in CSR initiatives, and promoting business continuity management.

Our idea of a partnership with suppliers throughout our supply chain is a win-win relationship in which Epson and its partners share a common set of values and cooperate with each another to meet and exceed customer expectations.

Communication

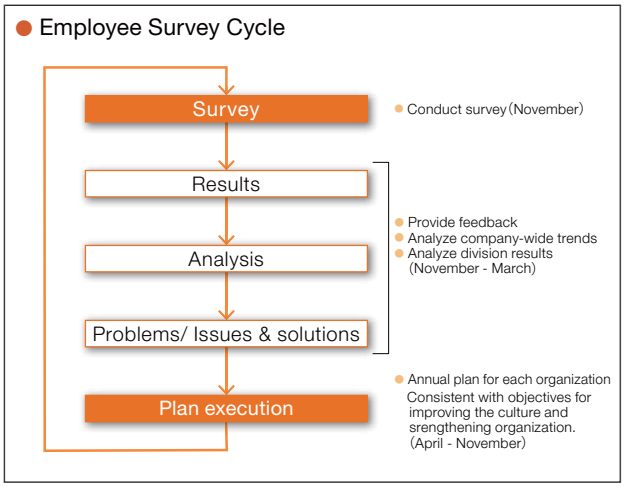
Employees

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 Students

Design Internships

Every year in March Seiko Epson offers internships to aspiring designers. Although short, these internships give students from various universities an opportunity to learn about processes for achieving a goal and the creation of unique designs under the tutelage of designers who are actually working in the field.

The internship was held at Seiko Epson's Hino Office in March 2016. Students from various universities worked together on a project under the instruction of Epson designers. The program is designed for the students to learn about design processes in the company.

Interns discussing the designs

One intern said, "I had difficulties in managing the schedule because I needed to go through all the processes - from preparation to delivering output - in a very limited timespan. I managed to deliver the output on schedule thanks to the help of the instructors who taught me a lot."

Miscellaneous

Monozukuri (Manufacturing) Museum

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

The museum has an historical corner that provides a retrospective view of Epson over the decades and a hands-on corner that features products in Epson's four areas of innovation: printing, visual, wearables, and robotics.

The historical corner has product exhibits that trace Epson's history through its products, including the world's first analog quartz watch and a color inkjet printer that was approved to ride in space. Meanwhile, the hands-on corner allows visitors to experience smart glasses and a 3D projector.

Left: The Seiko Crystal Chronometer that was used as the official timer for athletic events around the world
Right: The world's first analog quartz watch

The first inkjet printer used in space

Photo Contests

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

- Epson Photo Grand Prix 2015: Epson Sales Japan Corp.
- The Epson International Pano Awards 2015: Epson Australia Pty. Ltd. (EAL)

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.

EPSON
EXCEED YOUR VISION

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

EPSON

EXCEED YOUR VISION

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