EPSON
EXCEED YOUR VISION

Epson Group

SUSTAINABILITY REPORT 2017

Management Philosophy

Epson aspires to be an indispensable company,
trusted throughout the world for our commitment to openness,
customer satisfaction and sustainability.
We respect individuality while promoting teamwork,
and are committed to delivering unique value
through innovative and creative solutions.

EXCEED YOUR VISION

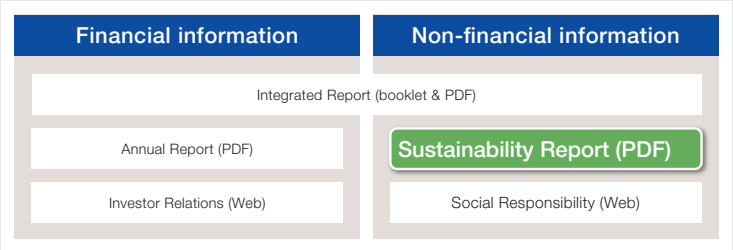
As Epson employees,
we always strive to exceed our own vision,
and to produce results that bring surprise and delight
to our customers.

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.

Editorial Policy

This report has been compiled from comprehensive information about Epson’s CSR activities that is available on our websites. An annual report, it is organized into chapters, each of which is aligned with an element of Epson’s Management Philosophy.



This year we have included Epson’s Key CSR Theme Matrix (Materiality), which we established in 2017 and that takes into account environmental issues, human rights, governance, and other societal issues.

Reference websites
Web Investor Relations http://www.epson.jp/IR/
Web Social Responsibility http://www.epson.jp/SR/

In addition to this report, Epson has been working to improve communication with its stakeholders through the publication of an Integrated Report, its websites, and other media.

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Reporting Period

April 2016 to March 2017

Note: Contains some information on activities conducted after March 2017.

Scope

This report describes the sustainability efforts of Seiko Epson Corporation and 87 Group companies. The scope of environmental reporting, however, covers Seiko Epson Corporation, and 57 Group companies (comprising 97.9% of revenue).

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

Organizational Changes in This Reporting Period

- Addition of two subsidiaries and removal of three
- Removal of one affiliate

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)

Referenced Guidelines

- G4 Sustainability Reporting Guidelines
- 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

September 29, 2017

Next Scheduled Reports

September 2018

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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)

¥1,024.8 billion

(FY2016)

Number of employees

Epson Group (consolidated): **72,420**

Parent company: **12,238**

(as of March 31, 2017)

Group companies

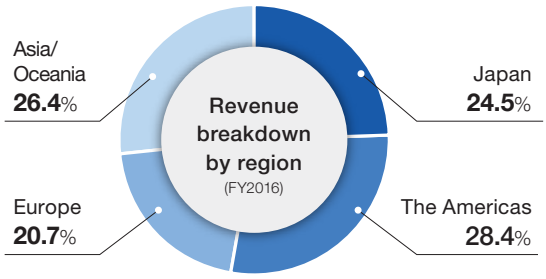
88

(includes parent company)

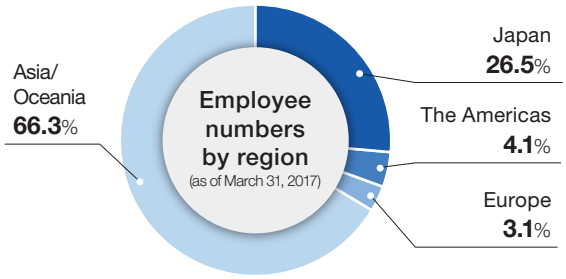
Japan: **17**, Overseas: **71**

(as of March 31, 2017)

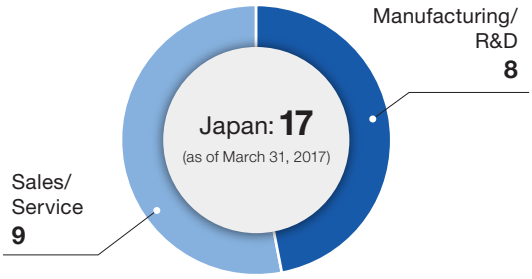
Revenue breakdown by region



Employee numbers by region



Group company breakdown



FY2016 Business Overview by Segment

Consolidated

Revenue ¥1,024.8billion　　Business profit ¥65.8 billion

Printing Solutions Business segment

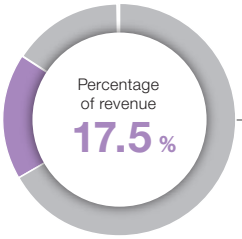
Epson will further refine its original Micro Piezo inkjet technology to provide higher productivity, better environmental performance, and a sustainable printing ecosystem.

Revenue ¥686.6 billion

Segment profit ¥84.1 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.

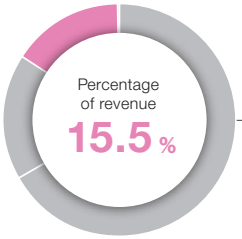


Revenue ¥179.6 billion

Segment profit ¥16.1 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 ¥158.5 billion

Segment profit ¥7.8 billion

Other

Revenue ¥1.5 billion

Segment loss -¥0.4 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 the World

In April 2017, Epson added the phrase “Epson aspires to be an indispensable company” to its Management Philosophy. This phrase is a declaration of our intent to play a central role in realizing a better world by continuing to leverage our original technology to create new customer value. Our reason for being is to enrich people’s lives and make society happier. As a company, we have to make a profit, but that profit has to be the result of earning the trust and appreciation of our customers. We revised the Management Philosophy to articulate our goal of becoming indispensable for our customers, society, partners, and employees by achieving sustained growth, which is a sign that we have earned customer trust.

We always emphasize the importance of addressing the needs of customers and society head-on, and of exceeding their expectations. We start by asking ourselves what kinds of products would increase convenience and delight our customers, and what the world needs to enrich lives and increase happiness. Creativity is fostered by encouraging employees to draw on their strengths and to take the initiative. For example, laser printers have long been the dominant force in office printing, but users are looking for better output at lower cost and higher speeds while also saving energy. We concluded that the only way to meet these expectations was to drive advances in the inkjet technology that we originally developed for consumer printers. After an intensive development effort, we have succeeded in bringing to market a blazingly fast linehead inkjet printer that produces up to 100 sheets per minute. Epson poured considerable effort into the development of laser printers in the past, but we made a strong commitment to reversing direction after taking an honest look at what users actually sought. Epson’s mission is to contribute to the world by advancing the technologies from which we draw our strength.

Epson joined 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. In addition to ensuring compliance, observing corporate ethics, and fulfilling our responsibilities at a level that exceeds what society requires, we will demonstrate Epson’s unique creativity in CSR by creating value through the products we manufacture. With this commitment in mind, we established in 2016 a CSR Management Office, an organization dedicated to effectively meeting the needs of society. This organization reports directly to a company director and carries out activities systematically. Corporate conduct that reflects values such as solid corporate ethics and compliance, respect for human rights and diversity, and consideration for the environment is the basis on which we do business.

We will continue to aspire to be an indispensable company that plays a central role in realizing a better world. And we will strive to create new value by advancing our technologies and driving innovation to make the world a happier and easier place to live for all.

Minoru Usui
President
Seiko Epson Corporation

Business Vision

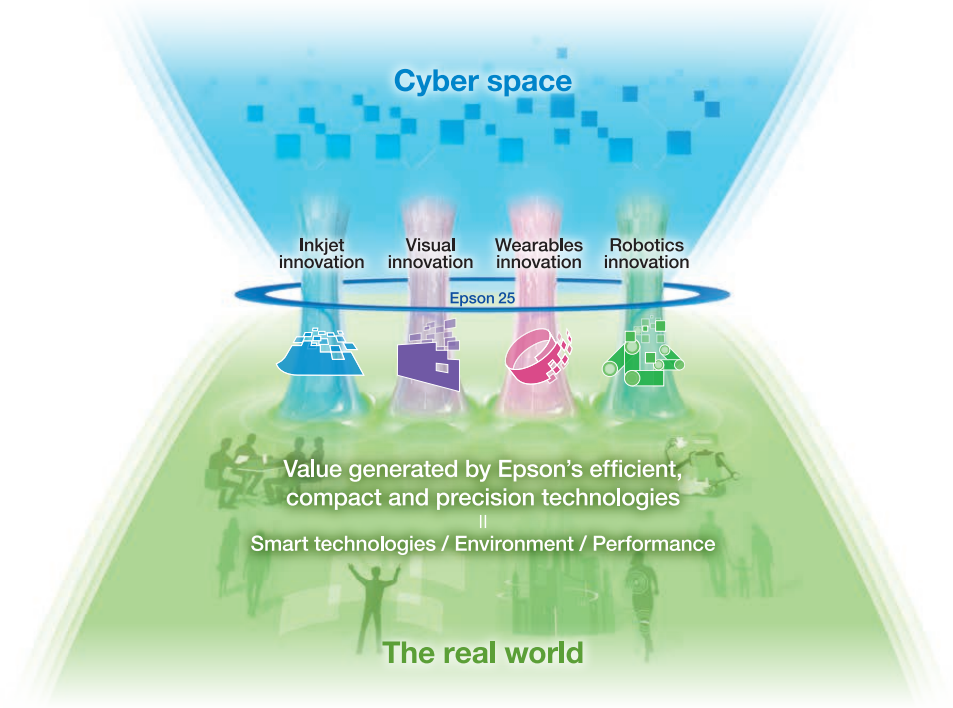
Epson 25 Corporate Vision

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

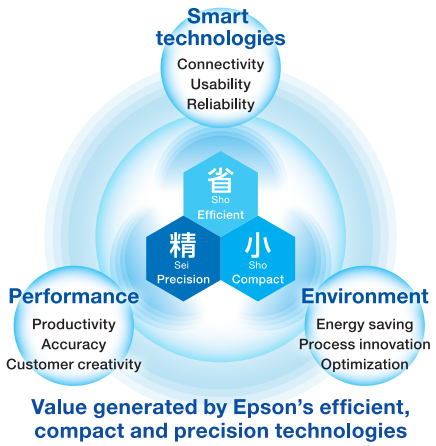
Create convenient and easy-to-use products that can be used anytime and anywhere, and which help customers reduce waste, and save money, effort and time.

Environment

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

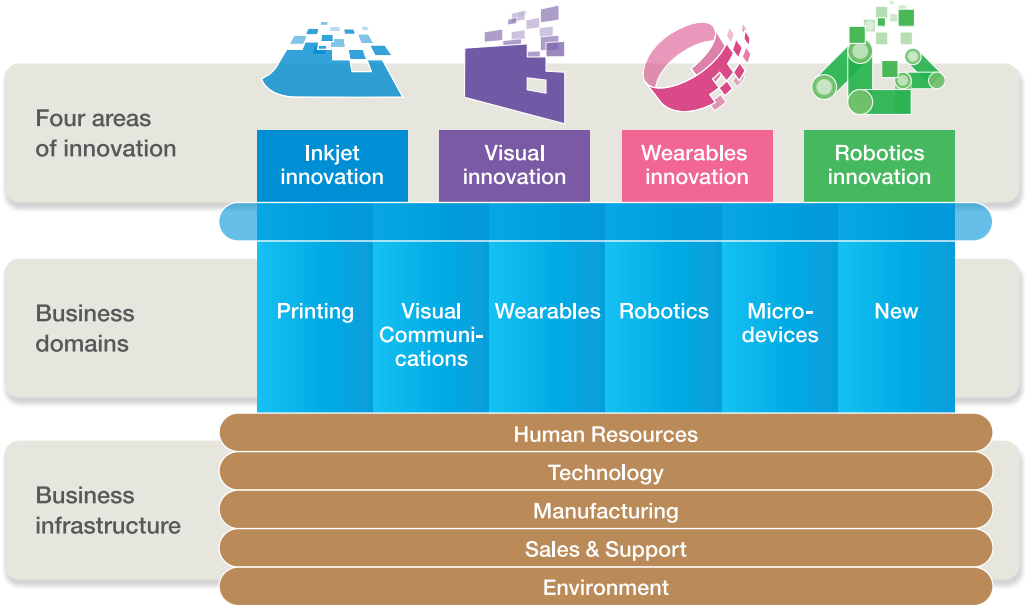
Performance

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.



Inkjet innovation

Printing domain

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

Visual innovation

Visual communications domain

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 innovation

Wearables domain

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

Robotics innovation

Robotics domain

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

Microdevices domain: Supporting the Four Innovations

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.

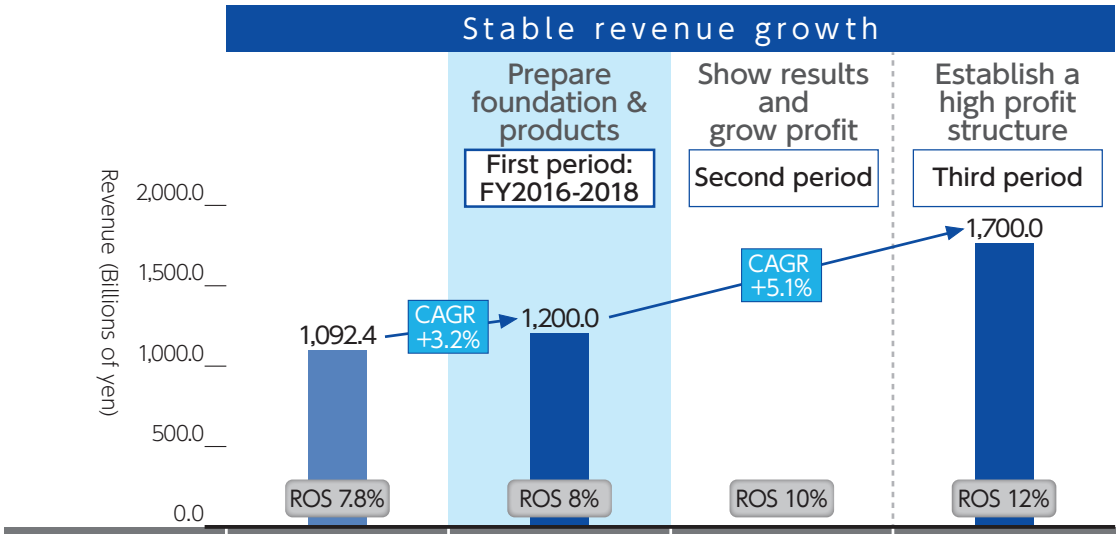
Epson has set high targets and established its vision. Going forward, we aim to create a new connected age of people, things and information with efficient, compact and precision technologies, and become a company that is indispensable for our customers and society.

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 phase, we will continue the strategic initiatives begun under the previous corporate vision. At the same time, we will prepare the infrastructure to facilitate product development and will make 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.

In FY2016 we made strides toward achieving our mid-range business plan. We continued to see steady growth in sales of strategic products such as high-capacity ink tank printers, large-format signage and textile inkjet printers, projectors, and robots. We also laid a foundation for future growth by strategically investing in research and development and by developing the office and industrial segments.



	FY2015 actual	FY2018 targets	FY2021 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%

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

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

Basic policies

- In businesses where SE15[*1] 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.

[*1] Epson's corporate vision from FY2009 to FY2015

Epson's CSR

What is Epson's CSR?

Epson has been helping to solve various social issues by delivering unique value through innovative and creative products and solutions. Our mission is to build stakeholder trust as we grow and prosper with communities and to help create a better world. We consider any action designed to realize Epson's Management Philosophy to be a CSR activity.

In addition to ensuring compliance, observing corporate ethics, and fulfilling our responsibilities at a level that exceeds what society requires, we will fully demonstrate our unique creativity in CSR by creating value through the products we develop and manufacture. In 2017, Epson developed a materiality matrix that identifies key CSR themes, such as environmental issues, respect for human rights, human resources development, and governance. We will use this matrix to guide and strengthen our CSR activities and to help make the world a better place as we seek to become an indispensable company.

Management Philosophy (Please refer to page 129 of "Appendices")

Management Philosophy, Principles of Corporate Behavior, and Epson's CSR

Established in 2005 and applying to the entire Epson Group, Principles of Corporate Behavior spells out principles of conduct for realizing the goals of Epson's Management Philosophy. In 2017, we updated Principles of Corporate Behavior in response to the latest societal requirements.

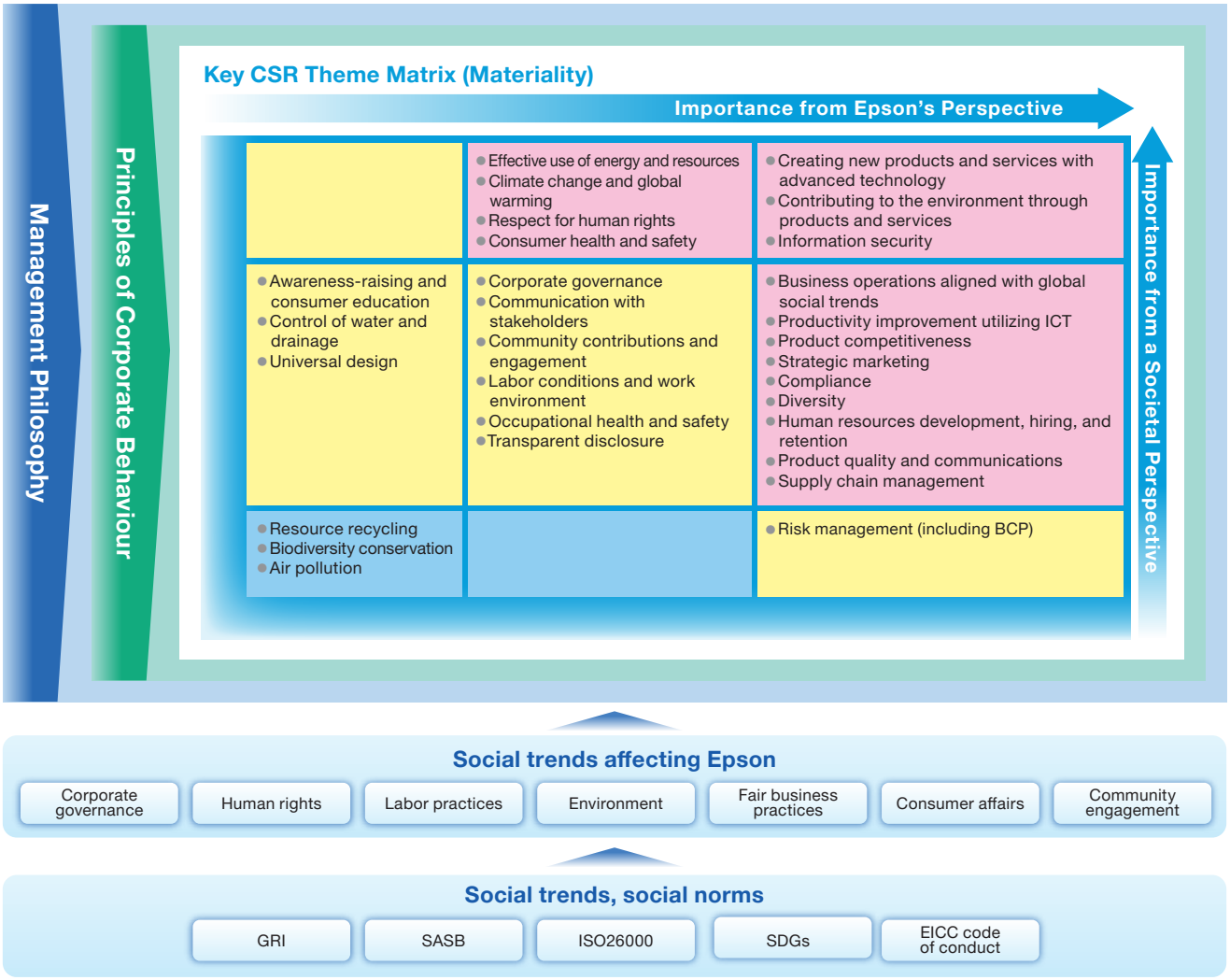
Epson will fulfill its social responsibility by aspiring to live up to the principles below based on "trust-based management," a concept that underlies Epson's Management Philosophy.

Principles of Corporate Behavior (Please refer to page 130 of "Appendices")

Key CSR Themes (Materiality)

To reach the goals stated in our Management Philosophy and to become an indispensable company, we believe it is important to identify issues that should be addressed and to solve them through our business activities.

In 2017, Epson selected CSR themes, taking into account social issues defined by ISO 26000 and other sources. We evaluated them from both our perspective and a social perspective, and prioritized the key themes in the “Key CSR Themes (Materiality)” matrix.



● Identifying key CSR themes

Recognize social trends and company direction	Evaluate materiality from a company perspective	Evaluate materiality from a societal perspective	Determine validity of themes
Understand mid- and long-term trends and identify potential key themes*1	Epson's CSR Executive Council and CSR Management Committee evaluate their materiality	Outside board members and experts evaluate their materiality	Epson's CSR Management Committee determines the validity of the CSR themes and selects key themes

*1 Key themes

Direction of company management	General social trends	Electrical & Electronics Industry trends and societal demands	General societal demands
• Management Philosophy • Principles of Corporate Behavior • Corporate Vision Epson 25 • Mid-term Business Plan • Environment Vision 2050	• Global Japan • White Paper - Information and Communications in Japan 2016	• EICC Code of Conduct	• GRI • SASB • ISO26000 • SDGs • SRI survey item

To help ensure that our activities are effective, we specified action items and targets (KPI) for each key CSR theme. We will periodically revise the key CSR themes and action items based on feedback from stakeholders and will systematically drive continuous improvements.

We are currently in the process of determining specific action items and KPIs.

CSR Organization

Epson's CSR Management Office has a direct reporting line to the company president. The director of the office is a member of Seiko Epson's board of directors. He has overall responsibility and authority for the Epson Group's CSR activities.

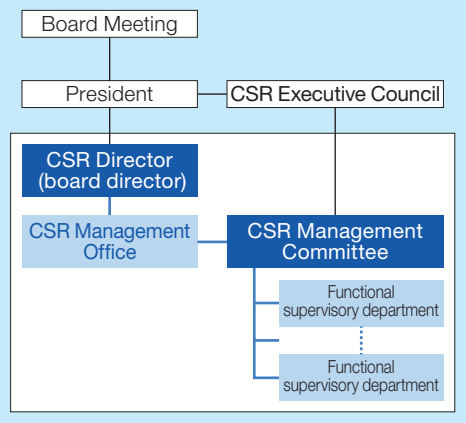
The mission of the CSR Management Office is to promote CSR activities throughout the Epson Group and to help make Epson an indispensable company by executing a CSR strategy that builds stakeholder trust through business operations that meet the expectations of society.

Epson's CSR Executive Council, which is made up of board members, serves as an advisory body to the president and steers the CSR activities of the global Epson Group.

The council also reviews our CSR activities and deliberates action plans for the most important challenges.

The CSR Executive Council has set up a CSR Management Committee to discuss and study CSR-specific issues. The CSR Management Committee, which is made up of general managers from functional supervisory departments, reports its findings to the CSR Executive Council.

● CSR Organization



United Nations Global Compact

Epson Participates in the United Nations Global Compact

Epson officially joined the United Nations Global Compact on July 16, 2004, when a Letter of Commitment signed by the president of Seiko Epson was sent to and accepted by the Secretary-General of the UN. The letter expressed Seiko Epson's commitment to the Global Compact in the areas of human rights, labor, the environment, and anti-corruption.

As a member of society, Epson takes an uncompromising approach to socially responsible corporate conduct in areas such as compliance, human rights, environmental action, workforce diversity, and supply chain management. We take these and other social issues seriously and are working toward solutions. We aspire to make Epson an indispensable company through the practice of ethical corporate conduct and by playing a central role in realizing a better world through the products and services we provide.

Epson's corporate activities

Management Philosophy

Principles of Corporate Behavior

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.

Human Resources Development Policy (Please refer to page 137 of "Appendices")

Vision for Mid-Range CS & Quality Initiatives

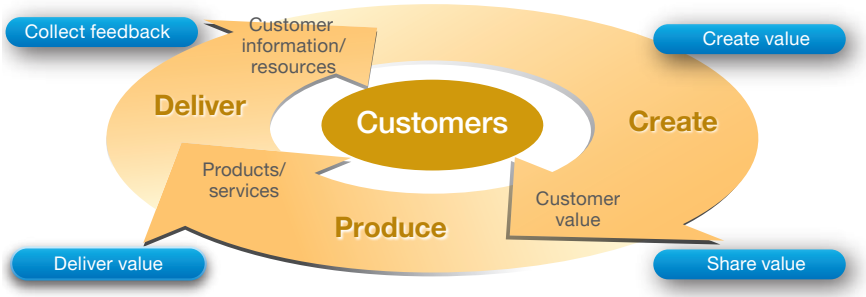
Epson implements CS & quality programs in line with its Mid-Range CS & Quality Action Policy, which is based on its Quality Policy and that stipulates its vision for creating products and services that please customers and earn their trust.

Vision

Epson aims to build customer trust by providing products and services whose quality exceeds expectations so that its customers always feel comfortable choosing Epson.

1. Ours is a customer-centric process in which we listen to customer expectations and design our products and services to accurately reflect these expectations.
2. We continuously improve the quality of our operations in response to changes in society and the market.

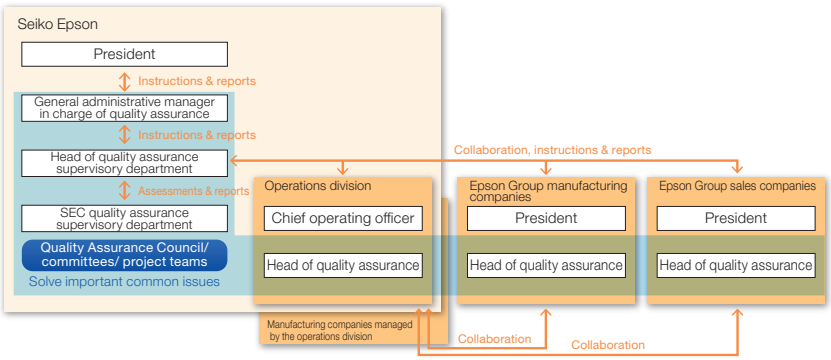
● CS & Quality Vision (Creating Customer Value)



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

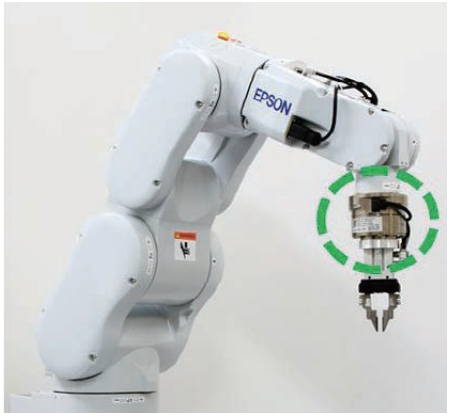
Pursuing Customer Satisfaction

Pursuing Customer Satisfaction

Epson undertakes various activities to provide its customers with satisfaction that exceeds their expectations through Epson's products, services, production and sales. Below are representative examples of Epson's activities.

Innovating Manufacturing with New Force Sensors

In creating labels for displaying products to their best advantage, companies 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. Manufacturers, faced with labor shortages and a need to increase productivity, are rapidly automating their assembly processes with robots. However, there are still many difficult, precision tasks that rely on human sensory perception and skilled workers due to task complexity, the fragility of components, and the need for fine adjustments. Epson is making it possible to automate even these challenging tasks with a new series of S250 robotic force sensors.



The S250 series of force sensors

Force sensors sense the direction and magnitude of force applied to a robot end-effector to precisely control robot movements. Robots that have the ability to sense force can be used to perform tasks that once relied on humans.

Epson visited dozens of companies that use its robots to identify customer needs. What we found was that users wanted to automate even some of the most complex and delicate tasks. The majority of force sensors on the market have a flexible component that elastically deforms when a force is applied to an object. Force is measured based on the degree of deformation of this component, so the sensor has to readily deform for the sensor to have a practicable level of sensitivity. The problem with sensors that readily deform under light pressure, however, is that the position of the robot end-effector, which is attached forward of the force sensor, becomes unstable. Conversely, sensors that do not readily deform typically have low sensitivity and are unable to accurately measure small forces. For this reason, manufacturers have been unable to automate precision tasks that require high end-effector positional accuracy and the ability to measure very small forces, such as tasks that require fragile components to be inserted in confined spaces. Solving this problem required the development of a new force sensor with conflicting properties: minimal deformation and high sensitivity.

Epson used its expertise in crystal devices, which deform very little but can still detect extremely small changes in pressure, to develop the S250 series of force sensors. These force sensors are far more sensitive than other force sensors despite extremely low deformation.

The S250 series of force sensors enable robots to perform difficult-to-automate tasks that in the past have always relied on humans. Examples include:
- High-precision assembly of fragile parts, such as tiny electronic components with bendable pins.
- Advanced insertion tasks in extremely narrow spaces, such as the insertion of precision components and automotive parts.
- Deburring, sanding, polishing and other finishing tasks that require delicate force control.

Epson was uniquely positioned to develop the S250 series of force sensors because it designs and manufactures crystal elements, has material analysis capabilities, and uses robots on its own manufacturing lines. Epson will continue to drive innovation in manufacturing by providing customers with smaller, lighter solutions with enhanced usability that allow users to more easily automate tasks of all kinds.

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.

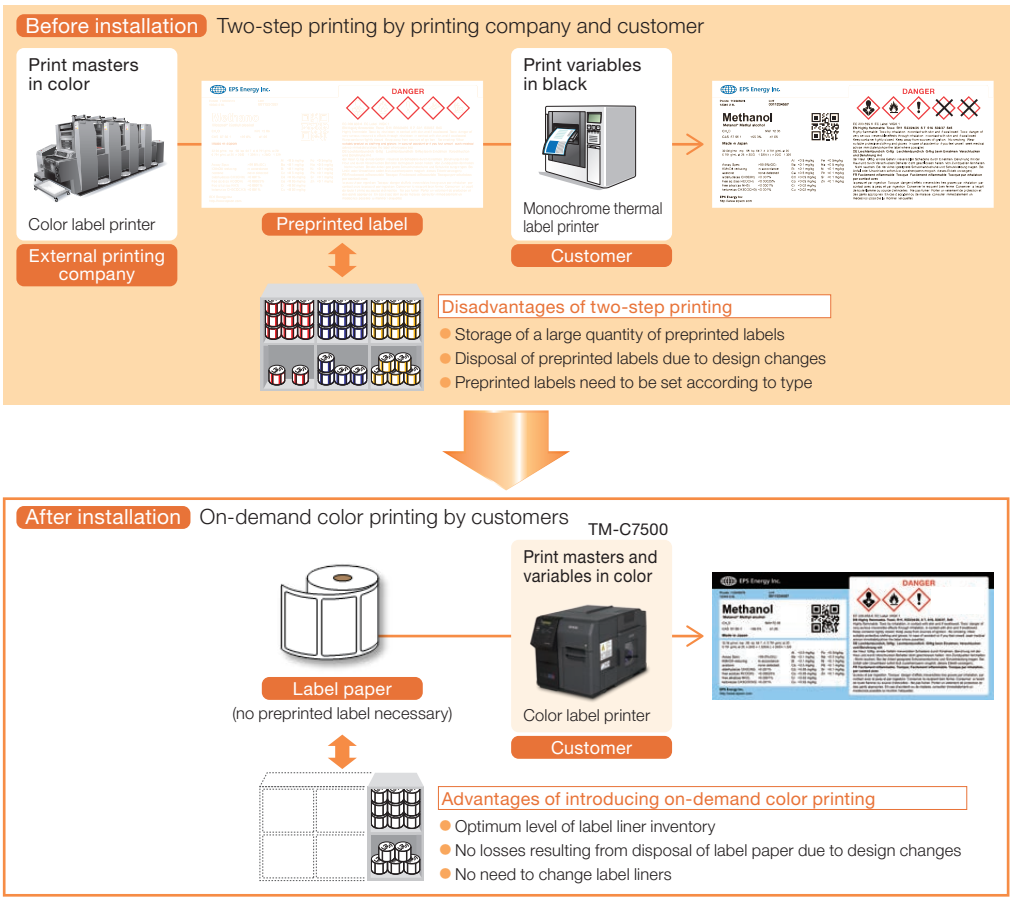
First, we sought to learn how businesses make and use labels, and ascertained what difficulties they encountered. For example, when making GHS (Globally Harmonized System of Classification and Labeling of Chemicals) for chemical containers, we discovered that customers followed a two-step procedure.

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.

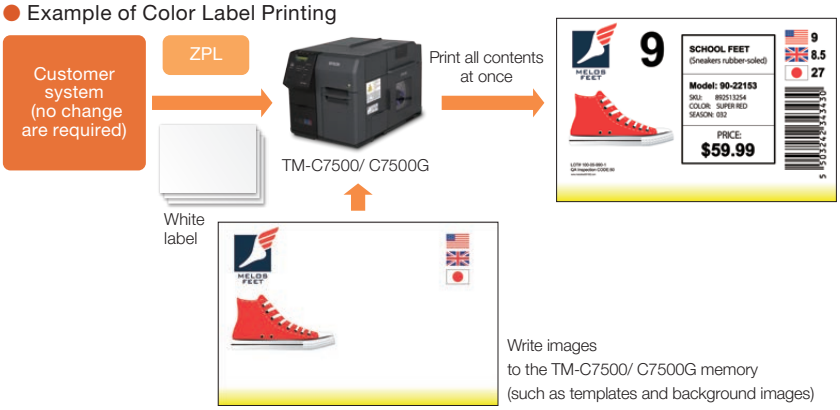
● Comparison of GHS Label Printing Before and After TM-C7500 Installation



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.

Product Service and Support that Keeps Businesses Running

Users of business printers can find their work interrupted if their printer breaks down or if it runs out of consumables. To avoid such work interruptions, sales company Epson Taiwan Technology & Trading Ltd. (ETT) began in 2016 offering business inkjet printer users a package that includes regular on-site service. This is the first service of its kind in Taiwan's office printing industry.

Support staff members with thorough product knowledge visit customer sites to inspect and maintain their printers. They also let customers know when they can expect to run out of ink based on print use patterns. This service has sharply reduced printer breakdowns and ensures stable print quality. And since ETT is able to deliver ink before it runs out, work interruptions are far less frequent. These regular site visits are also an important opportunity to get feedback directly from users.

Epson, whose products are used by customers around the world, is increasing customer satisfaction by having local sales companies provide service and support that meets local 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.

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

Improvement in collaboration with an overseas affiliate

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 envisioning 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 manufactures Epson-brand PCs in Japan. The company'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) who visit customers and repair their Epson products.

In FY2016, the skills competition was held at Seiko Epson's Hirooka Office. There were two categories, the Workforce Pro RIPS category, and the large-format printer category. Eleven CEs from authorized Epson WorkForce Pro RIPS dealers, and eight CEs from our service partners were selected from across Japan, and they competed on service manners and inkjet repair techniques. The winners were as follows.

- Epson Workforce Pro RIPS: Tomiharu Kadooka, Kyushu Area representative
- Large-format printer category: Takuma Nishi, North Kanto Area representative (2 years running)

Through the skills competition, Epson Sales Japan Corporation continues to work to improve the repair skills and the quality of CE interactions with customers, so that the CE can appreciate the benefits of inkjet technology and good service.

Tomiharu Kadooka during the competition

Award ceremony for the Workforce Pro RIPS category

Takuma Nishi during the competition

Award ceremony for the large-format printer category

Epson Square Shinjuku

The refurbished Epson Square Shinjuku opened in Tokyo in April 2016. It presents Epson's extensive lineup of products springing from the Epson 25 Corporate Vision comprising innovations in the four areas of inkjet, visual communications, wearables and robotics, with business printers, projectors, large-format printers, PCs, image scanners and so on for businesses.

Epson Square Shinjuku

Epson Square is a great place for customers who are looking to purchase an Epson product to try the latest products, and for our distributors to hold important business meetings. We demonstrate products that suit various customer applications and uses, holding regular, hands-on product workshops so that our customers can gain a fuller understanding of their functions and features.

In order for us to provide an ideal environment for visitors to explore our products, we ask them to make a reservation in advance and let us know what issues they hope to solve.

Photo Seminars

EpSITE[*1] holds a wide range of appealing and useful seminars designed to share the fun of printing and displaying photos.

Practical skills course using the SureColor P600

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. The 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.)

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 manufacturers' cameras.


Epson New Photo Forum

Participants enjoy an event where professional photographers offer critiques of customers' 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 FY2016 we had 512 registered monitors who evaluated 15 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

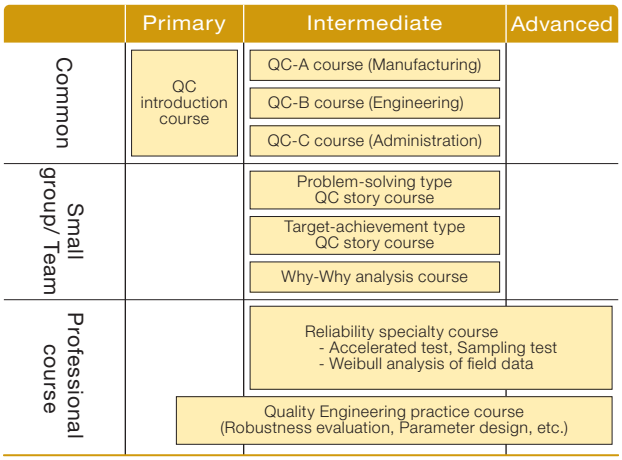
Training

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 (FY2016, Japan)

Course	People trained	% trained
QC Introduction	314	90%
QC-ABC	257	79%

● Licensed Quality Control Training Trainers

Region	Number of Production Sites with Licensed Trainers	Licensed Trainers*1
Southeast Asia	7 companies	119
China	8 companies	79

*1 Number of licensed trainers as of March 31, 2017

Kaizen Activities

The entire Epson Group participates in continuous improvement activities. Called "E-Kaizen" at Epson, these activities are used by both teams and individuals to solve problems.

Epson holds an annual Worldwide Team Presentations conference at which the best teams from each of four blocs (Japan, China, Southeast Asia, and Europe/America) present the results of their kaizen activities. Their accomplishments are judged, and the teams that report the most outstanding accomplishments are recognized with awards. In addition to sharing kaizen presentations within each bloc, Epson reports best activities in the company newsletter and on the company intranet to motivate other to learn and make their own improvements.

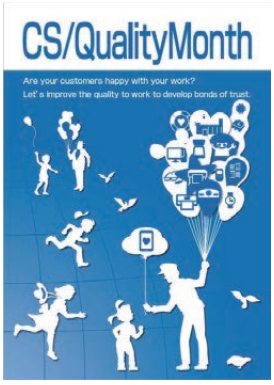
The 2016 Worldwide Team Presentations conference held in Japan.

The 2016 Worldwide Team Presentations conference was held in October, at which 13 select teams from around the globe presented their activities. A team named "F2" from P.T. Indonesia Epson Industry came away with the top prize, the President's Award, in recognition of improvements it made that led to a 50% reduction of printing inspection resources. Luthfi Zaqi Gufron, a supervisor in the PCB Design Department to which the F2 team belongs, said, "I am proud of the team. They won the President's Award because the entire team worked incredibly hard on a difficult problem that they predicted would yield significant benefits. Moving ahead, we will look to obtain even greater benefits by further automating print inspections, reducing the number of PCs used, and applying best practices to other printer models."

The members of the President's Award-winning F2 team

Activities to Raise Awareness

November is CS & Quality Month across the global Epson Group. In 2016, we had employees take an online course in the product commercialization process and in methods to raise the quality of work to help ensure that we provide customers with higher quality products. In addition, about 1,000 of our employees attended an event arranged to present them with customer feedback. We use events like this to help shape our products and services to the needs of our customers.



FY2016 CS & Quality Month poster

Customer Commitment

Product Safety Intiatives

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.

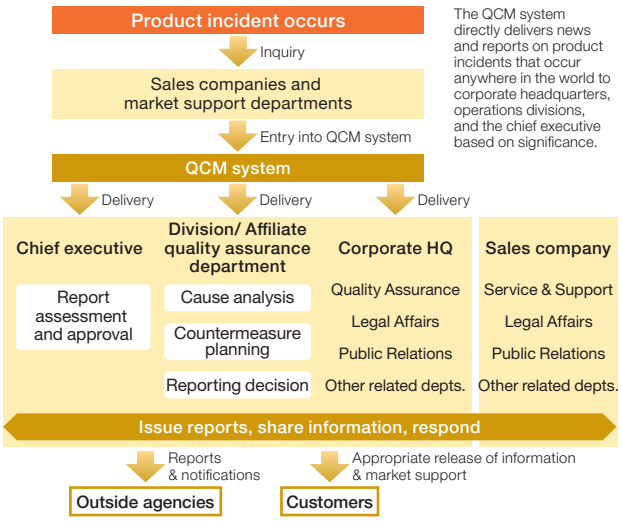
Our product safety and environmental compliance requirements are set forth in the Epson Quality Standard (EQS), a set of unified standards implemented across the entire Epson Group. EQS specifies independent controls that we widely implement to meet or exceed legal and regulatory requirements in each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

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

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

Epson and the Environment

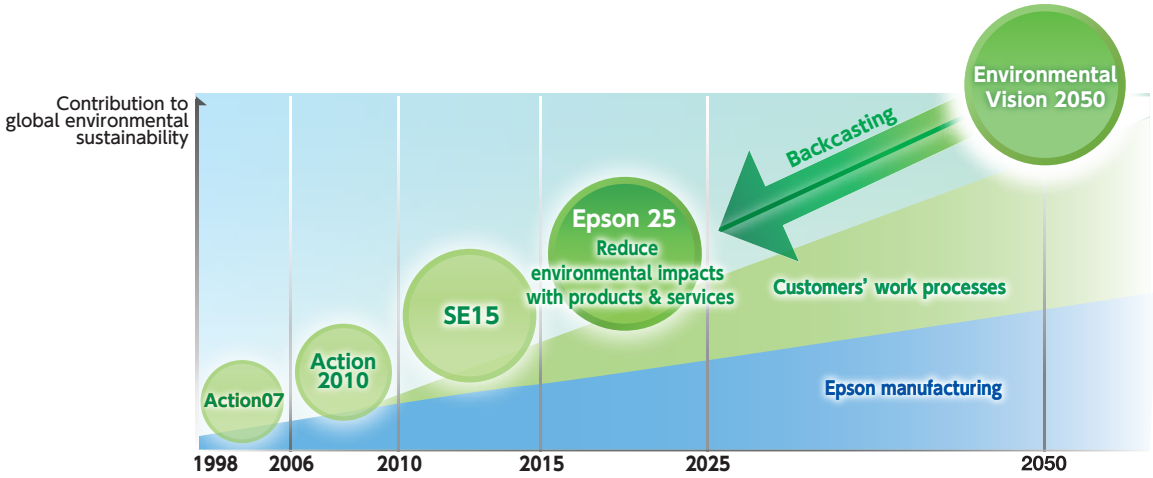
Environmental Vision 2050

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

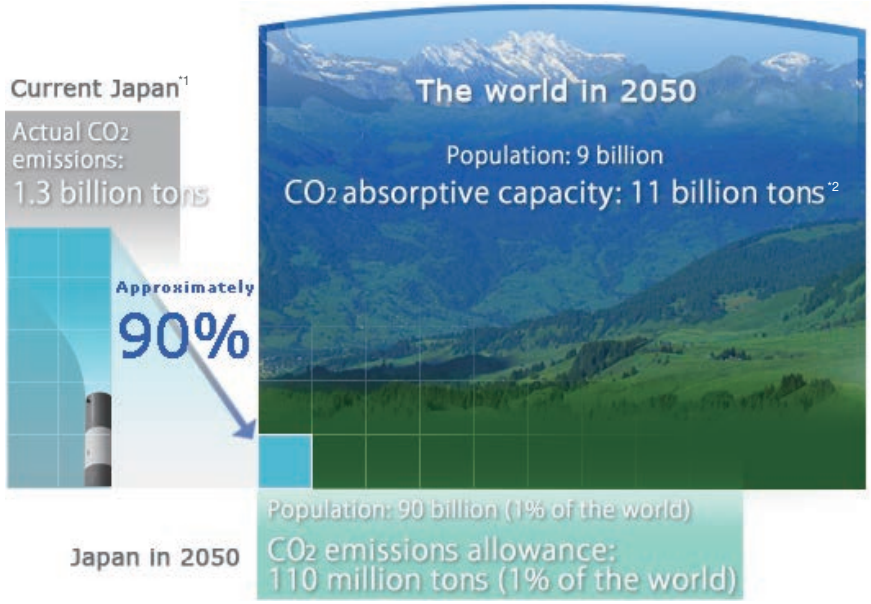
A system in which the input of new resources is gradually reduced by repeatedly reusing and recycling resources used in earlier products.

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%.

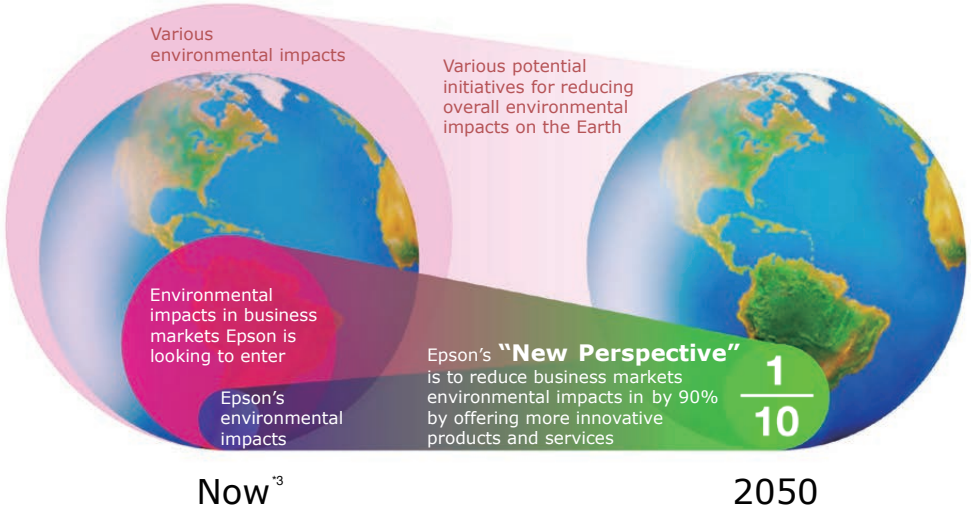


*1 At that time in 2006
*2 According to the Fourth IPCC (Intergovernmental Panel on Climate Change) Assessment Report.

Business Actions to Minimize Environmental Impacts

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

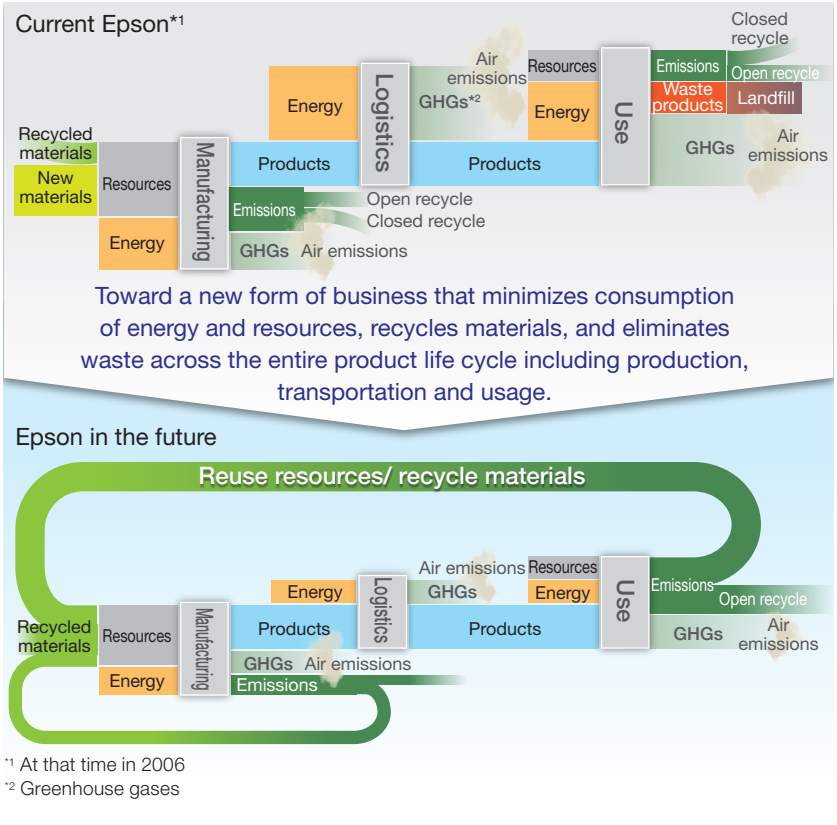
For example, applying Micro Piezo technology in an expanded range of commercial and industrial fields and replacing conventional analog printing processes with Epson's digital printing processes can be expected to sharply reduce environmental impacts. Epson aims to achieve in 2050 a 90% reduction in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

*3 At that time in 2006

Resource Recycling Loop

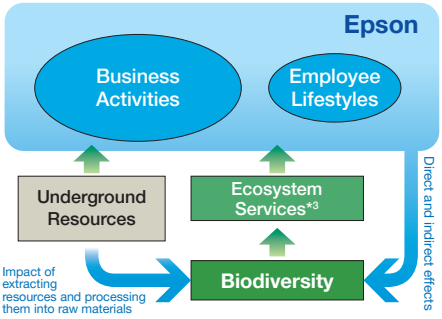


*1 At that time in 2006
*2 Greenhouse gases

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



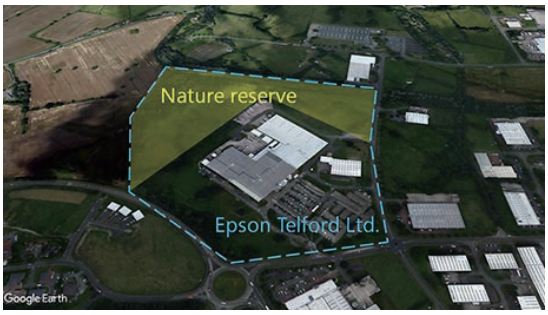
*3 Benefits from ecosystems

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

Protected Area

Epson Telford Ltd. (ETL/ UK) is a core production site for manufacturing ink cartridges for the European market and textile ink. It was the first site within the Epson group to achieve ISO14001 and participates in many environmental preservation activities such as recycling of wastes and energy-saving. With an area of 220,000 m^2, the site includes a nature reserve that many rabbits have made their home.



ETL has not only reduced its production based environmental impact, but also protects and supports its local environment by:

- Setting aside about 1/3 of its land for the nature reserve
- Creating special areas to preserve the habitat of the crested newt and great burnet[*1], which have been specified as rare species in the UK
- Planting trees to offset company car emissions
- Introducing bee hives within the site so as to improve the diversity of local living creature and preserve bee species

Also other local species have visited or have made homes within the sites.
Raptors: Buzzards, kestrels, owls
Birds: Partridges, red starts, yellow hammers, green woodpeckers
Others: Foxes, etc.

[*1] Both species have been registered by the International Union for Conservation of Nature (IUCN) on the Red List (Least Concern: LC).

Bee hives introduced to the site

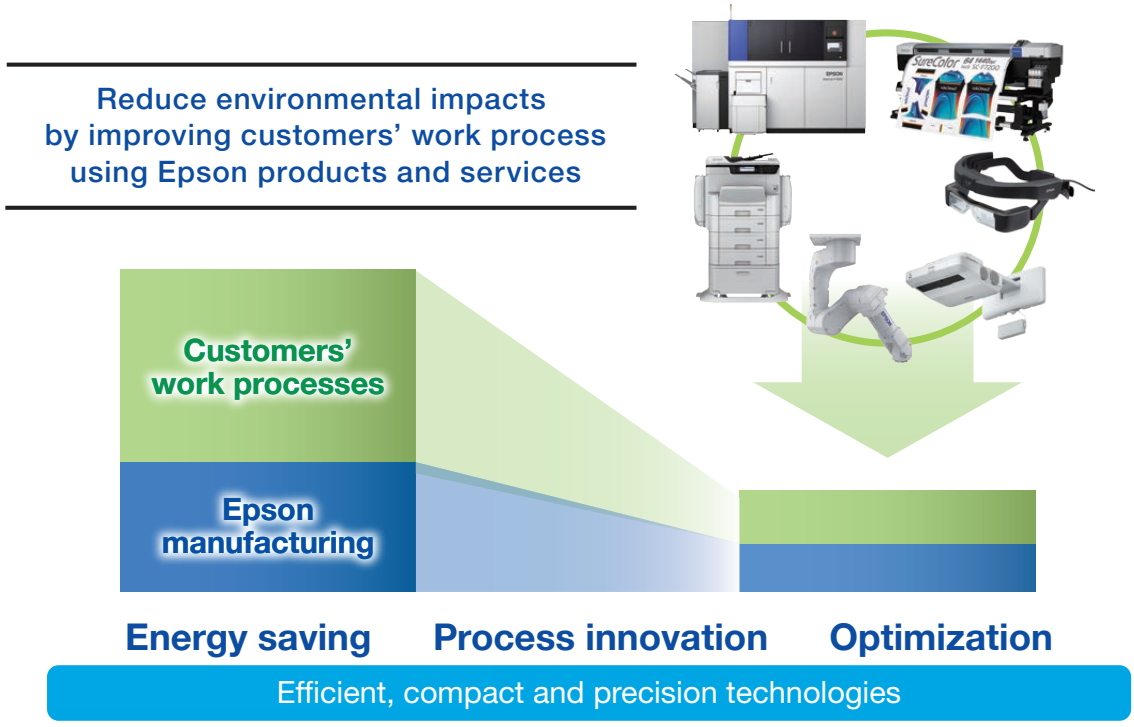
Pond in the special area

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.

Environmental Performance

- Epson Group Environmental Performance (FY2016)

		FY2016 Targets	FY2016 Results	FY2017 Targets
Creation of environmentally conscious products and services	Printing products (office/ industrial printers)	Release high-speed inkjet printers to market.	Released high-speed linehead inkjet multifunction and single-function printers that print at high speed but consume little power. - WorkForce Enterprise	Comply with product energy efficiency requirements under Top Runner Program and create customer value by providing among the best environmental performance in the industry.
		Design products that comply with ecolabel requirements and acquire ecolabels. (Energy savings, noise, emissions)	Engineer low-noise designs and develop low-VOC[*1] inks that conform to requirements, and acquire ecolabels in every product category.	
		Adapt to updated ecolabel and regulatory requirements, and render opinions. (Ver. 3.0 of the ENERGY STAR® Program, ErP Directive[*2] Lot. 6/26)	Began conceptual design and evaluation work to comply with amended criteria, established a strategy for accommodating existing models, and gathered opinions.	
	Visual products	Develop new technology for environmental products: release laser projectors to market.	Released laser projectors that produce from 6,000 to 25,000 lumens of brightness and have a light source that lasts for up to 20,000 hours. - EB-L25000 series and EB-L1000 series	
	Wearables	Expand the number of Eco Mark watches.	Eco Mark products accounted for 78% of total watch sales (the target was 70%). Introduced new GPS solar, solar radio wave and mechanical watches.	
	Aim of activity: Release to market products and services that reduce users' environmental impacts and highlight their benefits to revolutionize customer behavior and business. Create compelling, customer-satisfying products that have a low environmental impact across their life cycles by reducing their size, weight, and power consumption while increasing their recyclability and service life.			

[*1] Volatile organic compounds

[*2] Energy Related Products Directive: An EU regulation that makes design for environment and information disclosure mandatory for products that use energy, both directly and indirectly. Minimum energy efficiency standards are set for individual product groups.

		FY2016 Targets	FY2016 Results	FY2017 Targets
Production	Global warming prevention	Greenhouse gas emissions Reduce per unit of sales 20% vs. FY06	Reduced by 14% (Reference: Reduce emissions 38% vs. FY06)	Reduce per unit of sales 20%
	Substance management	Reduce PRTR[*3] substance emissions to FY06 emission level or less	Reduced by 39%	FY06 emission level or less
		Reduce total VOC emissions to FY06 emission level or less	Reduced by 49%	FY06 emission level or less
	Zero emissions	Reduce waste emissions to FY06 emission level or less	Reduced by 27%	FY06 emission level or less
	Water recycling	Reduce water usage 55% vs. FY06	Reduced by 54%	Reduce usage 55%
	Pollution and waste risk management	Zero legal violations and government warnings Zero impact on production through risk avoidance	No violations or warnings Zero impact on production through risk avoidance	Zero legal violations Zero impact on production
	Aim of activity: Leverage quality improvement programs to reduce total costs and achieve production processes that are highly efficient and have low environmental impact.			
Base, Eco community	Stronger communications	Improve the platforms for providing environmental information.	Began providing information about our long-range vision, and improved the website and other platforms for providing information.	Conduct environmental activities within each business and at each site to foster a stronger eco-oriented brand and corporate culture.
	Sales promotion support	Create and use environmental advertising tools.	Created environmental advertising tools and used them in sales and marketing activities.	
	Eco education	Organize an education system and provide level-based education.	Organized an education system and provided level-based education.	
	Eco community	Carry out policies/ actions depending on site needs.	Implemented environmental education and awareness-building programs to meet local needs, and engaged in community clean-ups, tree planting, and other environmental activities.	
	Aim of activity: Use environmental communications based on products and services to build the brand. Create a corporate culture in which everyone, regardless of job, takes actions to reduce environmental impacts across the life cycles of products.			

[*3] Pollutant Release and Transfer Register

Epson and the Environment

Life Cycle Thinking

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

Think
Design products thinking of the entire life cycle

Design for Environment
(Please refer to page 35.)

Choose
Use environmentally conscious materials

Management of Chemical Substances in Products
(Please refer to page 61.)

Create
Produce with a minimum of materials and energy, prevent unnecessary emissions

Production
(Please refer to page 63.)

Deliver
Transport products efficiently

Transport
(Please refer to page 66.)

Use
Eco-performance as customer value

New Perspective
(Please refer to page 37.)

Products
(Please refer to page 49.)

Product Environmental Information
(Please refer to page 58.)

Recycle & Reuse
Reuse resources

Product Recycling
(Please refer to page 71.)

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.

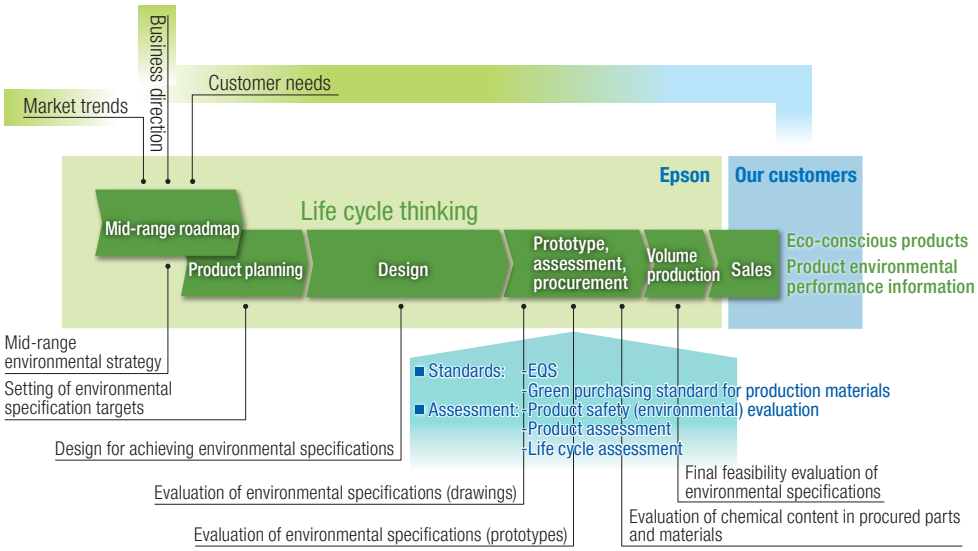
Substance Safety

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.

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

Textiles/ Garments

Revolutionizing Textile Printing Processes with Digital Technology

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

© Victoria and Albert Museum, London

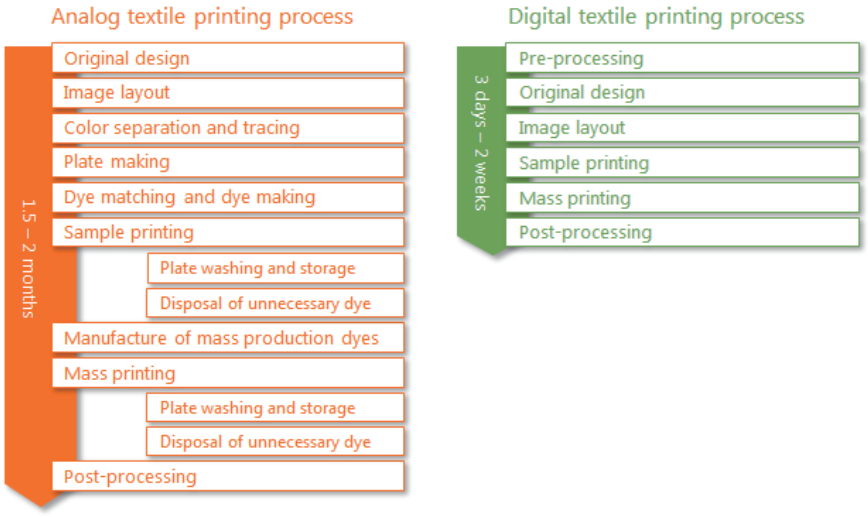
Digital Textile Printer MonnaLisa EVO Tre[*1]

[*1] A digital textile printer developed with Group company, Fratelli Robustelli S.r.l.

Streamlined Manufacturing Process

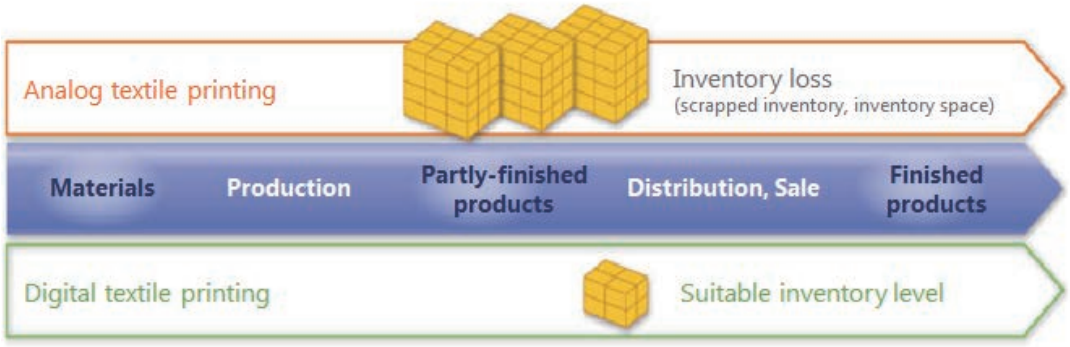
Digital textile printing is greener than traditional analog textile printing. Since the digital process is shorter and does not require plates, it uses anywhere from 40% to 75% less electrical power and water than a traditional process, as well as far less ink and fewer chemical products[*2].

[*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

MonnaLisa EVO Tre

- 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.
- Digital textile printer inks have acquired Eco Passport certification, indicating that they meet international safety standard for chemical substances of textiles.

An Inkjet Workflow for Brightly Colored Garments with Fineness of Detail

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

Garment Printer
SureColor SC-F2000

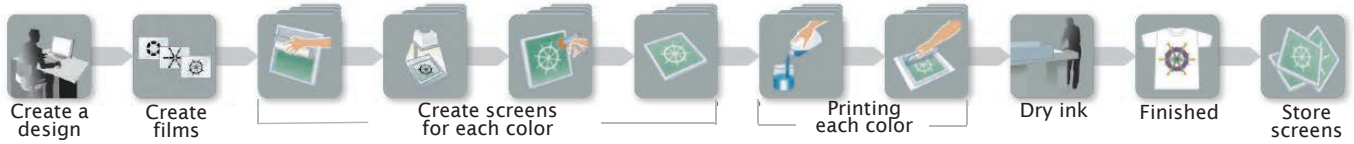
Transforming the Garment Printing Workflow

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

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

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

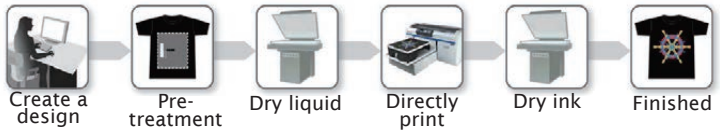
Silk screen printing



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

· For light color T-shirts

· For dark color T-shirts



NOTE: Heat press sold separately.

Infant-safe Prints on Textiles

The UltraChrome DG inks and dedicated fabric processing agents used in Epson's garment printers are Eco Passport[*1] certified, indicating that they meet international safety standard for textiles. Under this standard, even printed textiles that directly contact the skin of infants and toddlers are safe.

[*1] Eco Passport by Oeko-Tex® is a system by which textile chemical suppliers demonstrate that their products can be used in sustainable textile production.

Eco Features

SureColor SC-F2000

- Streamlined garment printing workflow compared to silk-screen printing.
- Saves resources because no plates or screens are used, unlike traditional printing processes that require a separate film and screen for each color. No washing required, since there are no screens.
- UltraChrome DG ink and dedicated fabric processing agents are Eco Passport certified.

Office/ Government

Raising Meeting Productivity with Interactive Communications

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

Interactive projector
EB-1460Ui
(known as the BrightLink Pro 1460Ui in certain markets)

Reduce Your Environmental Footprint with Videoconferencing

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

- Whiteboard Sharing Function

- Share your whiteboard with up to 15 PCs, tablets, or sites that have a EB-1460Ui.

- Multi-location Interactive Function

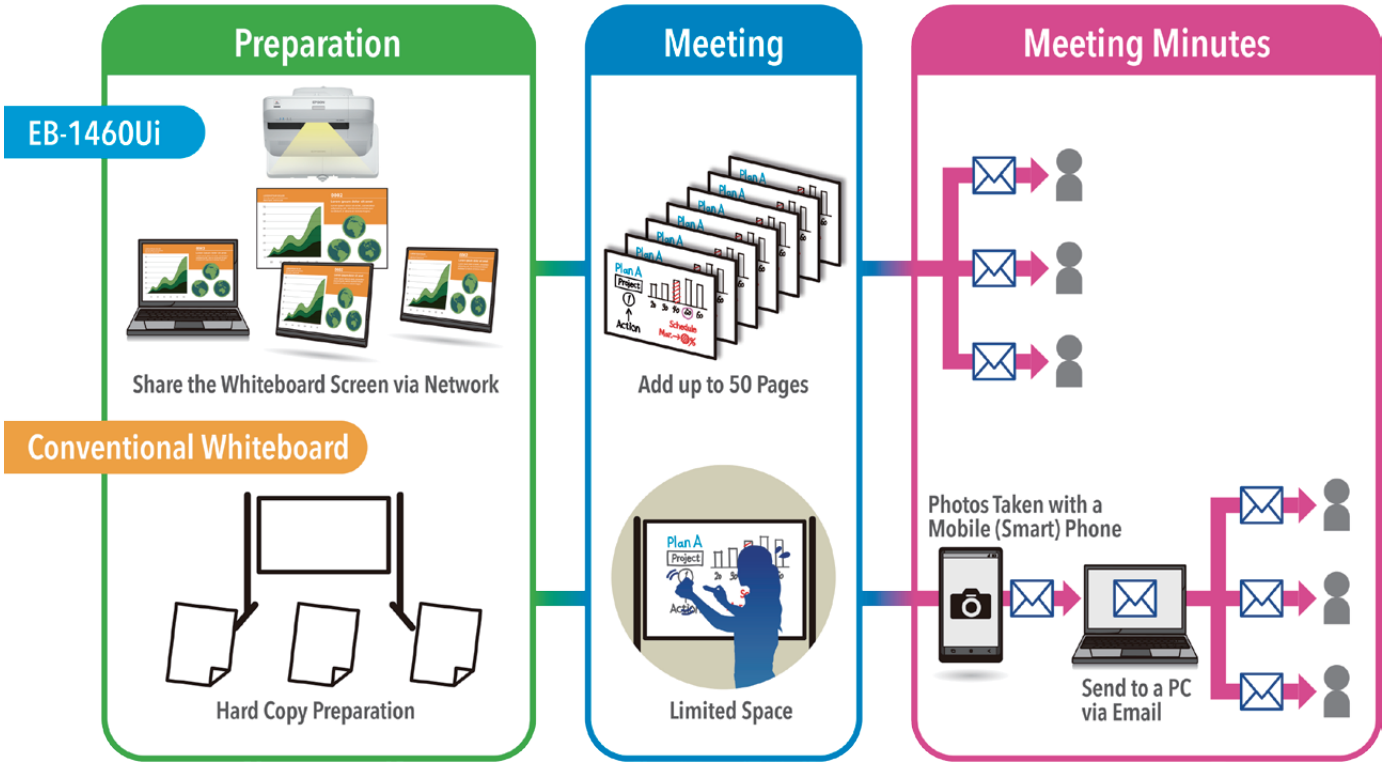
- Share your PC screen with up to four locations.
- Participants in all locations can annotate a presentation and save the content to their PCs.

- Split Screen Function

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

Use as a Copyboard

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



Shorten the total meeting time

Eco Features

EB-1460Ui

- Connect your videoconferencing system to the projector, and use the whiteboard sharing, multi-location interactive and split-screen functions to display your videoconference on one side of the screen and your presentation on the other, to achieve easy remote collaboration and reduce the need for travel. Helps to reduce your environmental footprint.
- This all-in-one interactive projector includes copyboard, electronic blackboard, and other whiteboard functions to save both resources and installation space.
- Projected data and images can be annotated with digital pens. Minimize printouts by saving data as is or by emailing it directly from the projector.
- Energy-saving features
  - An illuminance sensor detects ambient brightness and automatically adjusts the output of the lamp
  - You can reduce power consumption by as much as 23% using ECO mode
  - Consumes just 0.22 W of power in Standby mode[*1]

[*1] Power consumption values and reduction ratio are for projectors operating at 100-120 V.

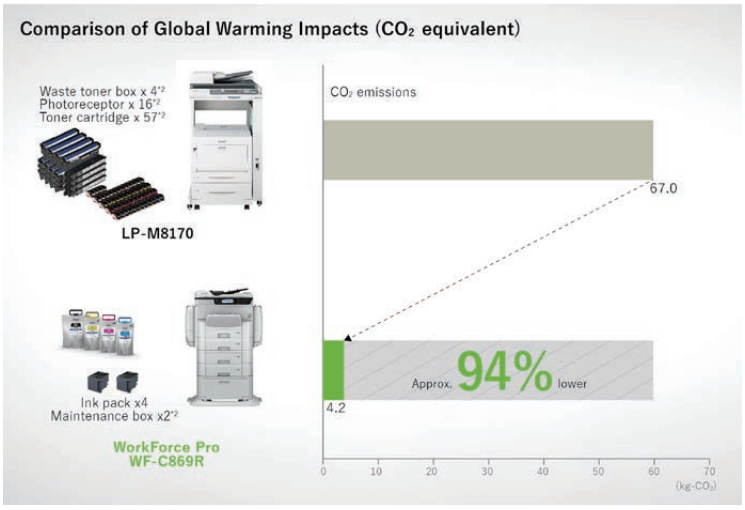
Changing Office Printing with Inkjet Technology

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

High-capacity Ink Pack Model
WorkForce Pro WF-C869R

Reducing Environmental Impacts with the High-Capacity Replaceable Ink Pack System

High-capacity ink packs not only reduce costs but contribute to reducing environmental impact by reducing resource consumption and minimizing waste. They also ease the burden of managing consumables replacement and help reduce downtime.



* Comparison of global warming impacts of consumables and their packaging. The 84,000-page*1 yield of the color ink pack of the WF-C869R series was used as the basis for comparing consumables*2 for the Epson LP-M8170, a color laser MFP (only available in Japan). Epson calculates the total global warming impacts of consumables (material, material processing) as CO_2 emissions based on Epson's test conditions. Figures don't include ink and toner, but include the effects*3 of the material recycling. CO_2 emissions will vary depending on customer printer use.

*1 Quoted yields are simulated figures calculated by Epson based on the ISO/IEC24711 methodology using the ISO/IEC24712 test patterns.

*2 WF-R869R: Ink pack, Maintenance box
LP-M8170: Toner cartridge, Photoreceptor, Waste toner box
Numbers are calculated proportionally based on the number of pages printed.

*3 Reduction of CO_2 emissions due to recycling.

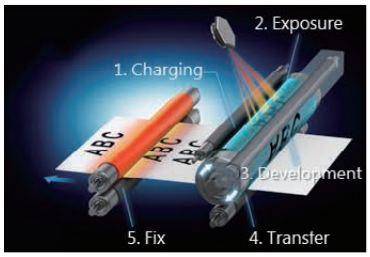
Supporting Energy-Efficient Offices with Inkjet Printing

Because inkjet printers use no heat in the printing process, they consume far less power than laser printers, which in turn reduces the running cost.

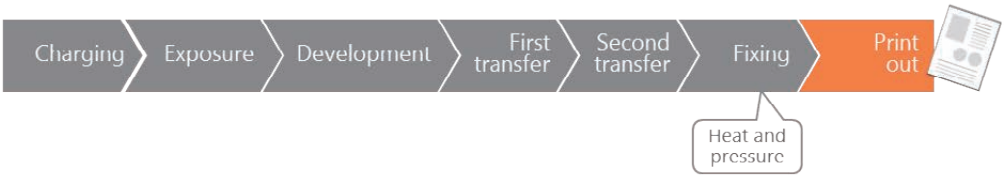
- The Business Inkjet Difference

Inkjet printers have a simple energy-saving structure that allows ink to be fired onto paper. Unlike laser printers, heat is not used in the printing process. Inkjets thus contribute to limiting the unseen energy costs and the environmental burden of everyday office operations.

Inkjet printers



Laser printers



Eco Features

WorkForce Pro WF-C869R

- High-capacity ink packs allow you to print up to 84,000 pages without replacing ink and reduce CO_2 emissions by up to 94% 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.

Stores

Intelligent Receipt Printers that Control Peripherals

TM-T88V-DT and TM-T88V-i are next-generation receipt printers with integrated printer and PC functions that support smart store operations when connected with tablet and POS peripherals.

Greatly Simplified System Configuration

The TM-T88V-DT 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.

TM-T88V-DT

- Easy maintenance

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

- POS configuration flexibility

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.

- Wide network terminal availability

The latest power-saving smart devices can be utilized because the Intelligent receipt printer has no restrictions on the type of terminal or OS.

- Resource-saving design

Contributes to resource-saving by incorporating the space-saving design of the TM series printers. Its footprint is approx. equal to the TM-T88V. Paper-saving features reduce paper use by up to 30%.

Eco Features

TM-T88V-DT

TM-T88V-i

- 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.
- The latest applications are always available through the cloud (Web server), reducing the environmental impacts of onsite installation and updating by service staff.
- The latest power-saving smart devices can be utilized because the TM-T88V-DT has no restrictions on the type of terminal or OS.
- Equipped with paper-saving features, the TM-T88V uses up to 30% less paper than the TM-T88IV.
- The TM-T88V-DT contributes to resource-saving by incorporating space-saving design. Its footprint is approximately equal to that of the TM-T88V.

Manufacturing

The Value of Color on Demand

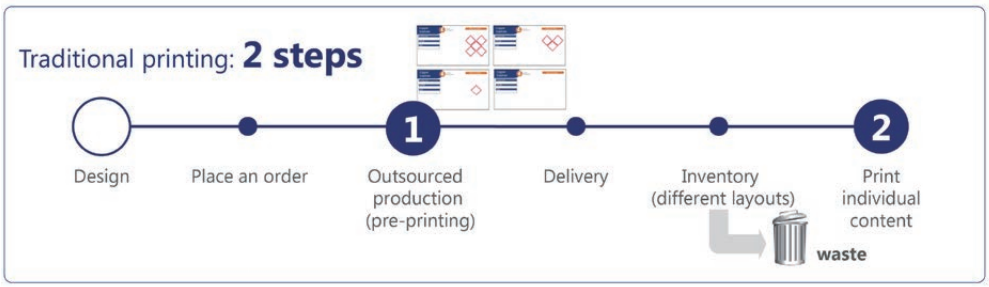
Easily print full-color labels, tickets and tags - where and when users need them and in the quantities required.

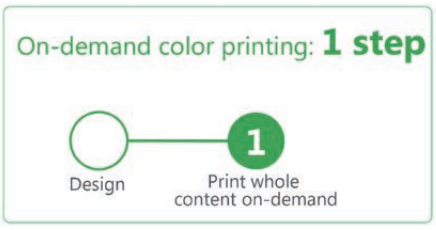
Eliminate large inventories of pre-printed labels on demand by printing labels in short runs.

Epson ColorWorks
Color Label Printers

Epson's ColorWorks Inkjet Label Printers Simplify Traditional Processes

Thermal printers were traditionally used to overprint black onto pre-printed labels, but this approach can be slow, disruptive, wasteful and inconvenient. Epson's range of on-demand color inkjet printers eliminates these issues easily. With the ability to print customized color labels, tickets and tags in-house as and when required, users no longer have to worry about inventory, production downtime, label waste, lost orders or late shipments.





Eco Features

Epson ColorWorks

- Simplifying the traditional label printing process, improve inventory management and reduce waste.
  - Streamline label production by printing color labels on-demand
  - No need to keep an inventory of pre-printed labels

Label Printing Technology Shifting from Analog to Digital

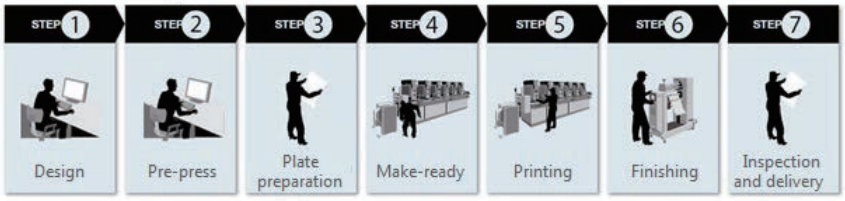
The trend toward short-run print jobs has spread to labels and packages, giving rise to demand for efficient printing systems that can agilely respond to this demand. Epson's digital inkjet label presses provide customers with a new label printing workflow that meets their needs.

Digital Label Press
SurePress L-4533A/AW

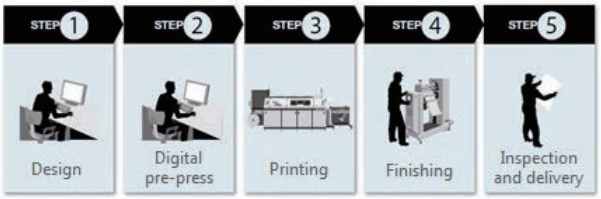
An Efficient Label Printing Process with a Low Environmental Impacts

A digital printing process does not need the press plates and other prepress processes required by analog printing processes. And, since a digital process does not use developer or film or plate materials, it conserves resources. Capable of stable, consistent output, a digital process does not require mock-ups and thus can reduce the waste of ink and label substrates during setup. Digital label presses thus offer both a more efficient workflow from start to finish and lower environmental impacts.

Time-consuming Analog Workflow



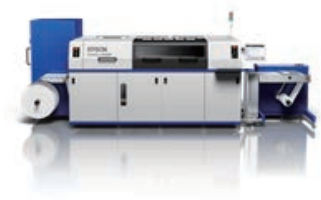
SurePress L-4533A/AW Digital Printing Workflow



SurePress AQ Ink for a Better Printing Environment

Epson's newly developed SurePress AQ ink is a non-toxic, low odor, and non-combustible water-based pigment ink that offers print shops a better working environment. This ink also provides excellent adhesion on label substrates, without the need for pre-treatments or coatings.

Eco Features



SurePress L-4533A/AW

- Save resources by removing the need for pre-press process like plate making, and eliminating the use of developer and films.
- Easy color-matching and no replacement of plates makes the SurePress less wasteful, and enables it to consume less standard label stock and ink.
- No need for special cleaning eliminates waste fluid emissions from maintenance.
- Removing the need for pre-treatment, SurePress water-based ink has good adhesion on a variety of standard label stocks. Non-toxic, low odor, and noncombustible water-based pigment ink offers print shops a better working environment.

Products

Environmentally Conscious Products

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

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.

Saving Space and Energy at Home

Compact and lightweight design offers the customer more freedom when it comes to installation location and reduces the environmental impact.


Choose

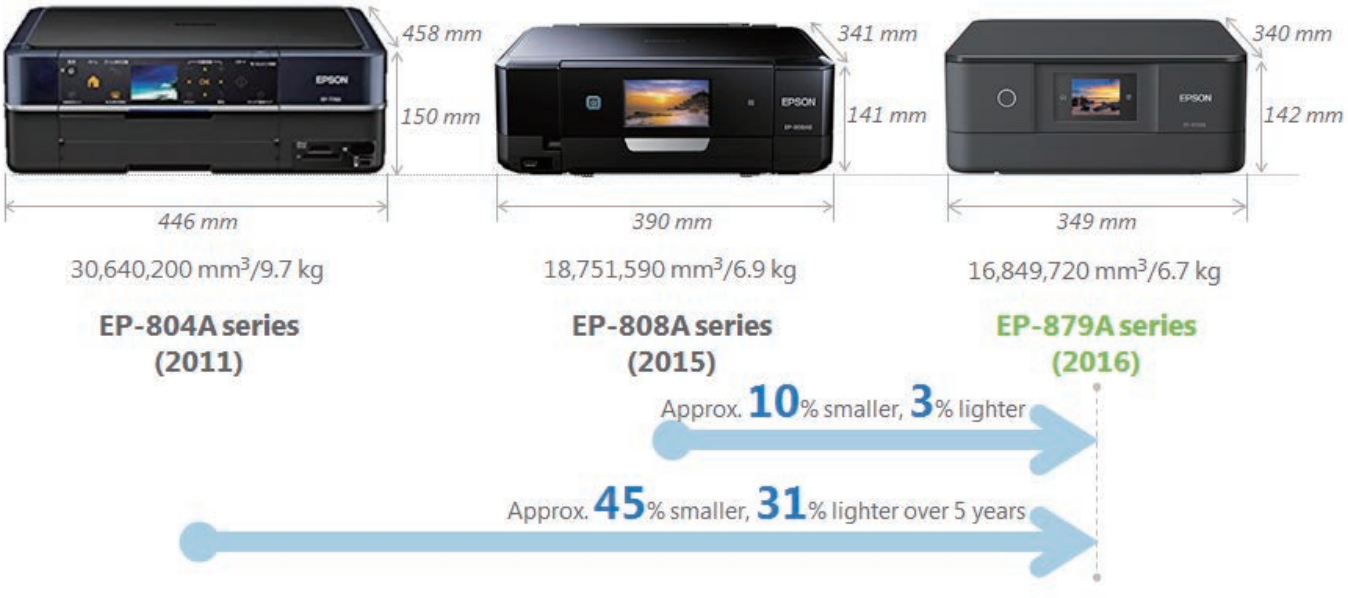

Create


Deliver

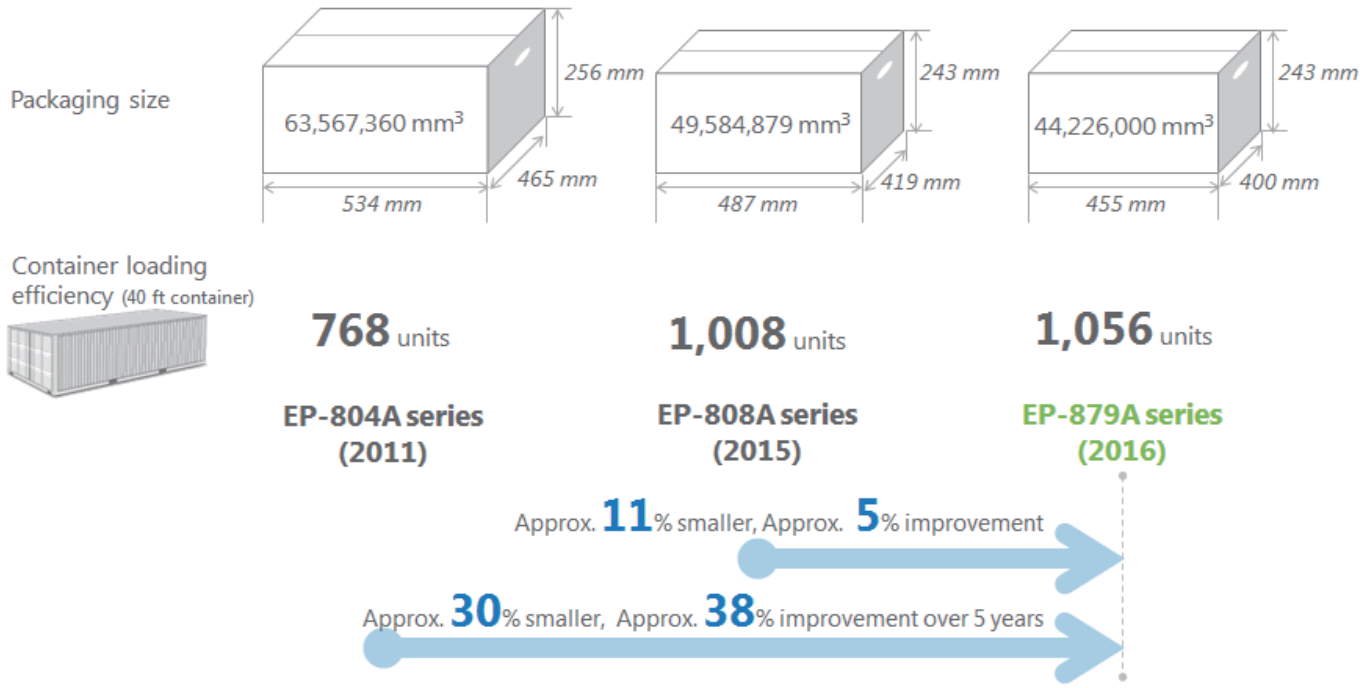

Use

EP-879AW
(Only available in Japan)

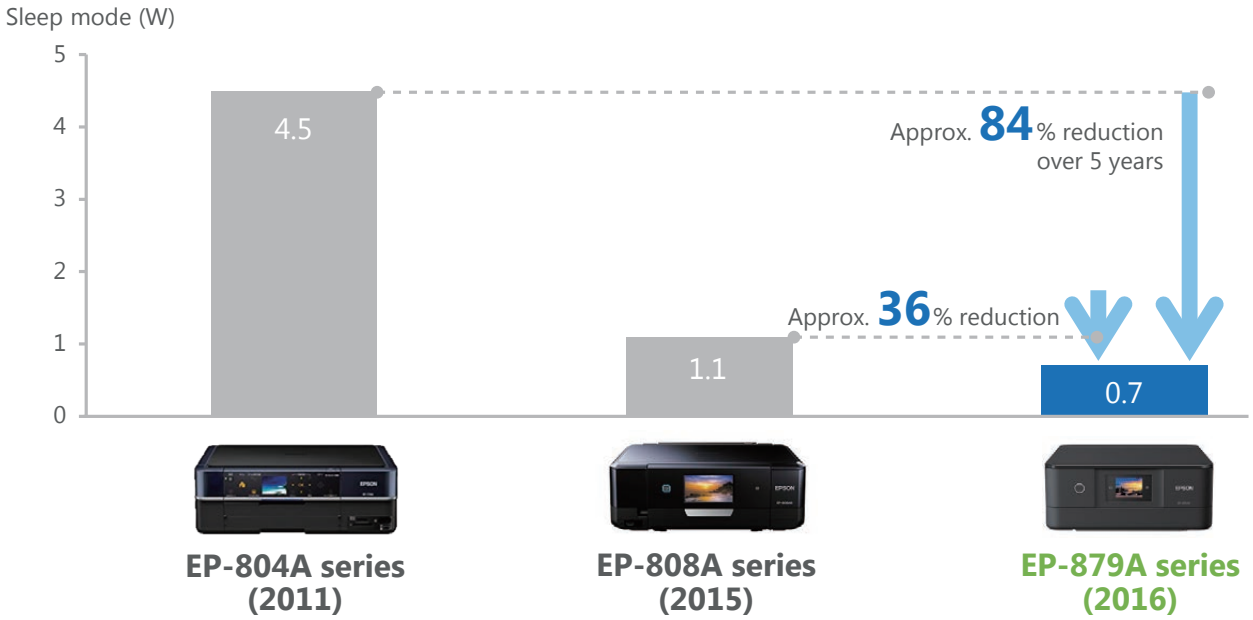
Compact and Lightweight Design



Improvement of Transport Efficiency



Energy Saving Design



Eco Features

- Compact and lightweight design contributes resource saving
  - Approx. 45% smaller and approx. 31% lighter main unit
  - Approx. 30% smaller packaging, approx. 38% improvement for container loading efficiency
- Energy saving
  - Sleep mode energy consumption is less than 1W
  - Approx. 84% less energy in sleep mode

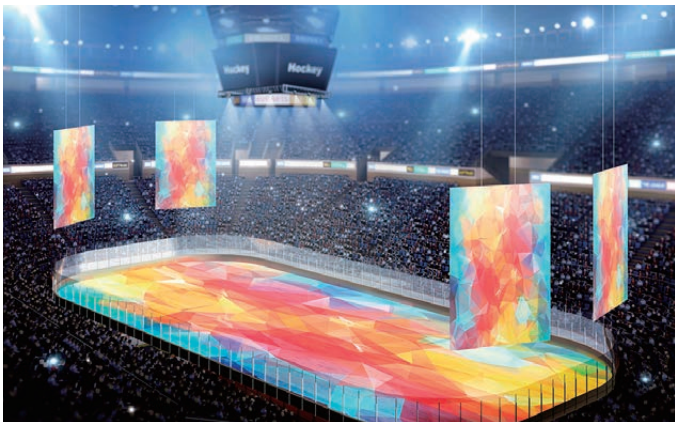
* Compared with 2011 model EP-804A series.

A Long-Lasting Laser Light Source that Allows Virtually Maintenance-free Operation*1

The high-output laser light source has a long service life and helps shrink the size of the optical engine.

EB-L25000U

*1 Up to about 20,000 hours. Approximate time until brightness decreases 50% from first usage. Measured by acceleration test assuming use of 0.04 - 0.20 mg/m³ of particulate matter. Time varies depending on usage conditions and environments.



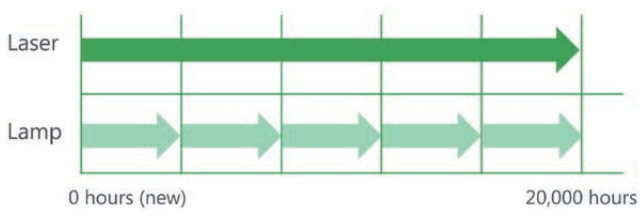
Scene images

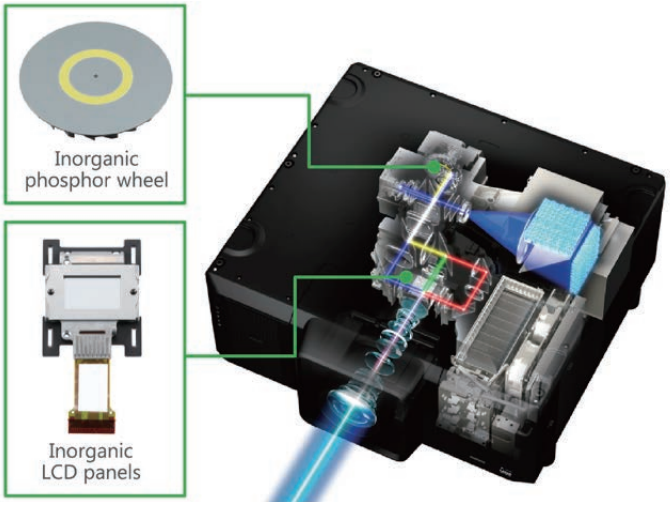
Inorganic Materials Help Achieve High Reliability

High-lumen projectors designed primarily for use at major events need to be extraordinarily reliable and to maintain stable brightness and image quality around the clock. These large-venue projectors are often installed on high ceilings, which can make lamp replacement troublesome and expensive.

The supremely durable and reliable EB-L25000U combines a laser-light source with an inorganic phosphor wheel and inorganic LCD panels for up to 20,000 hours of virtually maintenance-free use.

Comparison of laser and lamp maintenance frequency

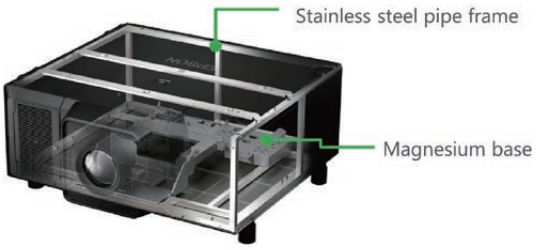


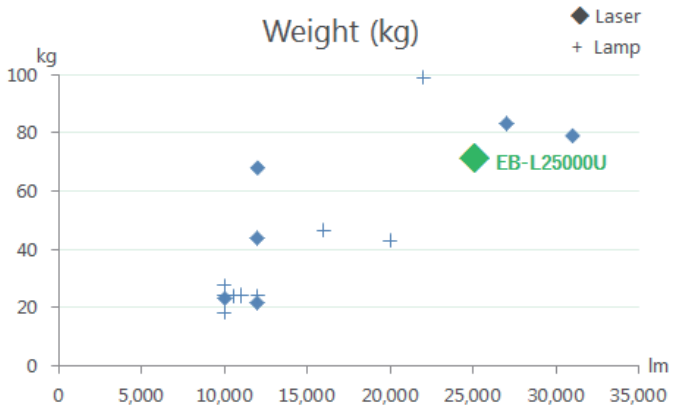


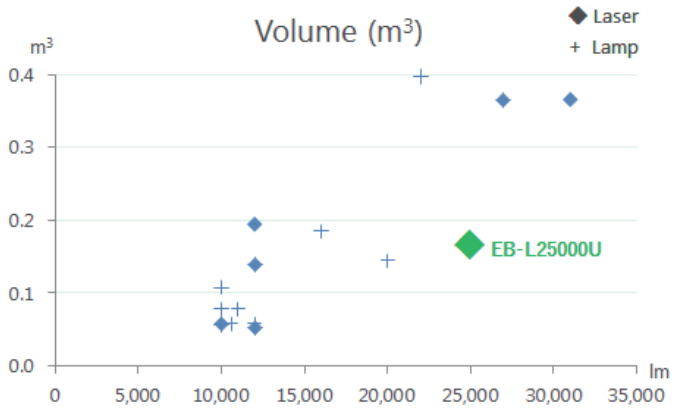
A portion of the light from a blue laser is converted to yellow light after striking a yellow phosphor wheel. This yellow beam is then split into red and green. Thus only a single light source is needed to produce the three primary colors of light (red, green, and blue), which helps to reduce the size of the optical engine.
Durability is guaranteed by using an inorganic phosphor wheel, which is better able to withstand high temperatures.

Lightweight Yet Durable

Laser light, which is less susceptible to diffusion than lamp light, can more readily be concentrated, meaning that the mirrors, LCD panels, and other main components in the optical engine can be made smaller and lighter. A pipe frame and baseplate structure ensure a durable, knock-resistant case. Besides being compact and light, this projector is designed to be easy to install, remove, and transport again and again.







* Compared to the weight and volume of projectors with 10,000 lumens of brightness or more (per Epson research conducted in May 2017). Some projectors use a laser light source, others use a lamp.

EB-L25000U wins iF Design Award 2017

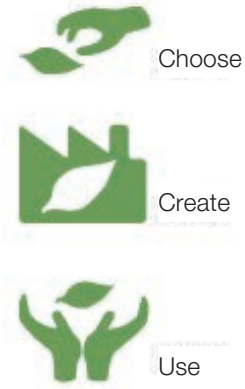
Products are evaluated based on a wide range of criteria, including consideration of environmental standards, practicability, workmanship, degree of elaboration and innovation, functionality, usability, safety, aesthetics, and universal design.

Eco Features

- The EB-L25000U supports major events with stunning image productions and a level of reliability that only a laser light source can deliver.
  - It integrates a laser-light source with an inorganic phosphor wheel and inorganic LCD panels for up to 20,000 hours of virtually maintenance-free use.
  - Compact, lightweight design, improved robustness, and easy installation.
    - Smaller, lighter mirrors, LCD panels, and other main components in the optical engine.
    - A pipe frame and baseplate structure ensure a durable, knock-resistant case.

New Experiences with Light and Comfortable Smart Glasses

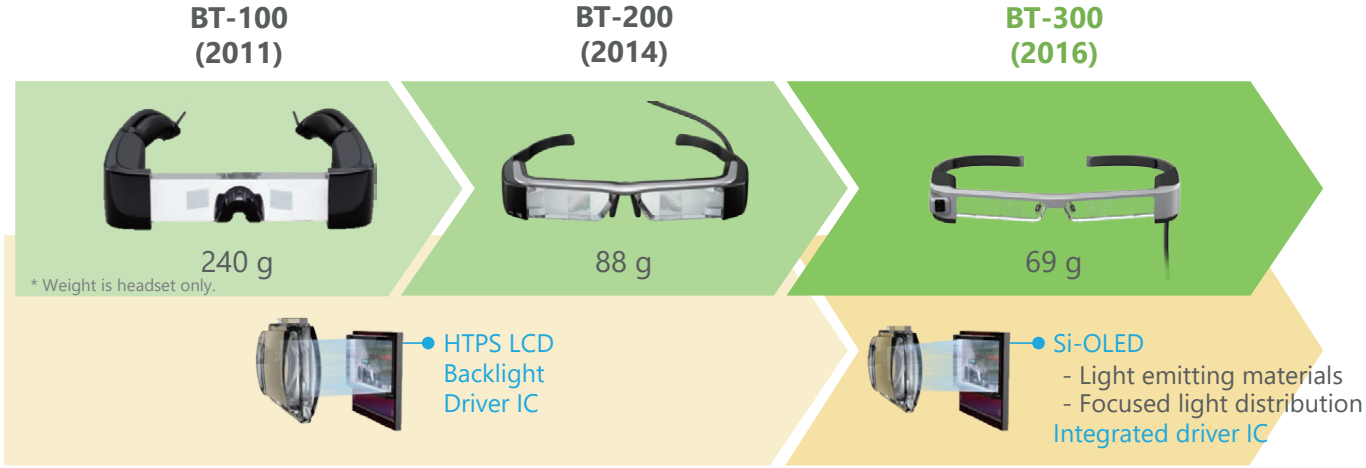
Compact and lightweight, the Moverio BT-300 is comfortable to wear, even for an extended period of time.



BT-300

Miniaturization of the Optical System

Si-OLED technology allows the optical system to be miniaturized due to the use of light emitting materials and focused light distribution.



The BT-300 headset is approx. 22% lighter than the BT-200, and approx. 71% lighter than the BT-100

Scene images

Eco Features

- Compact and lightweight design contributes to resource saving.
  - Headset is approx. 22% lighter than the BT-200, and approx. 71% lighter than the BT-100.

Compact, Stylish Receipt Printer

A compact receipt printer suitable for tablet POS environments, it combines a compact and stylish body with environmental performance.

Choose

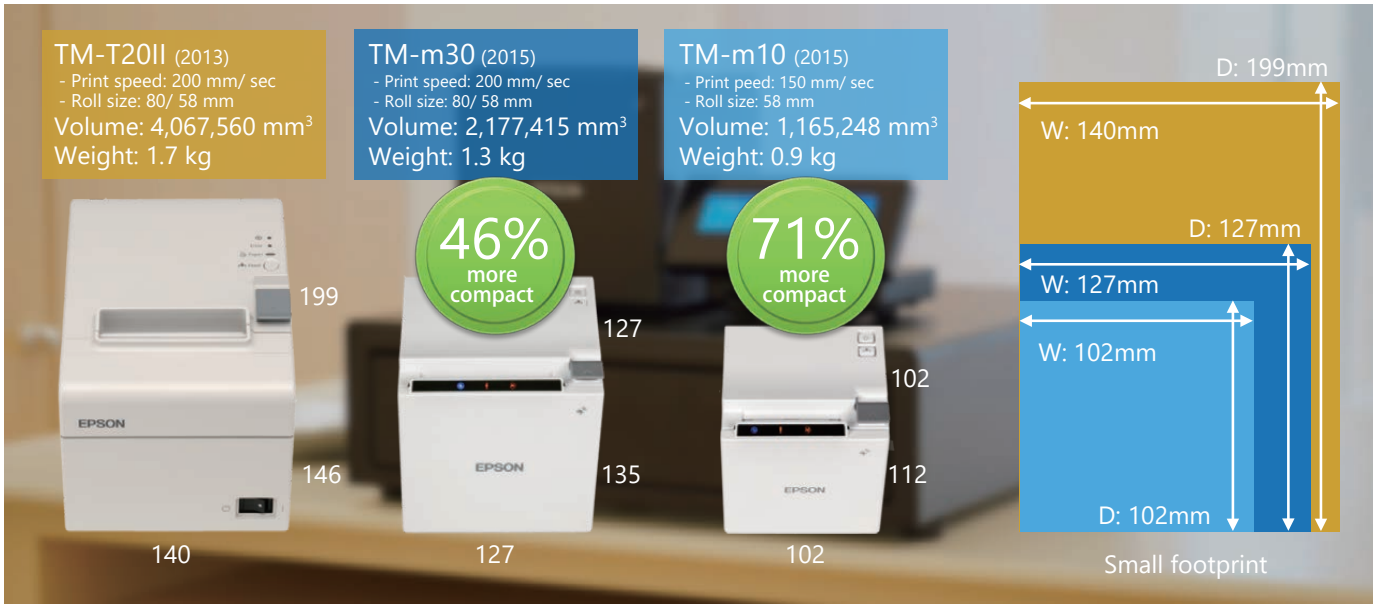
Create

Use

TM-m30/ TM-m10

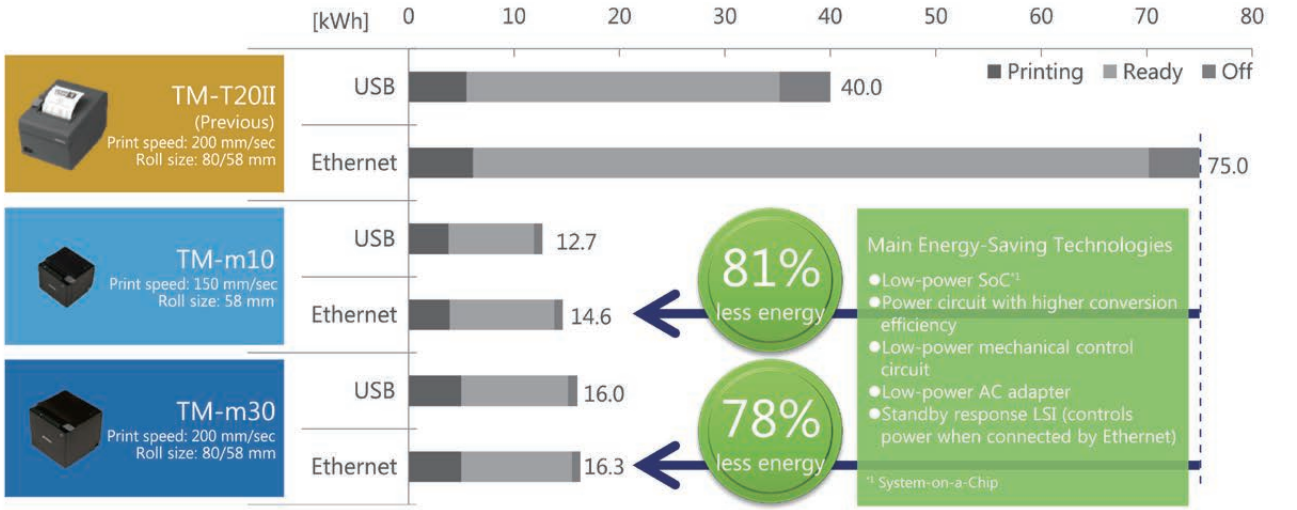
Compact and Lightweight Design

Compact, lightweight POS printers to streamline your register counter. Enjoy greater installation flexibility while reducing your environmental impacts.



Energy Saving Design

Epson increased total energy-efficiency by developing an AC adapter, drivers, software and other features that save energy. Reduce your environmental impacts with remarkable energy performance.



* 230 V is used for calculation, based on European specifications. Assumes usage of 300 receipts per day, with printer power on for 16 hours per day and off for eight hours per day for 365 days per year over a period of five years.

Paper Saving Function

Paper-saving functions: Reduce paper consumption by up to 30% with an auto-paper saving function and with optional settings that reduce the top and bottom margins of receipts.

Eco Features

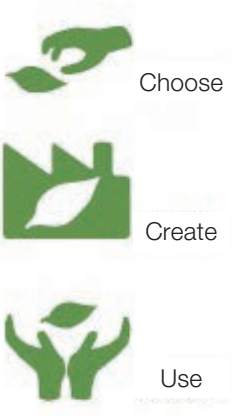
- The sleek and stylish TM-m10 and TM-m30 receipt printers are approximately 71% and 46% smaller than Epson's TM-T20II, making them ideal for tablet POS environments and register counter spaces.
- Equipped with a host of energy-saving features, the TM-m10 and TM-m30 consume about 81% and 78% less power than the TM-T20II.*1
- Paper-saving functions conserve resources and cut costs.

*1 Comparison when connected to Ethernet (230 V)

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 Low-Power 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.

- Low-Power GPS Module

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

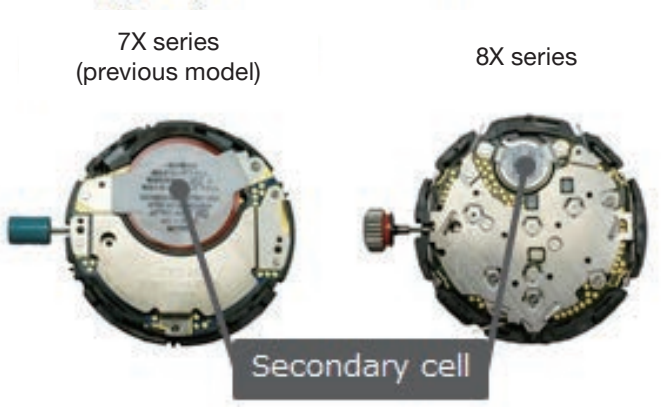
- Compact Antenna

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
Eco Label	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)	● (Toner cartridge)			●
Paper								●
Projectors		●		●	●			●
Label Works								
PCs (incl. monitors)								

	Type II			Type III	Other		
Country/ Region	Europe	Japan	Worldwide	Japan	Japan/ U.S./ EU	China	Worldwide
Eco Label	THE ECO DECLARATION	PC Green Label	Epson Type II Environmental Labelling Program	Eco-Leaf	ENERGY STAR® *1	Energy Conservation Certification	ECO PASSPORT
Inkjet Printers (incl. MFPs)	●		●	●	●	●	● (Textile, garment)
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.

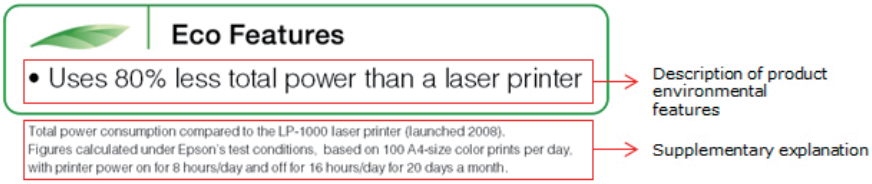
Epson's Type II Environmental Labelling Program

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

[*1] ECMA-370 specified requirements for environmental declarations established by the international standards organization ECMA International. “The Eco Declaration” is often abbreviated as “TED.”

Safety Data Sheets for Printer Consumables

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

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[*1]

Epson has made compatibility with the European RoHS directive 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.

[*1] 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

Eco Passport[*2] certification

Epson's textile printer inks[*3] have acquired Eco Passport certification, indicating that they meet international safety standards for chemical substances used in textile production. Even printed textiles that directly contact the skin of infants and toddlers are safe.

OEKO-TEX®
CONFIDENCE IN TEXTILES
ECO PASSPORT
NEP 1601 Nissenken
Textile chemicals. Tested and verified.
www.oeko-tex.com/ecopassport

[*2] Eco Passport by Oeko-Tex® is a system by which textile chemical suppliers demonstrate that their products can be used in sustainable textile production.
[*3] UltraChrome DS inks for textile printers, UltraChrome DG inks and dedicated fabric processing agents for garment printers, digital textile printer inks.

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.

Epson and the Environment

Production

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

Global Warming Prevention

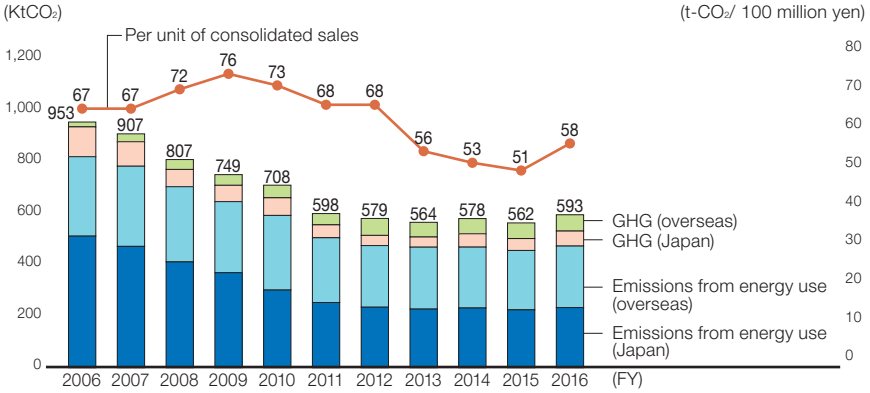
Epson's initiatives to mitigate global warming revolve around reducing CO_2 emissions by conserving energy, and reducing global emissions of greenhouse gases other than CO_2.

In FY2016 we had a goal of reducing greenhouse gas emissions per unit of sales by 20% compared to FY2006. We fell short of this goal because, in addition to a decline in revenue resulting from the appreciation of the yen, our emissions of greenhouse gases other than CO_2 increased due to expanded demand for electronic devices. However, our FY2016 emissions were still about 38% lower than the level recorded in FY2006.

14% Reduction

CO_2 emissions per unit of sales (compared to FY2006)

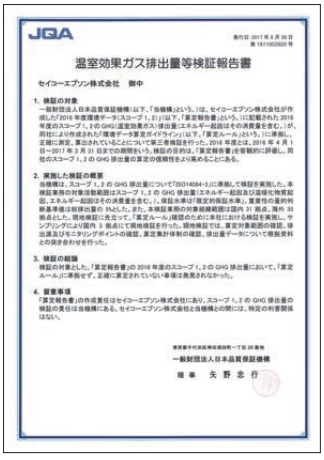
● Greenhouse Gas Emissions



* CO_2 conversion factor of greenhouse gas emissions
  - Power: In Japan we used an average value published by the Federation of Electric Power Companies in 2000. Outside Japan we used national emissions calculations provided by the Japan Electrical Manufacturers' Association (JEMA).
  - Fuels: Both in Japan and overseas, we used calculations that appeared in Version 2.4 of a GHG emissions calculation and reporting manual published jointly by the Japanese Ministry of the Environment and the Japanese Ministry of Economy, Trade and Industry.
  - Non-CO_2 GHGs: We used calculations published by the 2001 Intergovernmental Panel on Climate Change (IPCC).
* FY2015 emissions differ from those in Sustainability Report 2016 due to a recalculation.

Independent Verification of GHG Emissions

Epson acquired independent verification for GHG emissions and energy consumption in FY2016.


JQA

温室効果ガス排出量等検証報告書

セイコーエプソン株式会社　御中


JQA

Greenhouse Gas Emissions Verification Report

To: Seiko Epson Corporation

Substance Management

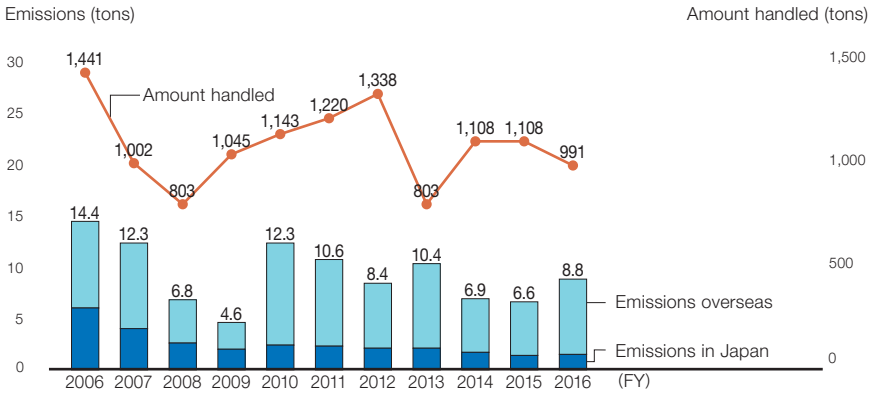
Epson uses its “E-Chem” chemical data management system to centrally track information on chemical substances used at Epson sites around the world. We are engaged in ongoing efforts to reduce the quantities of chemicals used and to moderate emissions of pollutant release and transfer register (PRTR)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

Using FY2006 emissions as a benchmark, all Epson business units managed and met their FY2016 targets for reducing emissions. In addition, we are building trust relationships by making our substance data available and by creating opportunities to exchange opinions with members of the local community.

39% Reduction

PRTR substance emission
(compared to FY2006)

● PRTR Substance Handling & Emissions

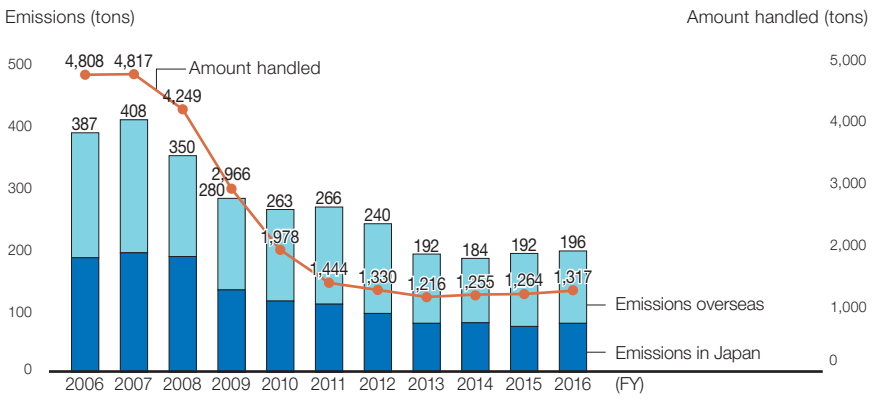


* FY2015 emissions and amounts differ from those in Sustainability Report 2016 due to a recalculation.

49% Reduction

VOC emission
(compared to FY2006)

● VOC Handling & Emissions



* FY2015 emissions and amounts differ from those in Sustainability Report 2016 due to a recalculation.

Zero Emissions

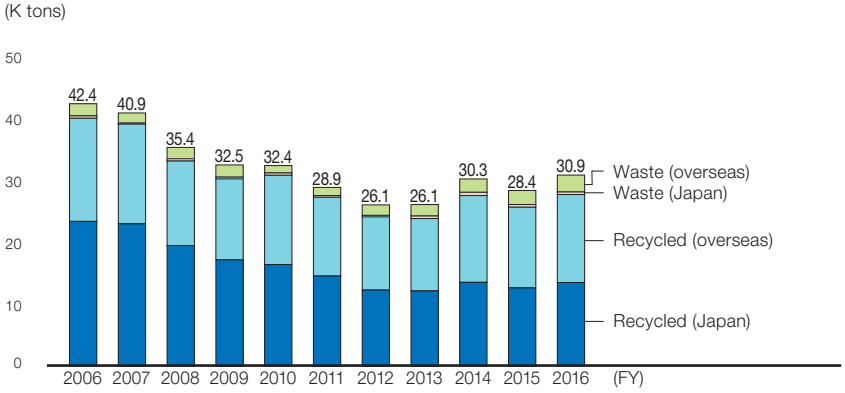
Epson's zero emissions program began with an effort to recycle 100% of our waste products. In 2003 all Group companies in Japan and overseas production sites met their material recycling targets. We have been shifting towards resource conservation initiatives, which seek to reduce the resource inputs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

In FY2016 we employed control metrics benchmarked against FY2006 emissions, and we met our Group reduction target.

27% Reduction

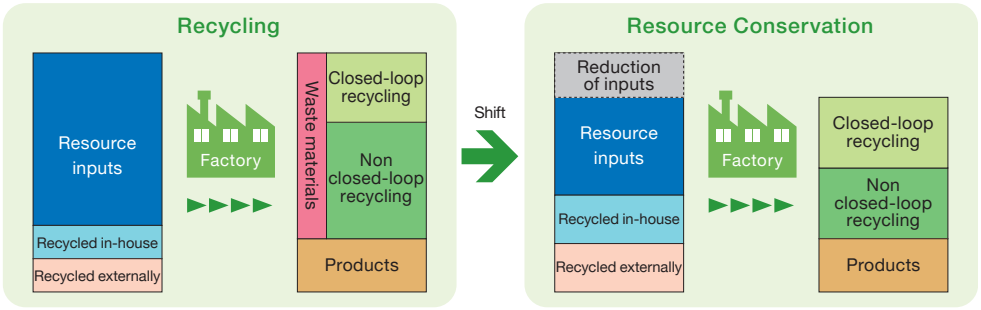
Wastes emission
(compared to FY2006)

● 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.

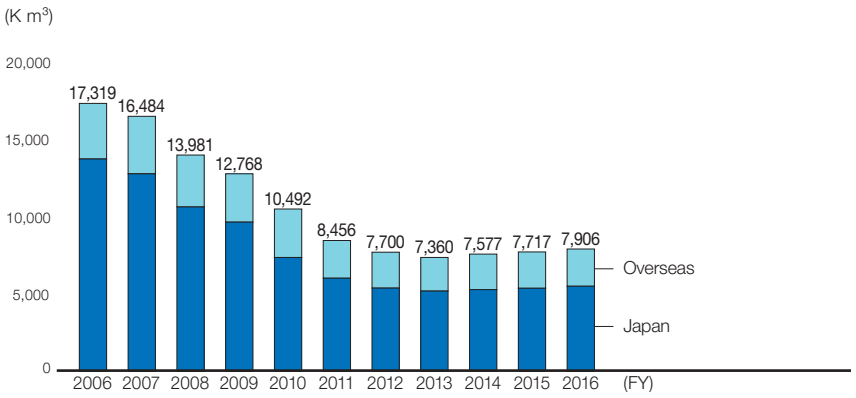
We work actively to increase the recycling rate of factory wastewater and comply with stricter water quality regulations. Moreover, we are implementing energy-efficient water treatment facilities. Thus, we seek to reduce the overall impact of production processes.

In FY2016 we had a goal of reducing water use by 55% compared to FY2006. We fell just slightly short of this goal due to an increase in the number of electronic devices that are manufactured in processes that use a large volume of pure water.

54% Reduction

Water usage
(compared to FY2006)

● Annual Water Usage



Transport

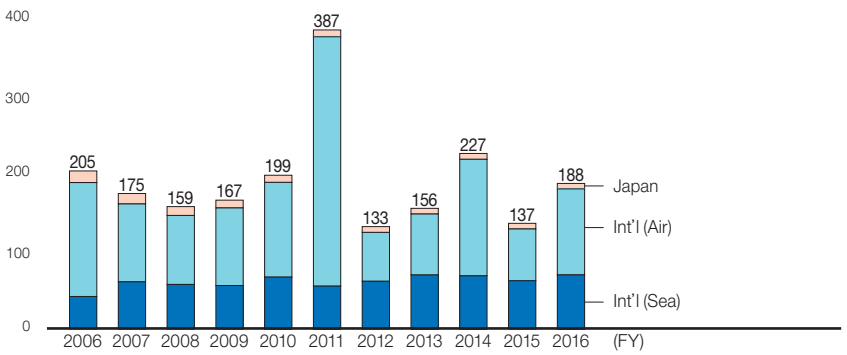
Epson is reducing CO_2 emissions by increasing the efficiency of product, part, and waste transportation. We are making products smaller (which increases shipping efficiency), rethinking our logistics centers, innovating the loading and packing processes (to boost loading efficiency), and reconsidering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

FY2016 transport emissions were below the level recorded in FY2006, but they increased by 38% from FY2015 primarily because upheaval in ocean shipping forced us to use air transport more frequently.

8% 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.

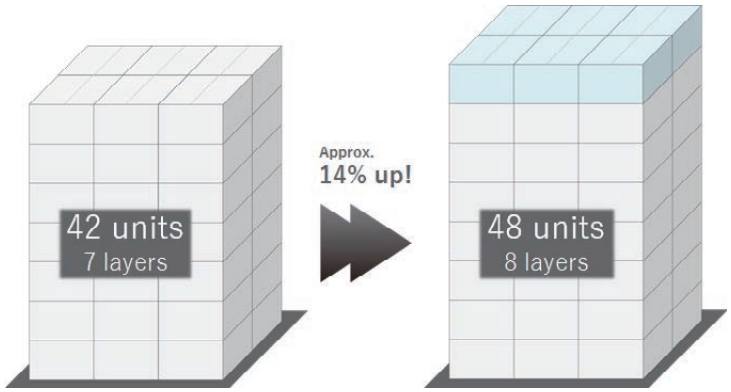
Koyuru Naito
Production Planning Department

Says Koyuru Naito of Epson's Production 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 FY2011 and FY2015 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		-
Pallet 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 FY2016, 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, and 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	FY2014	FY2015	FY2016	Remediation
Head Office	10	15	17	Barrier, pump and treat, monitoring
Shiojiri	0.26	0.22	0.21	Barrier, pump and treat, monitoring
Fujimi	0.057	0.043	0.025	Barrier, pump and treat, monitoring
Suwa-Minami	0.087	0.050	0.045	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.

Drainage Management

Epson's Chitose Plant is located upstream from Lake Utonai, which has been designated as a national wildlife protection area and a Ramsar Site.

Wastewater generated in manufacturing processes is detoxified and then discharged into sewers. To prevent leaked chemicals and other substances from leaking offsite, rainwater is collected in a retention basin to monitor the pH and oil levels before flowing into Lake Chitose and Lake Utonai via the Bibigawa River. All chemicals, waste materials, and wastewater treatment systems are located indoors to prevent them from leaking off the site.

Waste Management

Epson's internal policy specifies that wastes must be processed in the country in which they originate. We do not directly import or export any wastes, including hazardous wastes specified under the Basel Convention.

However, we employ subcontractors who satisfy the requirements of the Basel Convention to process fluorescent lamps, etc., that originate in countries and regions where it is difficult to process them domestically.

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.

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

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

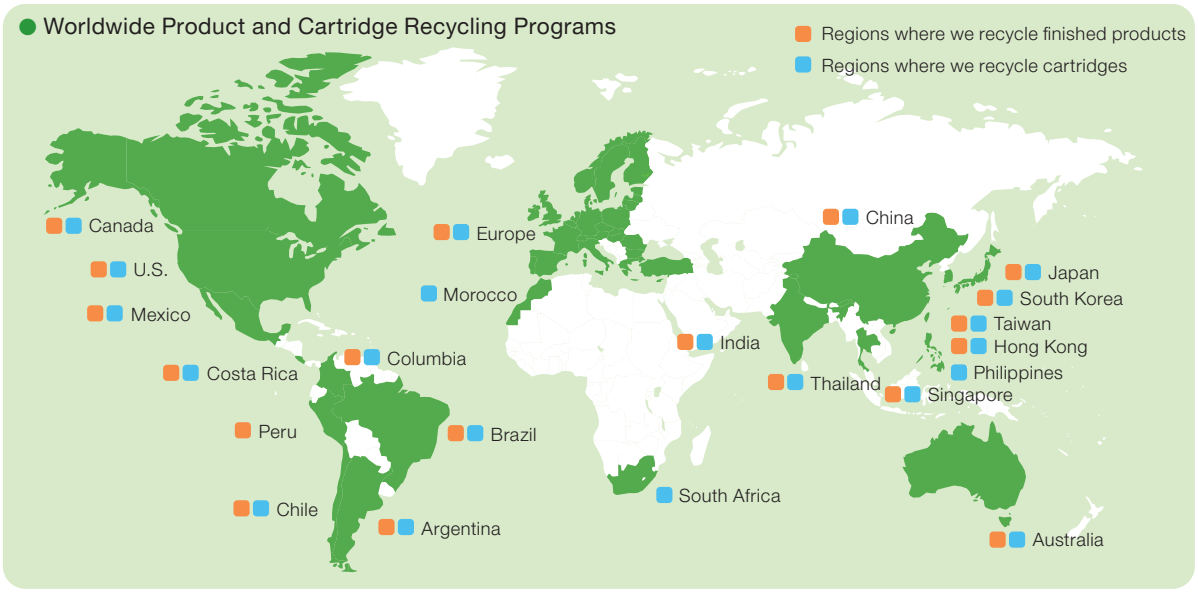
ISO 14001 Certification List
http://global.epson.com/SR/environment/production/iso14001.html

Epson and the Environment

Product Recycling

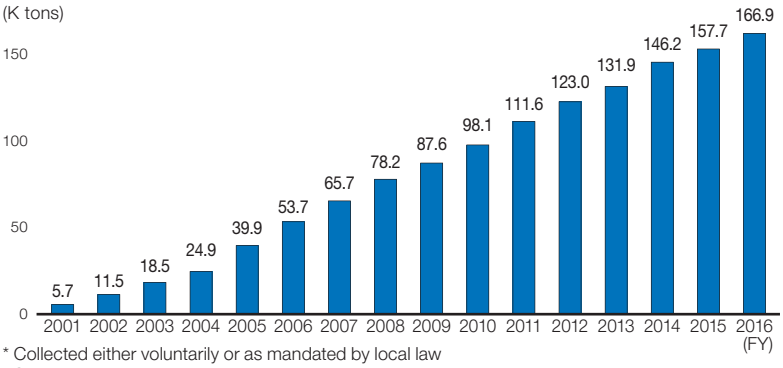
To expand the resource reuse and recycling loop, work with customers, communities, and others in the industry to collect and recycle end-of-life products in countries around the world.

Epson's Global Collection and Recycling Systems



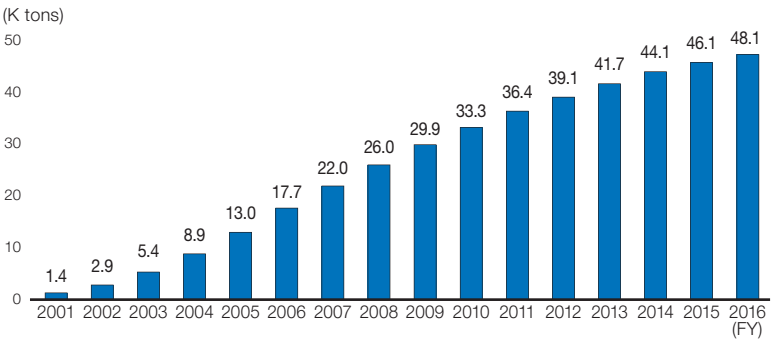
Collection Trends for Products and Cartridges

● 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.

• 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 Canada and the United States, some states are seeking to introduce laws requiring manufacturers to collect and recycle products. 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 disabilities gain access to the technology of today.

In Brazil, the National Solid Waste Policy (PNRS) was launched in 2010, requiring the electronics industry to implement reverse logistics. Epson do Brasil Industria e Comercio, Ltda. (EDB) implemented a Collection Program for disposing of used products and consumables. The Collection Program operates throughout Brazil, with more than 100 collection points countrywide. Products and supplies collected are sent to an approved recycler who disassembles and then sends the item to recycling and/or co-processing[*1] as required.

[*1] Use of waste to replace new resources and fossil fuels.

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 local governments across Japan to collect used ink cartridges. The project has donated to environmental protection organizations, allowing customers to indirectly participate in social contribution activities.

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[*3]

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

[*3] 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 120 of “Environmental Conservation.”

Eco Technology

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

Loggerhead Sea Turtle Protection Project

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

Hatchlings headed for the ocean

Release of a Simple Tool for Measuring PFCs

Perfluorocarbons and some other gases used in semiconductor and LCD fabrication have extremely high global warming potential—a level that is about 10,000 times greater than that of CO_2. But measuring PFC gases was difficult until 2000, when Epson independently developed a simple method for measuring PFCs[*1] that enables easy and accurate measurement using Fourier transform infrared spectroscopy (FT-IR). This method enabled Epson to sharply reduce PFC gas.

Epson patented the simple method for measuring PFCs but grants a free license, subject to certain conditions, to others. This method is now being used by numerous enterprises to reduce PFC gas.

[*1] Formerly called the “Epson Method”

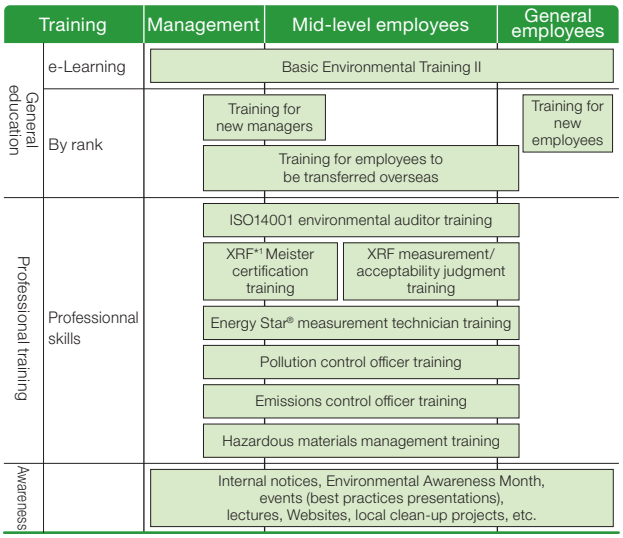
Eco Education

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)

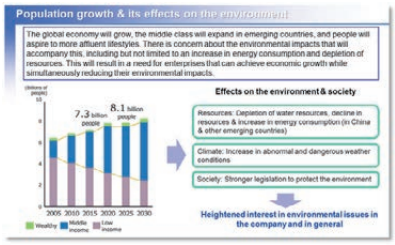


*1 X-ray Fluorescence Analysis

● FY2016 Environmental Education (Japan)

Training	Participants (Certification Recipients)*2
Basic Environmental Training II (2016 Edition)	16,552
ISO 14001 environmental auditor training	26 (1,944)
XRF Meister	0 (27)
XRF measurement & acceptability judging	19 (81)

*2 This is the number of persons who took Basic Environmental Training II during the period it was offered (June 2016 to March 2017). Other figures show the number of certified persons as of the end of March 2017. XRF Meister includes overseas affiliates.



Mandatory e-learning for all employees in Japan

Environmental Lectures for University Students (Japan)

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

In November 2016, staff members lectured on Epson's long-term business strategy, latest innovations, environmental initiatives, and community relations as practical training for second-year students of the University of Yamanashi Department of Regional Social Management, Faculty of Life and Environmental Sciences. Some of the students had visited the Epson Manufacturing Museum prior to the lecture to get a sense of the "Creativity and Challenge" ethos at the heart of Epson's monozukuri (the art and science of manufacturing).

Lecture at Yamanashi University

Green Talent Program (Taiwan)

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

Taiwan program

Eco Communication

Introduction of communications on environmental topics.

Eco-Pro Exhibition (Japan)

Epson exhibited at Eco-Pro 2016, Japan's largest environmental exhibition, held at Tokyo Big Sight in the beginning of December, 2016. Epson has exhibited at every Eco-Pro show since it began in 1999, making 2016 the 18th time the company had participated.

Our 2016 booth featured PaperLab, the world's first[*1] office papermaking system to use a dry process, whose commercialization we had announced in Japan on November 30. We demonstrated how the PaperLab turns used office paper into new colored paper. Visitors got to see the very moment when Epson's unique Dry Fiber Technology turned used office paper into new colored one without water[*2].

President Usui presenting PaperLab

[*1] According to Epson research conducted in November 2016.
[*2] A small amount of water is used to maintain a certain level of humidity inside the system.

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 sustainability. 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.

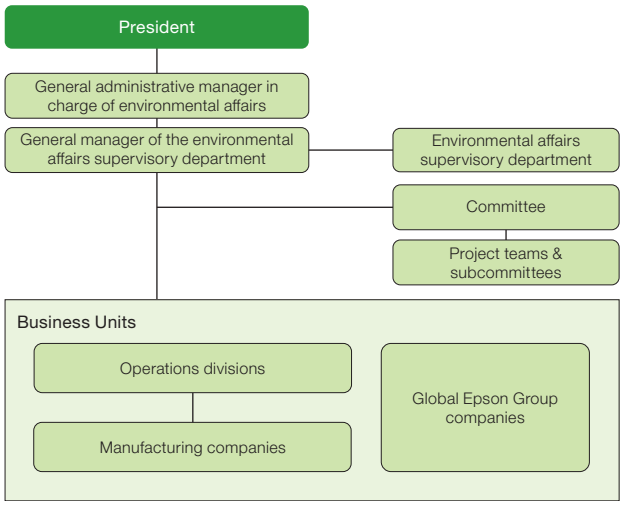
Environmental Policy (Please refer to page 139 of "Appendices")

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



External Recognition

Environmental Awards

Year	Award	Awarded to/ for	Conferred by
2016	Blue PROPER rating (Indonesia's Program for Pollution Control, Evaluation, and Rating)	P.T. Indonesia Epson Industry	Ministry of Environment and Forestry, Indonesia
	2016 Nikkei Global Environmental Technology Awards	Development of Dry Fiber Technology	Nikkei Inc.
	2016 China Low-Carbon Model Company	Epson (China) Co., Ltd.	News China
	2015 Winner Industrial Partners Pretreatment Recognition Program	Epson Portland Inc.	Clean Water Services

Our People

HR Development

Approach

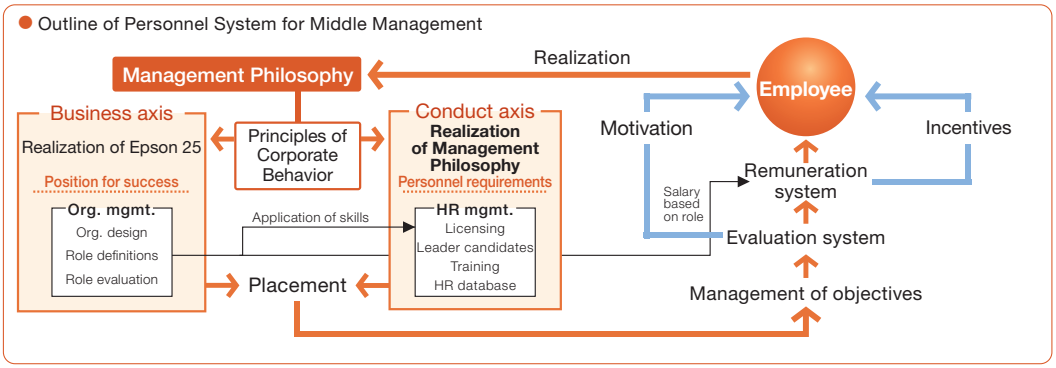
Epson develops and trains its human resources in line with a Human Resources Development Policy established in 1996 that designates talented people as a precious management resource. We assist employees so that they can achieve their dreams of self-fulfillment, and we develop people who connect and support all the companies in the Epson Group. 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.

Seiko Epson requires that employees complete a course in management practices before being appointed to a management position. This course prepares them to meet the requirements as a manager by ensuring that they understand their role in terms of both business and actions. On the business end, they learn the skills they need to understand strategic business objectives and respond rapidly and nimbly to internal and external changes in the business environment. On the action end, they learn the skills they need to support the growth and development of the people who report to them by putting organizations and individuals in a position to succeed.

In addition, we provide ongoing training for new employees, young staff, 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 137 of "Appendices")

● Outline of Personnel System for Middle Management

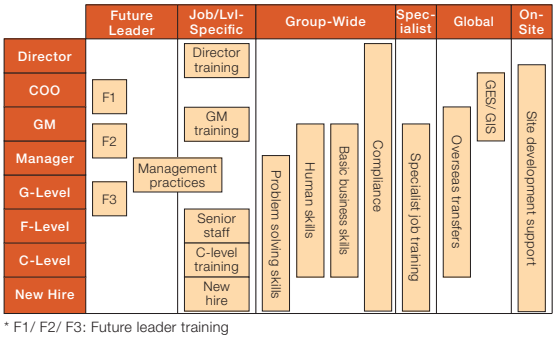


Practicing Off-the-Job Training on the Job

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

In addition to a course in management practices for managers and employees who will be transferred overseas, Epson provides training (F1, F2, and F3 course) to selected employees. In the F1 course, director candidates learn the skills needed to be a top executive. The F2 course is used to prepare middle managers to take the reins of a business or division. In the F3 course participants learn the basics of business through simulated exercises. Through these courses, Epson develops future leaders across the group.

Global Incubation Seminar

The Global Incubation Seminar (GIS) is a program for developing global leaders. At the seminar we share Epson's vision and values with up-and-coming leaders from around the world, and empower them to put these into practice in their own organizations. More than 330 people have taken part in the GIS since 1999.

The FY2016 GIS was held at the Seiko Epson Head Office for five days, from February 20, 2017. A total of 24 individuals took part, including personnel from 17 overseas affiliates. Participants found the seminar to be meaningful throughout. They were able to communicate directly with members of top management and come away with a better understanding of Epson's business vision. They were also able to engage with peers from all over the world, encountering fresh ideas and perspectives.

One participant's impressions of GIS 2016

"I found that to achieve Epson's vertically integrated business model, all Group employees, regardless of role, need to think of the customer first and to communicate closely to maximize teamwork and the strength of the organization. This seminar was a great experience for me. I'm going to communicate the lessons I learned to my coworkers and the people who report to me."

Chai Jingchen, Printing & Scanning Marketing Division Director, Epson (China) Co., Ltd.

Chai Jingchen (left) with Seiko Epson Corporation President Minoru Usui

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.

Global Executive Seminar (GES)

In FY2017 Epson held the inaugural Global Executive Seminar (GES). The GES, which we plan to make an annual event, seeks to further strengthen executive management at overseas affiliates. The seminar is designed to develop leaders who are capable of developing strategies and considering issues, such as how to achieve Epson's long-term goals, what role they and their companies should play, and what changes to make, in a business environment with limited future visibility. The seminar starts with a three-day group training session (session 1) and is followed by a year-long period during which participants apply lessons in actual practice, after which they gather to report the results over two days (session 2).

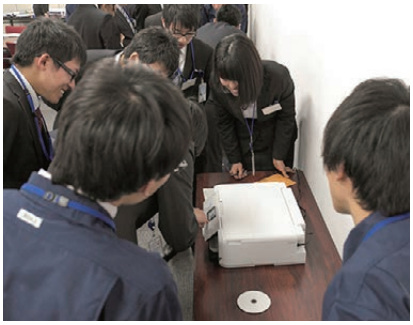
Seven people, five of whom are from overseas affiliates, participated in session 1, which was held at the Seiko Epson Head Office from May 24. These same seven people are scheduled to return for session 2, in 2018.

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 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.



Training to think about customer satisfaction

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, or Manufacturing School, aims to enhance the customer value we create. To this end, we teach our personnel basic technology and skills and have them experience monozukuri (the art and science of manufacturing) by performing specific manufacturing tasks step by step. This helps them tackle jobs from different angles. To give a specific example, employees learn the basics of component processing technology (molding and pressing). Once they learn these, employees have the skills to make the various parts that go into a product. Employees also learn by mastering essential skills for making production lines more efficient (e.g., automating lines or operating them with fewer staff).

In addition, we contribute to the community and society by giving practical training for new employees of local businesses, offering corporate experiences to junior and senior high school students, and providing instruction for technical skill trainings. We also send experts abroad to take part in official development assistance for building technical skill evaluation systems at the request of the Japanese Ministry of Health, Labour and Welfare.

Mechatronics Training for Building, Maintaining, and Enhancing Automated Lines

Factory productivity improvement initiatives are nothing new at Epson. Earlier examples included the introduction of simple and systematic tools to production processes. More recently, however, we are facing great changes in the manufacturing environment. As wages have risen rapidly and workers prefer non-manufacturing jobs, it is not always easy to recruit the necessary labor. Earlier improvements were based on the assumption there would be plenty of inexpensive labor. Our business is not likely to survive if we just try to repeat such improvements. Therefore, we are making a strong push to build production lines that rely on human labor as little as possible but are still capable of stable production.

Training engineers at an overseas affiliate (Philippines)

Monozukuri Juku holds about 100 trainings of various types each year to develop the engineers who keep production lines running. Trainings impart machining skills like mechanical drafting and measuring required to build equipment. The organization prepares such curricula as mechatronics basic technologies, where engineers who promote manpower-saving and automation technology get training in basic technologies like compressed air and electrical control as well as assembling and adjusting simple devices. Other courses include FA robot training, image processing training, and mechatronics practical training, which are designed to teach practical technologies and skills. Thus, we are offering employees an opportunity and place to learn.

Mechatronics practical training

Monozukuri Juku trains machine tool and maintenance engineers in Japan but also sends staff to teach at overseas affiliates that serve as our major manufacturing sites. There, we develop leaders in production and machine tool maintenance at overseas affiliates, by giving courses based on our training program in Japan.

Developing Young Technicians through WorldSkills

As a manufacturing company, Epson uses training for WorldSkills competitions to develop “groundbreaker technicians”[*1] who have acquired essential manufacturing knowledge and skills at an early age. As a rule, individuals are allowed to take part in WorldSkills 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 we send 10-15 individuals to the National Skills Competition associated with WorldSkills to compete in seven selected occupational categories that are applicable to our employees’ work: Instrument making, Press tool making, Mechatronics, Industrial electronics, Web design, IT network systems administration, and Watch repair.

Everyday training

New employees sent to Monozukuri Juku as WorldSkills trainees experience monozukuri (the art and science of manufacturing) in such forms as filing and sawing. They also learn basic knowledge about machinery, electricity, and other general topics in each occupational category. 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 a team.

WorldSkills National Skills Competition

To recreate the feel of the national competition, we also hold joint training events with other companies that take part in WorldSkills. Additionally, our employees actively pursue such national qualifications as machining technician, electronic device assembly technician, web design technician, and watch repair technician. After participants finish WorldSkills trainings, 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.

[*1] Technicians with the ability to break from precedent to create innovative technologies and systems.

Seven Epson Employees Earn Prizes in Five Categories in the National Technical Skills Olympics

The 54th National Technical Skills Olympics was held in Yamagata Prefecture for four days, from October 21 to 24, 2016. Thirteen of our people participated in six categories, and seven of them won awards in five categories: Instrument making, Press tool making, Industrial Electronics, Web design, and Watch repair.

Epson has participated in the National Technical Skills Olympics since 1971 to help us train the next generation. Young technicians train intensely under the guidance of veteran employees to acquire top-level skills in Japan in a short period of time. After completing Technical Skills Olympics training, they contribute to Epson's operations with their acquired skills, mental toughness, and attitude toward work. They are praised for performing beyond expectations by their organizations. Epson will continue to use competitive events like the Technical Skills Olympics to pass down skills, provide motivation, and develop people with world-class skills.

Prize winners:

Instrument making

- Bronze Prize Yuta Inoue
- Bronze Prize Ibuki Matsumoto

Press tool making

- Gold Prize Hayato Miyasaka

Industrial electronics

- Fighting Spirit Prize Naoki Kamikawa

Web design

- Gold Prize Azusa Sano

Watch repair

- Gold Prize Tomoyuki Shibui
- Silver Prize Ayana Hiraya

Miyasaka and Sano won the Gold Prize in the 54th National Technical Skills Olympics, which also serves as the qualifying competition to choose participants for the WorldSkills Competition. They are going to participate in the 44th WorldSkills Competition to be held in October 2017 in the United Arab Emirates.

FY2016 Workforce Composition and Training Data

Main Online Courses (Japan)

Course Title	Trainees
Fundamentals of Security Export Control (2016)	14,487
Import/Export Control (Export Edition, 2016)	14,342
Epson's Compliance (2016)	18,125
Basic Information Security (2016)	18,519
Basic Environmental Traning II (2016)	16,552
Introduction to Procurement 2016 (Subcontract Act)	16,302
J-SOX (2016)	17,371

* The number of persons completing the course by March 31, 2017.

Training by Employee Level

Training	Who	People Trained	Percent Trained
New employee orientation	New hires	293	100%
C-level employee training	New C-level staff	191	95.0%
Senior staff training	New senior staff	293	95.8%
Section manager training	New section managers	174	95.6%
General manager training	New general manager	28	96.6%

* Data for Seiko Epson Corporation employees as of March 31, 2017
* Employees who have not received training are scheduled to do so in FY2017

Our People

Promotion of Diversity

Diversity Policy

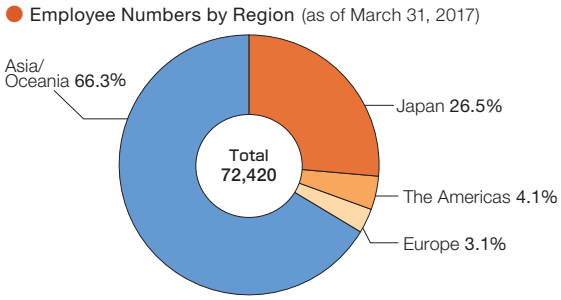
Respect for diversity is a cornerstone of Epson's Management Philosophy, and our personnel policies reflect it.

Diversity is the inclusion of individuals of different genders, national origins, religions, regions, educations, social statuses, and sexual orientations, regardless of whether these traits are innate or acquired, visible, or invisible.

> Epson's true customers are end users the world over. In order to enrich their lives, we have to understand them and meet their needs. To achieve this, our own diversity is important. We believe that only with a diverse workforce of people who have respect for one another and who know and practice what is important can we create customer value. In order to deliver results that surprise and delight our customers, Epson promotes female managerial staff and foreign nationals, fostering a corporate culture that enables diverse personnel to display their abilities to the full.
>
> **Masayuki Kawana**
> Director and Executive Officer, General Administrative Manager of the Human Resources Division and CSR Management Office

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.



Epson is vertically integrated, which means we have control over the "create, produce, and sell" value chain. A high-performing, diverse workforce is essential for achieving vertical integration, making it vital for our operations divisions in Japan and Epson Group companies overseas to be on the same page in terms of business vision and policies. That is why we have a variety of international programs to promote communication and interaction among people at various levels within our operations divisions, Head Office, and other internal organizations.

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

FY2012	FY2013	FY2014	FY2015	FY2016
8	20	34	38	29

Employees Sent to Japan for Training

Epson actively accepts trainees to Japan from its overseas sites, implementing an education program with a focus on skills training. In FY2016, we accepted 55 technical interns and trainees, and since 1988, we have welcomed a total of 1,650 Group employees.

The photo on the right shows technical interns inspecting parts manufactured with dies they made themselves.

Global Meetings

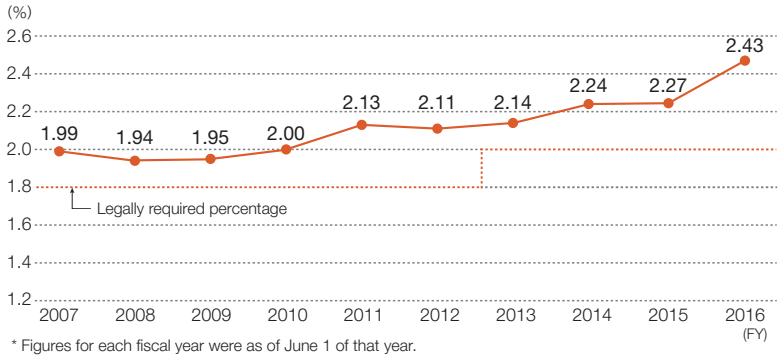
Epson holds a variety of meetings and seminars for representatives from our global sites.

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

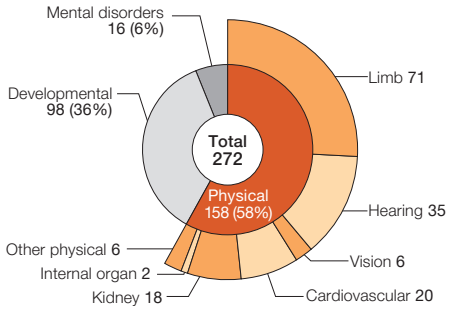
Epson employs a large number of persons with disabilities. For this reason we accommodate special needs in a variety of ways. For example, we provide easy-access restrooms, parking spaces, and other facilities. We also provide services such as sign language interpretation for in-house training and interviews, 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 talents, 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, 2016

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; facilities 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

Cleaning company facilities

Epson Swan Ltd. started operating in March 2002, when it was established as a special subsidiary of Tohoku Epson Corporation in Sakata, Yamagata Prefecture. It was the first certified special subsidiary in Yamagata Prefecture. It is presently a special subsidiary of Seiko Epson Corporation. Located in the grounds of Tohoku Epson, 18 people with disabilities (as of April 1, 2017) clean dust suits and provide building cleaning services within the company.

The company focuses on HR development, and in FY2016, they won the Bronze Award in the National Abilympics facilities cleaning category.

In addition, Epson Swan communicates both internally and externally by publishing its magazine Smile via its intranet and as hardcopy four times a year. A total of 30 issues have been released, counting the most recent published in March 2017.

Cover of Smile

Taking part in the Abilympics

Many of Epson's employees with disabilities have amazing skills that are invaluable to the company. One of them is Masaya Hirabayashi, who won a silver medal in the product packing category in the 2016 Abilympics. "With the help of everyone in the workplace, I was able to practice as though it was the day of the contest. I thought it would be difficult to win a medal since it took time to complete the competition, so when my name showed on the screen at the award ceremony, I was really happy. I want to try harder next year so that we can win the gold," says Hirabayashi.

In addition, Chie Fujimori won the Prize for Effort in the electronic device assembly category. "This is my third time in the Abilympics, but this year the task was different and it seemed difficult. I had no idea I'd win the Prize for Effort. When my name appeared, the Nagano Prefecture team gave a huge cheer. I was surprised and happy at the same time." For Fujimori, no task is too difficult to attempt.

Selecting Senior Executives

Epson identifies the roles and requirements for key posts within the Group, prepares succession plans, and selects the best people for these positions, without regard to consideration such as age, gender, and nationality. A system is in place for working with management to select the best people for key posts that open up.

Epson Group companies outside Japan identify certain ranks at which they look for candidates to fill future top-level management positions. They then compile basic information about everyone at those ranks. Seiko Epson consults with Epson Group companies to identify the top talent among these candidates, gathers information about their management and other capabilities via 360-degree evaluations, and explores future career paths and development plans for them.

As a result of these initiatives, Epson now has home-grown talent in leadership positions at its overseas affiliates. The CEO of Epson's regional head office in the US is an American who has responsibility for all administrative and business operations at Epson companies in North, Central, and South America. In Europe, all local affiliates controlled by the regional head office are headed by locals. In addition, a number of Epson sales and manufacturing affiliates around the globe have recruited or promoted locals to run their operations.

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 20, 2017
*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 20, 2017

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 established services that employees can use to report or consult on abuses of any kind. These services include such things as a 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 and by raising awareness with bulletins on the intranet.

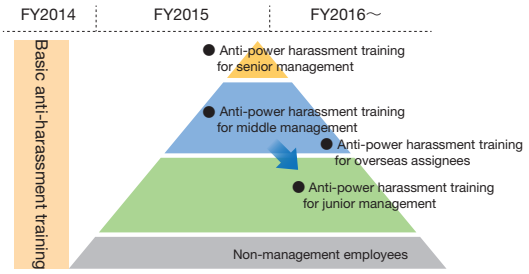
The Policies regarding Human Rights and Labor Standards (Please refer to page 136 of "Appendices")

Power Harassment Prevention Training

Power harassment is defined as an abuse of authority by higher ranking employees behaving in a manner that causes subordinates physical pain or emotional distress.

Epson maintains a harassment hotline to respond to employees' concerns. In response to an increase in the number of employees reporting instances of power harassment, we rolled out Power harassment prevention training seminars to Epson Group companies as a way to prevent harassment. In FY2015, we carried out training for management (directors and administrative officers) and all managerial staff at Group companies in Japan, with 100% attendance. In FY2016, we expanded the training to leaders and overseas transferees.

● Anti-Power Harassment Training Plan



Anti-Power Harassment Training for Management

Training programs	middle management	Overseas assignees	junior management
People trained (percent trained)	1,303 (100%)	295 (92%)	2,561 (93%)
Number of seminars	70	29	131
Number of sites	27 sites in Japan	27 sites worldwide	22 sites in Japan

as of June 30, 2017

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% of employees take parental leave. And, the return-to-work rate for employees who have taken maternity and childcare leave in FY2015 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	
2016	60	42	100%	18 (16)	2
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 20, 2017
*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

Epson's Wellbeing Leave Program

Seiko Epson introduced a special paid 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 special paid 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.

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 babysitting 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 a 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.

Monitoring and Controlling Working Hours

Epson specifies its work goals and work culture. Our goal is for all employees to maintain and improve their physical and mental health while working efficiently in a vital, rewarding work environment, without excessive labor demands. In this way, the company will develop in perpetuity, raising its corporate value and ensuring a win-win relationship with its employees.

Epson is fully compliant with labor laws. One of the ways we ensure compliance is by following an operations manual for managing working hours. We have also implemented time management initiatives and monitoring systems across the organization in Japan. 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.

From FY2017, we have revised our approach to work, seeking to improve the productivity of executives, managerial staff, and general staff in their respective positions. To achieve this, we have set mid-range targets for working hours towards realizing the Epson 25 Corporate Vision, in which our diverse range of employees can work with enthusiasm and enjoy an appropriate work-life balance.

The program for reorganizing work and achieving these targets is called "WILL BE."

* Work-Life Balance, Innovation, Liveliness, Enjoy

Annual total working hours per employee

FY2016 2,001 hours → FY2019 target 1,900 hours

Wages

Epson's wage standards are compliant with the local labor regulations in the countries where we operate. Our standards provide for things such as suitable wages, allowances, and extraordinary pay.

In Japan, for non-management employees we have introduced a grading system wherein compensation is determined by the employee's duties, work capabilities and experience level. For managers, we have a mission-based system wherein compensation is determined by the importance of the manager's mission and roles. The suitability of non-management employee wages and the wage system are reviewed once a year by a committee made up of members of management and the labor union.

Outside Japan, we have established and we follow rules that are in compliance with all local wage-related regulations governing things such as minimum wages, legal benefits, and overtime. We provide employees, who are paid directly, with pay slips on a certain date for each predetermined pay period.

In countries and regions where employees may legally be subjected to financial penalties for disciplinary reasons, Epson does not prohibit such penalties but allows them as one option, provided that disciplinary procedures and financial penalties do not overstep legal bounds or have an unreasonable effect on the employee's living standard. These are articulated in internal regulations, and employees are apprised of them in advance.

Labor-Management Relations

As a union shop, Seiko Epson requires all regular employees, except those in management or in certain other management-related positions, to join the labor union.

A labor-management council forms the basis of the labor-management relationship. Held regularly and as needed, this council is where management explains important management matters to labor union representatives and where the two sides discuss proposed changes to employment conditions. In addition to the labor-management council, Seiko Epson has formed labor-management committees to discuss and solve issues related to things such as working styles, 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 pension scheme, 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

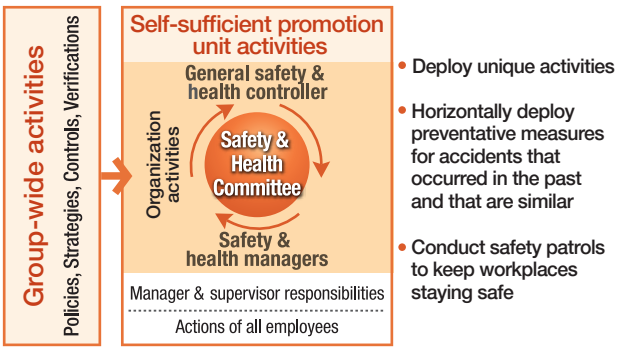
Approach

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, fire/ disaster prevention, and facilities, this original Epson program is based on an occupational safety and health management system (OSHMS) that conforms to International Labour Organization (ILO) guidelines. Since that program came into effect, we have endeavored to conform to the Basic NESP Policy and manage our workplaces with the idea that every workplace is responsible for maintaining its own safety.

Basic NESP Policy (Please refer to page 135 of "Appendices")

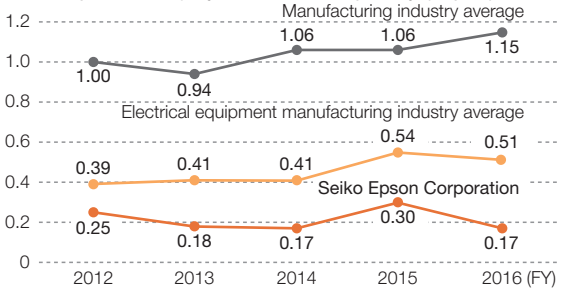
● Basic Concept of NESP



Occupational Injury Accidents

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

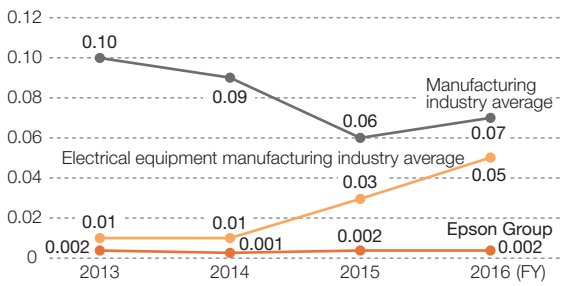
● Occupational Injury Accident Frequency (Japan)



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

Information Sharing about Global NESP Activities

Epson seeks to improve cooperation by providing regular opportunities for information sharing on two levels, managers and workers, at its domestic and overseas production sites.

At the manager level, general safety and health controllers from Epson business sites and Group companies separately meet every six months to share information about their NESP (New Epson Safety & Health Program) activities and to discuss their obligations and responsibilities. Participants give presentations on the activities taking place at their business sites to encourage best practices and self-sustaining activities.

At the worker level, meetings are held to share information within each region. In Japan, workers meet bimonthly to discuss specific activities regarding important topics. In other countries, groups have been established in China and Southeast Asia. In China, workers at each manufacturing site hold information sharing conferences every six months. They share information on common issues and discuss compliance specific to China, and make sure their safety and health activities are in step at all of their business sites. Likewise in Southeast Asia, workers from the manufacturing sites located in the five countries in the region gather once a year for a conference to share information. At the conference, they present examples of activities at their manufacturing sites and tour the factory where the conference is held. Everybody learns from each other by sharing their expertise and experience.

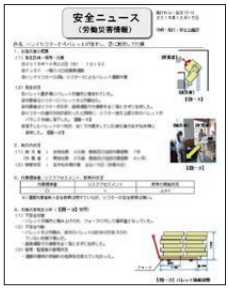
Information sharing conference in Tianjin, China, in November 2016

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.

In FY2016, instructor training was held in Japan for safety staff from China in June, and Southeast Asia in February. Sudomo from Indonesia, who took part in this training, says, “I’m going to teach my colleagues in Indonesia what I learned this time, and in addition to improving the safety level, I’m going to enhance my skills as an instructor.”

Participants from Southeast Asia taking part in group discussions during instructor training in February 2017

PT. Epson Batam (PEB/ Indonesia) Sudomo

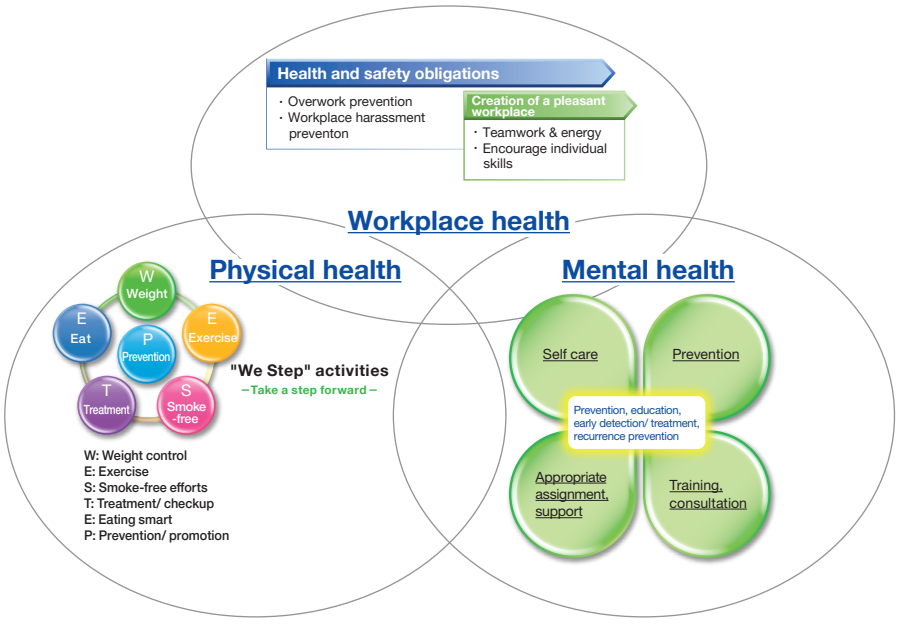
Maintaining Mental and Physical Wellbeing

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



Mental Health Initiatives

Seiko Epson and its group companies in Japan cite mental health as a key area and have introduced initiatives that are focused on prevention and on fostering strong personal relationships in a vibrant workplace culture.

Training

We have offered ongoing mental health training since 2000. We give group training for new employees, mid-level employees, and others in senior staff positions. Certain online courses have been designed for all employees. Also, employees gather together to read out loud from a mental health textbook. One example of training is “Around 35: Mental Health for the Prime of Your Career.” This training is given to employees who are around 35, an age at which their role in the company tends to change and when there tend to be important events in their personal lives. This training helps them to better understand themselves, deal with stress, and maintain their own personal mental health. The training has been provided a total of 139 times since FY2012, and 1,731 employees have participated.

"Around 35: Mental Health for the Prime of Your Career" training

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 Checks

Since 2004, all Seiko Epson employees undergo an occupational stress evaluation when they take their annual physical examination. Medical professionals and industrial counselors follow up with employees found to be highly stressed. The primary purpose is to help employees manage their stress. This evaluation facilitates early detection and early treatment of mental health issues.

From December 2015 amendments to Japan’s Industrial Safety and Health Act require certain employers to offer stress checks to employees. In response, we revised the content of our evaluation to meet the new legal requirements and enacted a Group standard for the stress check system, which is overseen by the safety and health committees of domestic Group companies and sites. Seiko Epson began implementing stress checks in line with this standard in 2016.

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. In FY2016 we updated the back-to-work program and extended the maximum length of leaves of absence due to personal injury or illness from 18 months to 30 months so that employees can focus on recovery and recuperation.

Recognized for Health Management Excellence

In February 2017, Japan's Ministry of Economy, Trade and Industry (METI) recognized Seiko Epson under the 2017 Certified Health and Productivity Management Organization Recognition Program (White 500), in the large enterprise category. This program seeks to identify and recognize, by 2020, 500 large enterprises that practice excellent health management in cooperation with their employees. Enterprises are evaluated based on 19 criteria, including whether they have communicated policies on health maintenance and improvement, whether they have set improve goals or indicators for health issues, and whether they can verify the effect of actions taken. To become certified, a company must meet all five mandatory criteria and at least 11 of the 14 remaining criteria. Seiko Epson satisfied all 19 criteria.

Every five years since 2001 Seiko Epson has established a five-year health plan that includes proactive programs for maintaining workplace health, physical health, and mental health. These programs are believed to be an important reason for the company's high marks. Encouraged by this recognition, Epson will further step up its efforts to maintain and improve health to achieve a healthy, pleasant, and safe working environment.

Hygiene and Health Training Overseas

Epson considers the potential of food poisonings in employee cafeterias and the spread of contagious diseases in the workplace to be serious risks that could interfere with business activities.

In FY2016, we strengthened actions to better manage hygiene and risks. We had occupational health staff from eight Epson manufacturing companies in China and six in Southeast Asia gather in Japan to undergo training to ensure effective management of hygiene and prevent the spread of contagious diseases. Using what they learned and the information they received, they then developed their own education programs and awareness campaigns for their respective companies.

Standard Life-Saving Training

Since the end of FY2015 three employees of Epson Group companies in Japan have suffered cardiac arrest while on the job.

Training in AED use 1

Training in AED use 2

We had been providing standard life-saving training to personnel at all sites, but the number of people receiving training was limited. So, from FY2016 we began training all personnel at all Epson Group sites in Japan in CPR and the use of automated external defibrillators (AED). The training is hands-on and enables our people to provide the best first aid and emergency medical care in the event they should need to. About 7,500 employees had received training by the end of March 2017.

Fire and Disaster Prevention

Epson is resolved not to be the source of any disaster. That is why we have declared our intention 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 has held an annual fire brigade competition for the past 30 years. The competition gives brigade members a chance to show off what they have learned from their training. It also energizes us as an organization and fosters a sense of solidarity.

The year 2016 marked the 30th anniversary of the event. President Minoru Usui and a number of directors were on hand to commemorate the event and watch the 700 participants compete. In total, 37 teams appeared, including 22 in the small pump division (male and female), eight in the indoor fire hydrant division (female), and seven in the bugle band division. We had a record number of teams from overseas participate in 2016. There were 13 teams from 11 manufacturing sites in the Greater China Region and Southeast Asia, including first-time participants from four manufacturing sites who visited as observers last year. This year's competition provided proof of the steady progress being made overseas in terms of skills and awareness.

Photo of the winning team with President Usui

Epson has moved major production lines offshore. If a fire were to occur at a manufacturing site outside Japan, it could have a significant impact on product supply and other business activities. It is therefore essential for Epson to improve firefighting skills and disaster awareness at manufacturing sites outside Japan. Competitions are an excellent opportunity to raise fire and disaster prevention and management awareness and capabilities and to better understand the Group's stance on fire-fighting and disaster preparedness. Epson will continue to take action to improve its disaster prevention efforts.

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

Organizational Governance

Corporate Governance

Corporate Governance

Epson strives to continuously strengthen corporate governance to ensure transparent, fair, timely and decisive decision-making so as to achieve the goals declared in the Management Philosophy, to promote sustainable growth, and to increase corporate value over the long-term. Toward this end, we have appointed multiple outside directors. We have also established a Director Nomination Committee and a Director Compensation Committee to serve as discretional advisory bodies for the Board of Directors.

Epson will continue to enhance the effectiveness of its corporate governance by further improving the supervisory function of the Board of Directors and by enhancing discussions at board meetings, as well as by speeding up decision-making in management as a company with an Audit & Supervisory Committee.

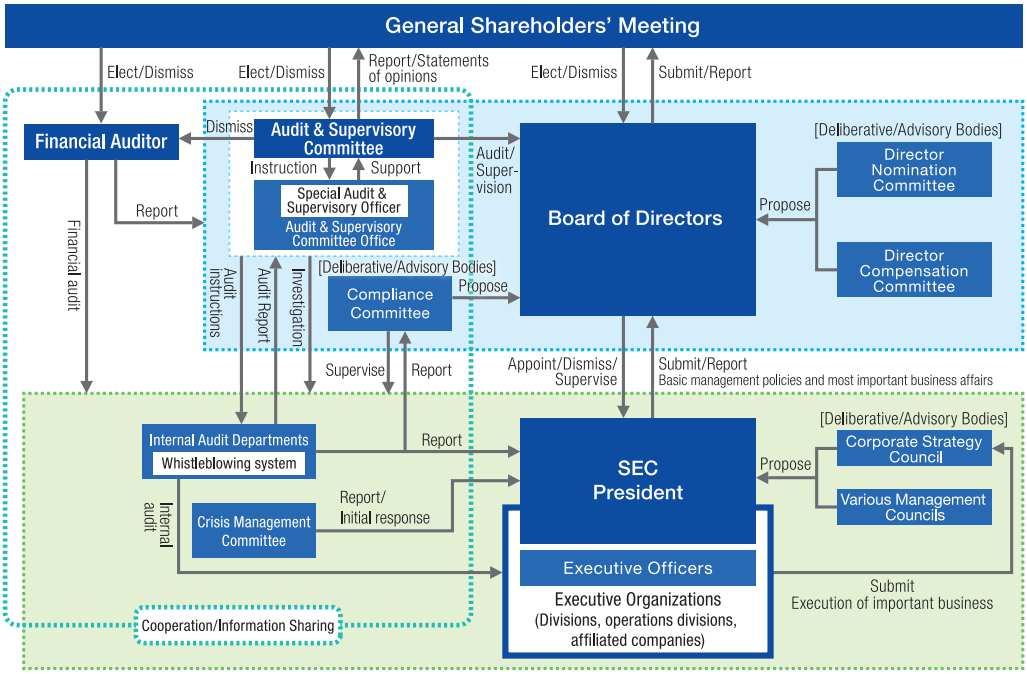
Principles of Corporate Governance

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 heads of the business operations divisions take the responsibility for the business execution systems of subsidiaries, and the heads 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 102 business units around the world, including operations divisions in Japan, 57 overseas subsidiaries, and 13 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 FY2016, the Audit Office performed 34 operational audits and 24 information system audits of Epson business units, and provided them with advice on correcting 234 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

Internal Control Initiatives

Internal Control Initiatives

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.

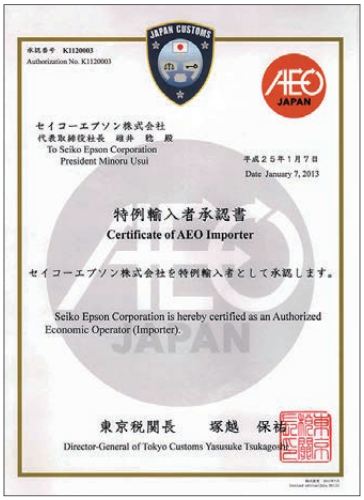
Meanwhile, we must observe numerous conventions and frameworks governing international trade that have been put in place to maintain international peace and security.

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.		

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.

Compliance Month

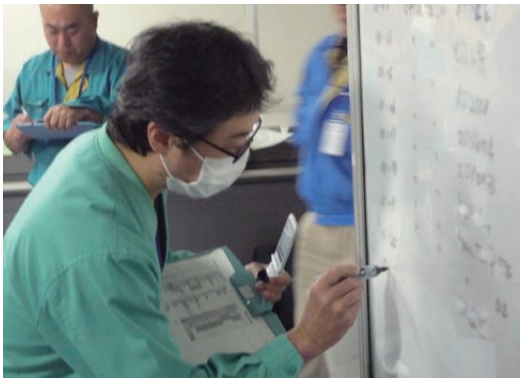
October is Compliance Month throughout the Epson Group. We use this month as an opportunity to remind ourselves of the importance of compliance in achieving the Management Philosophy and to communicate Epson's compliance policies as an organization. FY2016 was the second year we held Compliance Month across the global Group to raise compliance awareness in the workplace to achieve the ideals espoused in the Epson Group's Management Philosophy.

A variety of actions were taken during the month. For example, Epson's Chief Compliance Officer and the heads of Epson divisions and subsidiary companies issued compliance messages. We also published a feature article on compliance in the company newsletter and provided compliance training to personnel. The feature article in the company newsletter and the training materials both presented concrete examples regarding compliance. Compliance awareness was further raised in Japan by discussing compliance risks in the workplace.

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 and about 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.



Earthquake drill

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, printheads, 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.

Checking production line restoration procedures

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.

Tax Compliance

Epson seeks to fulfill its corporate social responsibility by paying appropriate taxes in compliance with the tax laws in the countries and regions where it operates. In accordance with this basic policy on taxes, we are taking the actions below to maintain and improve tax compliance.

1) Tax governance

- Epson's Chief Financial Officer, a director of the company, has overall responsibility for Group tax affairs. The group that is in charge of tax affairs reports and manages taxes is under the supervision of the Chief Financial Officer.
- Epson considers tax risk to be an important risk, and regularly reports such risks to the board of directors and the Corporate Strategy Council, which is composed of directors of the company.
- Employees are trained in the tax-related regulations and business process standards that Epson has established to ensure that it properly fulfills its tax obligations. We conduct periodic internal tax audits and report the findings to top management and to the Audit & Supervisory Committee.

2) Monitoring tax affairs

- We appropriately respond in a timely manner to changes in local tax systems and taxation trends through regular reporting among the group that is in charge of tax affairs and Epson's local subsidiaries.
- We enlist the support of tax accounting firms and other external experts for advice on taxes and for tax support in each country.

3) Tax planning

- Around the globe, we strive to effectively use preferential taxation systems where possible in our normal business activities to ensure a suitable tax burden, but we do so within the spirit of the law and do not avoid taxes.

4) Dealing with uncertainty

- Tax risk uncertainty is expected to increase as countries around the globe strengthen their tax reporting obligations, tax audits, and tax enforcement. Epson controls tax risks by identifying situations that could potentially pose serious tax risks.

5) Transfer pricing taxation

- Epson complies with local tax laws and OECD guidelines to control transfer pricing tax risks. We have established transfer pricing guidelines for the Epson Group to help ensure appropriate transfer pricing transactions. In line with these transfer pricing guidelines, we control the profitability range of our global subsidiaries to ensure that transactions are made at arm's length.
- We use an advance pricing arrangement (APA) for transactions with subsidiaries in high-risk countries.

6) Anti-tax haven rules (also known as Japanese Controlled Foreign Company rules, or "CFC")

- Epson sets up foreign subsidiaries to carry out its ordinary business activities, but does not do so to avoid taxes. When anti-tax haven rules apply, Epson properly files and pays taxes.

7) Relationships with tax authorities

- Epson strives to work in good faith with tax authorities and to maintain and improve good tax corporate governance.

Organizational Governance

Security

Security

Epson, in a code of conduct called “Principles of Corporate Behavior,” states “We will protect the security of people and corporate assets and exercise prudence in handling information, and maintain the security of management resources (corporate assets).” The company has put in place a system for ensuring the security of employees and visitors. Employees recognize the importance of security and follow good security practices. The company’s assets (financial, tangible, intellectual, brand, information, and other assets) are properly managed, and the assets of other parties are respected. We strictly control personal data and confidential information to prevent leaks.

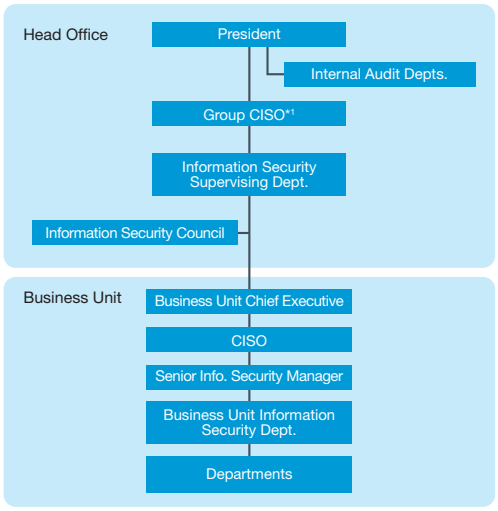
Information Security

Epson has set forth essential information security principles and rules in a Basic Information Security Policy. The company is building an information security governance framework and fostering a corporate culture that reflects the importance and principles of good information security practices.

Basic Information Security Policy (Please refer to page 133 of “Appendices”)

Epson’s various business units build and maintain their own information security systems based on Group-wide rules. We assess the systems and controls of each business unit, and we check whether information security risks are being managed effectively. Group-wide rules and policies established by Group companies were overhauled in April 2017 to remind employees about information that needs to be protected and to help ensure that the proper practices are being followed. The senior information security managers of the business units meet regularly to share knowledge and information and to track progress.

● Information Security Organization



*1 Chief Information Security Officer

In addition, the Seiko Epson Printing Solutions Operations Division and IT Division, along with Epson Avasys, have earned ISO 27001-compliant Information Security Management System (ISMS) certification. They, along with the rest of the Epson Group, continuously seek to improve the systematic management of information security.

In Japan, Epson has designated July as Information Security Awareness Month. Every year during the month, domestic Epson Group companies conduct special programs to educate employees about information security. In FY2015 and FY2016, we used Information Security Awareness Month to remind employees about the importance of information security. Middle managers were given special training, and all personnel, from top executives on down, were required to complete an online learning course about information security. In light of a recent increase in targeted attacks against businesses, Epson conducted drills to teach employees how to respond to a targeted e-mail attack.

Epson conducts information security programs on a global basis. In FY2016 the senior information security managers from Epson sites around the world began meeting regularly to discuss common issues and to increase the information security preparedness of Group companies.

Personal Data Protection

Ever since the Personal Information Protection Act went into full effect in 2005, Epson has sought to protect the personal data of customers and employees Group-wide. Products such as Epson's Pulsense heart rate monitor and M-Tracer for golf come with online services. Since these services contain the personal data of users, we check the work flow to ensure that personal data is appropriately managed and protected. In addition, Epson Sales Japan Corporation and Epson Direct Corporation maintain PrivacyMark System certification by updating it every two years.

Meanwhile, Seiko Epson is making preparations to comply with the EU's General Data Protection Regulation, which will come into effect in 2018.

Intellectual Property Protection

Epson protects the rights to its proprietary 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 our IP portfolio contributes to corporate earnings. We also respect the rights of others and implement measures to prevent infringement of those rights.

Anti-Counterfeiting Measures around the World

To protect the trusted Epson brand, we actively seek to seize counterfeit goods and other fraudulent articles that infringe the Epson trademark or our other intellectual property rights before they reach consumers.

Participating in an IP protection conference organized by customs officials in China


Educating customs officials and police about real and counterfeit goods in the UAE

We have set up anti-counterfeiting centers around the world that are staffed by people who monitor the goods produced and sold by manufacturers and retailers, and especially e-commerce retailers. We fight counterfeiting in a number of ways. For example, we share information with the police and other enforcement authorities to increase raids on counterfeiters. We educate customs officials to better enable them to recognize counterfeits and block their import and export. We also work with e-commerce site operators to halt the sale of imitation goods that violate our rights. The actions we take stop the distribution of counterfeit goods and help reassure consumers that the goods they buy are genuine Epson brand products.

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 138 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 2017, we issued Rev. 3.4 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 "an indispensable 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.

Sustainable Procurement

Raising Awareness

Supply Chain CSR Initiatives

Epson uses fair standards and appropriate procedures for selecting suppliers, in keeping with its Basic Procurement Policy.

Epson has internal rules that govern supplier selection so that when Epson starts doing business with a supplier for the first time, Epson can ensure a stable supply of components and materials with a reasonable price and quality. Following these rules, Epson conducts a new-supplier assessment that addresses environmental concerns, labor practices, human rights questions, fair business practices, and more. Epson then starts doing business with a supplier if it meets its internal standards.

Epson also performs a comprehensive evaluation once a year if it continues to do business with the supplier. These periodic evaluations evaluate the supplier comprehensively in the categories of management, environmental management, quality management, cost management, and delivery deadline management, which helps Epson to ensure a stable supply. If the supplier gets a low score, Epson asks them to submit a corrective action plan. Then Epson re-evaluates and uses the results as feedback for the supplier. This process is a foundation for building better relationships. However, Epson also has standards that provide measures to discontinue business if a supplier fails to meet Epson's internal evaluation standards for two consecutive years.

In FY2016, as in the year before, Epson performed periodic evaluations directed at about 1,400 contact points at some 900 companies. In addition, Epson presented the Epson Group Procurement Guidelines to its suppliers. Through these, Epson shared the its stance on CSR, which expresses Epson's desire to build trust with all stakeholders as it grows, and to prosper with communities and help to create a better world. With this as its starting point, Epson collaborates with its suppliers to advance its sustainable procurement initiatives.

In FY2016, moreover, Epson held sustainable procurement briefings for suppliers. Epson held such events a total of six times in Japan and China, bringing together 624 suppliers. The content we discussed is listed below.

1. Epson sustainable procurement initiatives
2. How detailed evaluations are performed
3. Improving the accuracy of conflict mineral surveys
4. Supply chain BCP initiatives

A sustainable procurement briefing for suppliers (China)

For our detailed evaluations in particular, we used an SAQ (Self Assessment Questionnaire), designed to encourage compliance with the Epson Supplier Code of Conduct, which conforms to the EICC Code of Conduct. We received responses from 220 companies. In FY2017, we are giving feedback and conducting on-site checks on suppliers deemed to be of high risk based on the SAQ results. We then encourage them to make improvements. Additionally, in FY2016, we conducted third-party audits on two suppliers in China who had taken the SAQ. This series of initiatives, including detailed evaluations (SAQ) and third-party audits, will continue in FY2017.

Internal Training

In FY2016, we brought in outside instructors to give sustainable procurement training to 70 staff, including people from Japan (Head Office and the procurement departments of Epson's operations divisions) and manufacturing sites outside Japan. This training was given because for the Epson Group to practice sustainable procurement, it is critical to be familiar with CSR trends and understand the EICC Code of Conduct (which the Epson Supplier Code of Conduct conforms to) and the SAQ.


Sustainable procurement training (Japan)

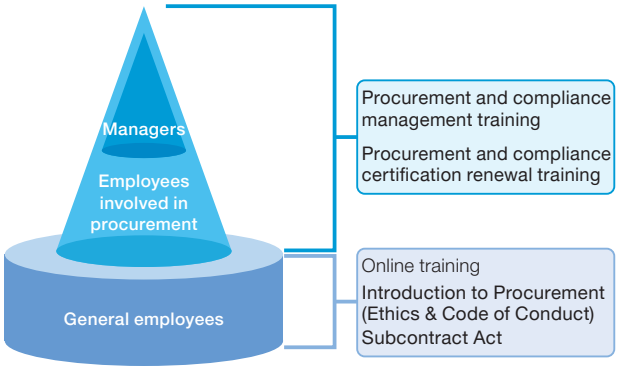
Compliance Management

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.

Sustainable Procurement

Conflict Minerals

Epson's Policy on 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

FY2012

Epson asked its suppliers to understand and abide by a clause concerning responsible mineral procurement that Epson added to the Epson Supplier Code of Conduct, which is found in the Epson Group Procurement Guidelines.

FY2013

Epson set up a cross-organizational Conflict Minerals Review Committee[*1] made up of personnel from all Epson's operations divisions and from the procurement departments of Epson group companies. Organization and administrative oversight is provided by the Seiko Epson Head Office department that supervises sustainable procurement. Under the direction of the Committee, Epson has switched from a passive to a proactive approach to conflict mineral surveys. Epson conducted conflict mineral surveys using the CFSI reporting template for the main products in every business of every business segment.

FY2014 - FY2015

Epson expanded the conflict mineral surveys to include all production materials Epson procured and received questionnaires back from 1,600 companies. After analyzing survey answers and performing due diligence, Epson was unable to conclude whether the minerals it had procured were from sources not engaged in conflict.

[*1] The Conflict Minerals Review Committee was renamed the Sustainable Procurement Committee in FY2016, expanding its function to oversee sustainable procurement generally.

FY2016

Epson held six sustainable procurement briefings for suppliers in Japan and China. The events brought together 624 suppliers. Epson explained its sustainable procurement initiatives and asked suppliers to work to improve the accuracy of their answers to the conflict mineral surveys. Epson received responses back from 561 of the 593 suppliers surveyed (response rate 95%). The results enabled us to identify smelters as below.

(Units: companies)

	Gold	Tantalum	Tin	Tungsten	Total
Number of identified smelters	135	48	84	47	314
Number of CFS-certified smelters	94	43	67	39	243
Percentage CFS-certified	70%	90%	80%	83%	77%

Initiatives in FY2017 and Beyond

Based on our analysis of the survey results, Epson is stepping up our ability to check suppliers' answers to ensure we meet our stated target of identifying the smelters of all components that contain minerals by March 2018. Epson also aims for more exacting communications and collaboration with suppliers to boost the accuracy of survey answers and increase the smelter identification rate while continuing to enhance supply chain transparency. In addition, in FY2017 Epson joined the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA). As such, Epson is taking part in an industry collaboration to improve supply chain conflict mineral surveys.

Sustainable Procurement

Green Purchasing

Green Purchasing

Foreword

Epson is working to promote green purchasing of both production materials and general supplies in order to fulfill its mission to create and offer eco-friendly products.

Epson promotes green purchasing of production materials according to the following guidelines.

1. Basic stance
2. Standards governing operations
3. Basic survey (Guidelines for Surveying Controlled Chemical Substance Content in Products/ Survey response tool)
4. Additional survey (Explanation of chemical substances subject to elimination in products/ Survey response tool)

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 management

Corporate Citizenship

Approach

Epson is committed to harmonious coexistence with society through programs rooted in local communities throughout the world based on its commitment to being “an indispensable company, trusted throughout the world,” as stated in its 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. Epson emphasizes contributions involving the technologies and knowledge that underpin its 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

Old Newspaper Recycling Class (Germany)

Since 2008, Epson Deutschland GmbH (EDG) has cooperated with Deutsche Umwelt-Aktion, a group that undertakes environmental education in primary and secondary schools, to offer classes on environmental protection for elementary school children in schools in Meerbusch, where EDG is located.

In the lesson in February 2017 based on the concept of 'something new from something old,' the children dissolved old newspapers and recycled them into cards to send to their friends.

Children recycling old newspaper

The children asked many questions like, "How is paper made?", "What happens to household waste paper?", and "How can we save paper?" The instructors from Deutsche Umwelt-Aktion noted that actually recycling something makes it easier for children to understand the concept, and gives them an opportunity to think about it for themselves.

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

Epson's foundations aim to promote education, academic research, and culture, and to contribute to the development of local communities.

In August 2016, 13 international students from Asian countries on scholarships from the Epson International Scholarship Foundation visited Epson's Shiojiri Plant in Shiojiri, Nagano in Japan, where the company develops its watches. They watched a DVD about the history of the transformation of watches and heard an overview of the company's business. They then toured the plant and the history museum. The students showed a great interest in the work of the plant and the finished luxury wristwatches. In the question and answer session, the students showed a strong interest in watches by asking many questions about Epson's technology and business, and future product development.

The scholarship students who visited the Shiojiri Plant

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 2017, more than 2,500 persons have graduated from the college.

Epson Information Science Vocational School

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 28 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.

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

Brass band parade

Corporate Citizenship

Community Events

Community Events

190 Days of Social Commitment (Germany)

Epson Deutschland GmbH (EDG) has been running its “190 Days of Social Commitment” program since 2008. The name of the program derived from 2008 when 190 EDG employees each took one day of paid leave at their own convenience to volunteer their time at social welfare facilities or schools in the surrounding Meerbusch area.


Employees building a path through the garden

In FY2016, more than 40 EDG employees helped to renovate local accommodation facilities. Support for this facility has continued since the start of the 190 Days of Social Commitment program. When the work was finished, a party was held with facility staff and local residents. Other activities include painting the garden benches and planting flowers at nursing homes, and building a path through a garden in a self-sufficient living facility for young people, earning the appreciation of the community.

Movie Screening and Painting Contest (Taiwan)

Epson Taiwan Technology & Trading Ltd. (ETT) has held movie screenings at elementary schools throughout Taiwan starting in 2009. The purpose of the movie screening is to demonstrate Epson’s projector technology and to show children enjoyable films. ETT provides the projectors and movies used at the venues. So far, screenings have been held in about 2,500 locations, with a total of approximately 145,000 people participating.

ETT has also held a painting contest since 2010 using the movie as the subject. Every year between 1,300 and 2,000 works are submitted by the children. They are judged by prominent journalists and artists, and outstanding works receive an award.


Children enjoy a movie


Children who received an award

Employees Give Blood (Philippines)

Epson Precision (Philippines) Inc. (EPPI) has a partnership with the Philippine Red Cross Batangas branch, and employees have been giving blood since 2000.

EPPI has introduced a program to enable employees and their families to give blood at their own convenience once a week between 10 in the morning and 5 in the evening. To encourage employees to give blood, the company works with the Philippine Red Cross to give health examinations and explain about blood.


Employees giving blood

In FY2016, a total of 1,365 employees gave blood. This initiative has been recognized with awards, for EPPI in 2016 from the Philippine Red Cross, and the Blood Galloner Award for 33 employees who gave over four liters during the year.

Collecting and Reusing Clothing (China)

The labor and management of Epson Wuxi Co., Ltd. (EWL) have cooperated with the local government of Xinwu District, Wuxi, since 2015, in a program to collect and reuse unwanted clothing. As the first company in Xinwu District to install a collection box on its premises, EWL is actively calling on employees to provide clothes.

March 2017 marked the third year that clothes have been collected, and the local government provides the clothing to people who need it. In planning its company-wide annual social contributions, EWL holds regular discussions with the local government. So far the company has conducted afforestation and scholarship programs. EWL will continue its activities in harmony with the needs of the region.

A clothing collection box

Career Education for Junior High School Students (Japan)

In October 2016, career education was held for 128 first grade pupils from Fujimi Junior High School in Nagano Prefecture. Six employees of the Epson Fujimi Plant served as instructors on the theme “What is work?” This is the third time this popular education program has been held. Pupils learn how companies work based on role-sharing and cooperation, and get to think about what they want to do in the future.

At the start of the program, Takamasa Arai, manager of the General Affairs Department, told the pupils that work is a combination of what you want to be and what you can actually do. He urged them to realize their dreams by thinking a lot about what they want to achieve, talking to lots of people, and taking an interest in many things. Then the pupils split into classes on development, manufacturing, management, sales and safety, having lively discussions about the hardships and pleasures of work. To end the program, there was a fascinating demonstration of the Moverio BT-300 smart glasses.


Pupils listen to the lecturers


Pupils try the Moverio BT-300

Corporate Citizenship

Environmental Conservation

Environmental Conservation

The 16th Recycling Event (U.S.)

In April 2017, Epson Portland Inc. (EPI) and its employees held the annual Energy Saving and Global Environment Month. This year marked the 16th time this recycling event has been held, with the company collecting unwanted electronic appliances and waste paper.

More than 250 local people also took part in an event to collect harmful household waste in cooperation with the local government, gathering 17 tons of waste including old paint and used metal drums. The waste was transported from EPI to a waste processing plant where it was disposed of appropriately.

Environmental Beautification (China)

In December 2016, 40 employees of Fujian Epson Co., Ltd. (FJEC) carried out a clean-up in Fuzhou National Forest Park.

Employees carrying out clean-up

The clean-up activities at FJEC aim to ensure implementation of the environmental activity policy and raise employee environmental awareness. It has been held twice a year since 2014. This marks the sixth time the activities have been held. On the day, employees spent two hours picking up trash in the park.

By undertaking these environmental conservation activities, FJEC employees hope that members of the public will also get involved, creating a clean and beautiful environment.

Contributing to Environmental Conservation with a No Car Day (China)

Epson Precision Suzhou Co., Ltd (EPSZ) implemented a No Car Day in September 2016. In Suzhou where EPSZ is located, the number of private cars has been increasing, causing traffic congestion and environmental problems. With the aim of establishing healthy and contented lifestyles and an attractive city, EPSZ has been calling on employees who commute to work by car to use the company's own commuter bus or public transport. On the day, employees who agreed to the activity used other forms of transport.

EPSZ will continue to undertake environmental conservation initiatives that meet the needs of the region.

The employee car park on a normal day

The car park on No Car Day

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.

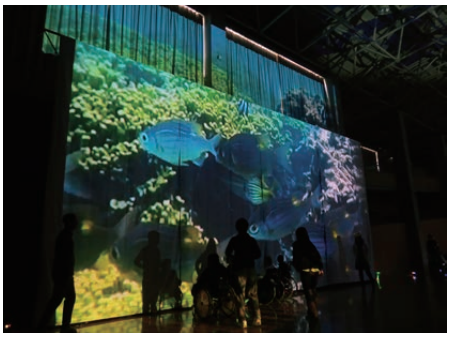
Corporate Citizenship

Social Welfare

Social Welfare

"Fantas Aquarium" Using Projected Images (Japan)

Since FY2015, Seiko Epson Corporation has been operated its Fantas Aquarium using projected images at hospitals and special-needs schools around Japan. From June to December 2016, the company held performances at 25 locations nationwide. Over 170 employees volunteered to take part during working hours with the full support of the company.



Children enjoying images of fish swimming

Participants at the events were extremely positive. “This is the first time our child has taken such a deep interest in anything,” “Surrounded by images, I was overcome with a special feeling of relaxation,” and “The children were each in their own world, but they experienced a wonderful space shared with various people.”

Participants enjoying the Fantas Aquarium experience different sensations. Epson will continue to provide the Fantas Aquarium experience in FY2017.

Cooperation with a UNICEF-Sponsored Photo Exhibition (Germany)

Epson Deutschland GmbH (EDG) cooperated in the UNICEF Photo of the Year 2016 by printing the photographs.

The judges selecting works

UNICEF Photo of the Year 2016 is a photography contest held by UNICEF in Germany since 2000, featuring photographs by professionals on the theme of children around the world and their living environment. In FY2016, data for 1,200 photographs was submitted to the contest, and EDG cooperated by printing the photographs for the selection procedure.

The award ceremony took place in the Germany Federal News Agency, and the award-winning works printed in special large format by EDG were exhibited at the venue.

Communication

Approach

Approach

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

Harmony, the Epson Group's internal newsletter in Japan, carries a regular feature that we use to relay messages from Epson product users and outside partners to Epson employees. Delivering the unfiltered voice of the customer to employees who have few opportunities to meet customers or with vendors and other partners is helping us to further sensitize our employees to customer value creation. In FY2016 we delivered messages from customers, dealers, and distributors who are using products such as a large-format inkjet printer for signage and displays, a business inkjet all-in-one, a high-brightness projector, industrial robots, etc.

Shareholders and Investors

Annual General Shareholders' Meeting

At Epson, we consider the general shareholders' meeting to be a valuable opportunity for direct communication with our shareholders.

In 2017, at the 75th Annual General Shareholders' Meeting, Minoru Usui, the president of Seiko Epson, addressed our shareholders directly, reporting on events and highlights from FY2016 and explaining the direction in which we are headed to achieve the Epson 25 Corporate Vision.

Every year shareholders bring a range of opinions and questions to the general shareholders' meeting, which Mr. Usui and the other directors openly address.

To give visiting shareholders a more concrete idea of Epson's strategic direction under Epson 25, we created a display to show the innovations we are driving in printing, visual communications, wearables, and robotics. We shared our accomplishments from the first year under the Epson 25 Phase 1 Mid-Range Business Plan (FY2016-2018). We also profiled Epson's new products for FY2016 and shared some of the uses envisioned to convey the customer value that our products provide as Epson aspires to be an indispensable company.

The 75th Annual General Shareholders' Meeting

Seiko Epson Selected by GPIF for Inclusion in ESG Indexes

In July 2017 in Japan, the Government Pension Investment Fund (GPIF) announced three environmental, social, and governance (ESG) indexes for ESG investing. Seiko Epson was selected for inclusion in the FTSE Blossom Japan Index and MSCI Japan Empowering Women Index (WIN).

ESG investing has expanded globally in recent years and is expected to garner more attention in the future with the GPIF, the world's largest pool of retirement savings, initiating passive ESG investment of one-trillion yen[*1].

[*1] Passive management seeks to earn results that are linked to a targeted benchmark such as the Nikkei Average or TOPIX.

Epson Selected as a Constituent of the FTSE4Good Index Series, a Socially Responsible Investment (SRI) Index, for the 13th Consecutive Year

Seiko Epson was selected by FTSE Russell, a part of the London Stock Exchange Group, as a constituent of one of the Socially Responsible Investment (SRI) indexes in the FTSE4Good series for the 13th consecutive year.

The FTSE4Good Index Series comprises SRI indexes that are designed to facilitate investment into companies satisfying global standards for environmental, social, and governance practices. Inclusion in this index is one of the key selection criteria used by investors concerned about corporate social responsibility and sustainability.

The FTSE4Good Global Index, which was reviewed in June 2017, consists of 883 constituents including 147 Japanese companies. Epson was selected as a constituent of one of the SRI indexes for the 13th consecutive year based on criteria periodically reviewed.

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

FTSE4Good Index Series
(June 2017)
http://www.ftse.com/products/indices/FTSE4Good

Communication

Governments, Communities, NGOs/ NPOs

Governments

Maintaining Healthy Relationships with Government Agencies

Epson is a multinational corporation with operations around the world. Epson aims to contribute to the soundness of society by building healthy, transparent relationships with political, governmental and supervisory authorities in every region where it operates and by avoiding improper relationships and other unfair activities.

Political contributions are made in line with company regulations. Epson made no political contributions in FY2016.

Introducing Initiatives of the Japan Business Machine and Information System Industries Association (JBMIA)

The Japan Business Machine and Information System Industries Association (JBMIA) is dedicated to helping develop the Japanese economy and enhance office environments through the general development, improvement, and rationalizing of the industry for business machines and information systems incidental to them.

Seiko Epson President Minoru Usui was appointed to the post of JBMIA President in May 2016. He has pursued his duties in this position with a particular emphasis on three issues: building a foundation for leading the response to diverse environmental regulations, strengthening cooperation with overseas groups to respond to environmental changes that affect global business, and creating a stronger, more attractive association.

FY2017 is Usui's second year as association president, and as such he hopes to show some solid results. To respond to environmental regulations, the association is working in closer partnerships with other groups and relevant organizations in the ASEAN region and other newly emerging economies where markets are going through particular growth. To respond to environmental changes that affect global business, JBMIA is preparing for the next stage of negotiations over the ITA (the WTO's Information Technology Agreement), ramping up anti-counterfeiting measures, and promoting international standardization.

Seiko Epson President Usui, second from right

Further, the association is developing its activities and stimulating interest by expanding its lecture and seminar offerings for members as a forward-looking initiative. The JBMIA is also looking into expanding into new project domains and building on its appeal through initiatives designed to help solve society's problems.

Communities

Dialogue with Local Residents

Every year, 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.


Local residents inspect a water purification system at Epson's Head Office (after a meeting to exchange opinions held in March 2017)

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.

FY2017 procurement policy orientation

Epson holds annual orientation meetings to brief suppliers about its procurement policies. At the orientations held in April 2017, 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 plan.

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

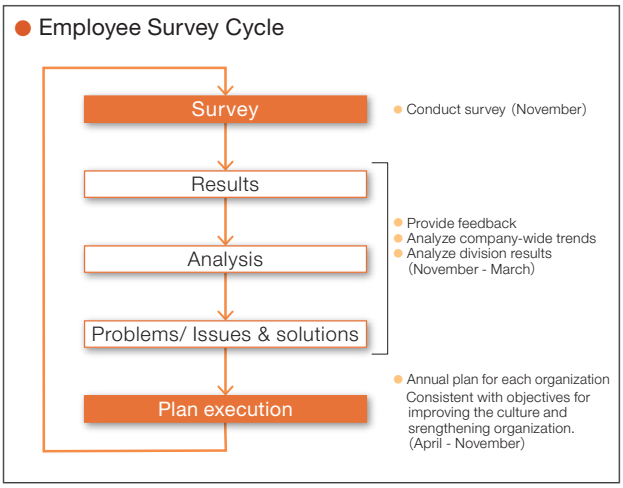
Employees

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 and Educators

Design Internships

Twice every year, in summer and winter, Epson offers design internships led by designers working in the vanguard of industry. This gives participants the direct experience of a corporate atmosphere, a chance to learn how to think up their own ideas and bring them to life, and a venue for enjoyable interaction with young designers and students from other schools. The design internship program of February 2017, led by a Contemporary Master Craftsman[*1], gave participants a uniquely Epson experience of monozukuri (the art and science of manufacturing), which included watch assembly and observation of production processes.

Participants consider a problem

Participant feedback included comments like “The presentations by other students made me aware of new things.” Another said, “I was really delighted when the second hand started to move during the watch assembly program.” Yet another added, “I learned a lot in these five days experiencing Epson and its technologies.”

[*1] A nickname for “outstanding engineers,” that is, technicians with outstanding skills and recognized as such by the Minister of Health, Labour and Welfare under its program.

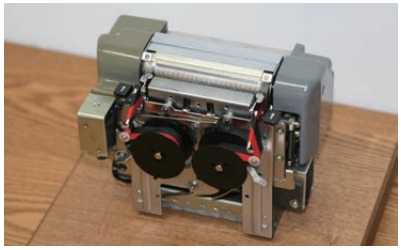
Other

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 since its founding.The museum consists of a history area where exhibits illustrate Epson’s history and an experience area that mainly shows products from Epson’s four innovation areas: inkjet, visual communications, wearables, and robotics.

Products on display in the history area show off Epson’s history of monozukuri and include the world’s first analog quartz watch along with the EP-101, the world’s first ultra-compact electronic printer from which the Epson brand got its name. In the experience area, visitors can experience products representative of each of the four innovation areas. They can, for example, enjoy 3D images created by smart glasses and projectors.


35SQ Astron, the world’s first analog quartz watch


EP-101, the world’s first ultra-compact electronic printer


BT-300 smart glasses with organic electroluminescence

Photo Contests

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

- Epson Photo Grand Prix 2016: Epson Sales Japan Corp.
- The Epson International Pano Awards 2016: Epson Australia Pty. Ltd. (EAL)

Management Philosophy

Management Philosophy

Epson aspires to be an indispensable company,
trusted throughout the world for our commitment to openness,
customer satisfaction and sustainability.
We respect individuality while promoting teamwork,
and are committed to delivering unique value
through 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

Issued September 2005
Revised April 2012
Revised October 2017

Epson will fulfil its social responsibility by aspiring to live up to the principles below based on "trust-based management," a concept that underlies Epson's Management Philosophy.
We seek to create value that surprises and delights our customers and helps to make the world a better place. At the same time, we aim to be an indispensable company, a company that maintains the trust of all stakeholders (including customers, shareholders, investors, communities, business partners, NGOs, NPOs, and employees) and that exists for the world's benefit.

This signals our commitment as a company to observing these principles. It also serves as a declaration that all Epson personnel, including senior executives, managers, and employees, should be mindful of conducting themselves in line with these principles.

- Principle 1: Pursuing customer satisfaction

We think of our customers' perspective at all times and continue to create trusted products and services that please our customers around the world.

a) We will ensure that all products and services meet the required safety and environmental standards.
b) We will listen to our customers, take all their expectations seriously, and give sincere consideration to their feedback.
c) We will strive to deliver high value, quality products and services that meet or exceed the expectations of our customers.
d) We will adhere to universal design standards that maximize product usability and give our customers something they will value and enjoy.
e) We will consistently provide our customers with high customer value, socially beneficial, innovative, and affordable products and services through R&D and programs conducted from a customer perspective, such as improving manufacturing capabilities across the Epson Group.

- Principle 2: Preserving the natural environment

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

a) 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.
b) We will strive to minimize environmental impacts in an integrated manner across the entire life cycle of our products and services, from manufacturing to transport, use, and disposal.
c) We will participate in environmental preservation and restoration projects as a member of society.
d) We will promote environmental awareness and provide information to our employees to enhance their understanding of environmental issues.

- Principle 3: Fostering diverse values and teamwork

We strengthen teamwork by recognizing the value of a diverse workforce and creating synergies between individuals and our organization.

a) We will instill in our employees, and practice, the ideals of our Management Philosophy.
b) We will put Epson in the best position by hiring a diverse workforce and utilizing their unique skills effectively.
c) We will respect the individuality of employees and maintain relationships between the company and employees based on trust.
d) We will develop our employees by creating systems that allow individuals to utilize their skills effectively.
e) We will create a culture in which employees take pride in their work, work with confidence and actively promote teamwork.

- Principle 4: Creating a safe, healthy, and fair work environment in which human rights are respected

We respect basic human rights and create a cheerful, safe, healthy, and fair work environment that is free of discrimination.

a) We will not tolerate any violation of human rights.
b) We will not engage child labor or forced labor.
c) We will promptly take corrective action against undesirable behavior including any harassment, violence, devaluation of the individual or any behavior resulting in loss of trust.
d) We will eliminate any forms of discrimination against gender, nationality, religion, race and disability.
e) We will support employees by facilitating a proper work-life balance.
f) We will adhere to and maintain the proper health and safety standards at all sites around the world.
g) We will implement programs that support the mental and physical wellbeing of our employees.
h) We will establish practices that create a fair and open work environment and build a corporate culture that values individuals' rights and that facilitates equal opportunities for all.

- Principle 5: Ensuring effective governance and compliance

We institute effective corporate governance and internal controls, and we observe laws, regulations, and other rules and maintain the highest ethics in all activities.

a) We will establish and maintain an effective system which governs our corporate entities and internal controls to ensure that management is transparent, fair, agile, and decisive.
b) We will implement systems of compliance to ensure that we observe and respect all applicable laws and regulations, internal rules, and business ethics.
c) We will not tolerate any form of bribery, corruption, dishonest marketing, cartels, or insider trading. We will conduct all transactions in accordance with these principles, promoting fair and open competition in the marketplace.
d) We will maintain a good, mutually cooperative relationship with governments and their administrative bodies.
e) We will not involve ourselves in or have contact with any anti-social movement or group that promotes activities that are illegal or threatening to public order and safety.
f) We will employ best practices in risk management to prevent risks from materializing and minimize impact in cases where they do materialize.

- Principle 6: Ensuring the security of people, assets, and information

We protect the safety and security of people and company assets, and we exercise strict care in the management of all information.

a) We will establish and maintain systems to ensure the safety and security of Epson personnel, as well as visitors or contractors on our premises.
b) 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.
c) We will take reasonable and necessary precautions to protect the confidentiality of proprietary business information including the privacy of customers, employees and other stakeholders.
d) We will only use our company assets (all forms stated above) for appropriate business purposes. Unauthorized use will not be tolerated.

- Principle 7: Working with business partners for mutual benefit

We seek to maintain mutually beneficial relationships with our suppliers, sales channels, collaborators, and other business partners, whom we ask to live up to the highest standards of ethical conduct while respecting their autonomy and independence.

a) Acts of bribery and collusion with business partners are strictly forbidden. We will engage in sound business practices and demand that our business partners adhere to a zero-tolerance policy regarding illegal and unethical business practices.
b) We will hold our business partners to the same strict standards that Epson upholds, with regard to compliance with laws and maintenance of human rights, suitable labor conditions, the environment, ethics, quality, and information security. Epson will support improvements to any of these areas as needed.
c) We will develop and maintain open relationships with our business partners and work with them to increase the competitiveness of the entire supply chain, based on mutual trust and for our mutual benefit.

- Principle 8: Prospering with the Community

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

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

- Principle 9: Initiating honest dialogue with our stakeholders

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

a) We will respect other cultures and traditions while striving to engage in principled, ethical communication.
b) We will communicate openly and honestly with our stakeholders, and will establish appropriate systems for the disclosure of information.
c) We will utilize appropriate and useful tools to communicate information to our stakeholders.
d) We will provide opportunities and establish appropriate systems to engage in dialogue with stakeholders.
e) We will utilize the opinions and suggestions of our stakeholders as a vital resource for corporate management.

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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