EPSON

EXCEED YOUR VISION

Epson Group

Sustainability Report 2020

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.

Contents

Reporting Period

April 2019 to March 2020

Note: Contains some information on activities conducted after April 2020.

Scope

This report describes the sustainability efforts of Seiko Epson Corporation and 85 Group companies. The scope of environmental reporting, however, covers Seiko Epson Corporation, and 54 Group companies (representing 95% of revenue).

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

Guidelines

This report has been prepared in accordance with the Core option of the GRI[1] Standards 2020. ISO 26000: 2010/ JIS Z 26000: 2012 (Guidance on social responsibility) was used as a reference.

WEB GRI Standards and ISO 26000 comparison (GRI content index)
https://global.epson.com/SR/gri/

[1] The Global Reporting Initiative, an NGO established in 1997 that drafts and promotes international guidelines for sustainability reporting.

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.

Date of Report Publication

September 30, 2020 (previous report: October 3, 2019)

About the Cover Design

The rings and the grid are used as design elements that represent innovation and order and discipline, respectively. The illustration represents the four areas of innovation under the Epson 25 Corporate Vision where Epson has been exercising discipline for many years to compete and make rapid advances so that it can delight customers by exceeding their expectations.

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.

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.

Information has been reported in accordance with the Core option of the GRI Standards 2020. 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.

	booklet	Web
IR information	• Annual Report (PDF)	
		• Investor Relations https://global.epson.com/IR/
	• Integrated Report (PDF)	
CSR information	• Sustainability Report (PDF)	• Social Responsibility https://global.epson.com/SR/
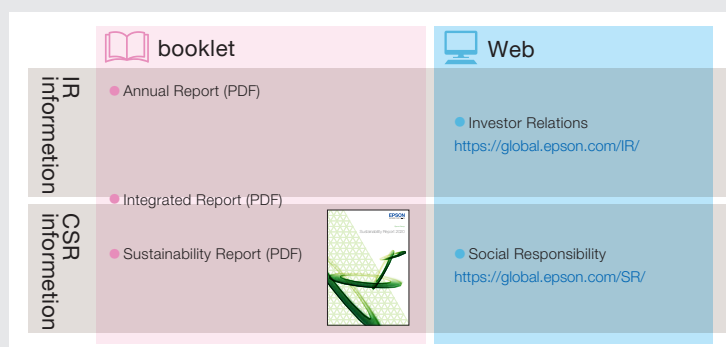
Group Outline

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)

1,043.6 billion
(FY2019)

Number of employees

Epson Group (consolidated): **75,608**

Parent company: **12,813**

(as of March 31, 2020)

Group companies

85
(includes parent company)

Japan: **18**, Overseas: **67**

(as of March 31, 2020)

■ Sales revenue by region

Asia/Oceania **27**%

Japan **24**%

Europe **21**%

The Americas **28**%

Revenue ¥**1,043.6** billion (FY2019)

■ Employees by region (consolidated)

Asia/Oceania **67**%

Japan **26**%

The Americas **4**%

Europe **3**%

Employees by region (consolidated) **75,608** (as of March 31, 2020)
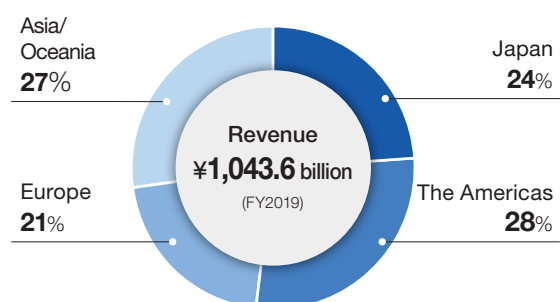
FY2019 Business Overview by Segment

Consolidated Revenue ¥**1,043.6** billion   Business profit ¥**40.8** 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.

Percentage of revenue **67.8** %

Revenue	¥**708.6**	billion
Segment profit	¥**75.6**	billion

Printers, scanners, office papermaking system, others
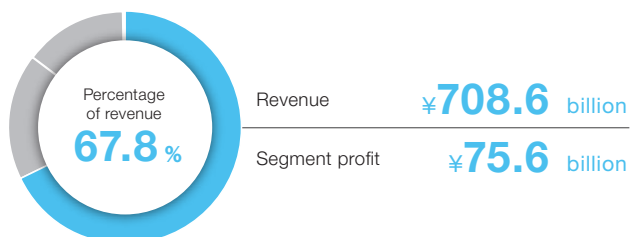
Visual Communications
Business segment

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.

Percentage of revenue **17.5** %

Revenue	¥**183.3**	billion
Segment profit	¥**13.5**	billion

Projectors, smart glasses, others
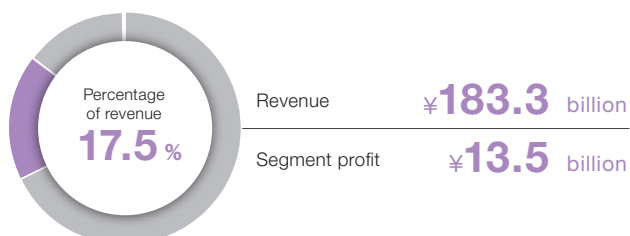
Wearable & Industrial Products
Business segment

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.

Percentage of revenue **14.6** %

Revenue	¥**152.9**	billion
Segment profit	¥**1.8**	billion

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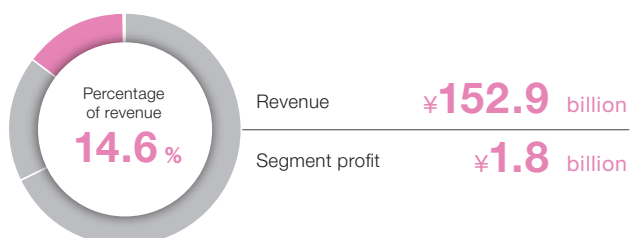
* Consolidated total sales exclude intersegment sales
* Segment sales include intersegment sales
* Business profit and segment profit are very similar to operating income under Japanese accounting standards (J-GAAP), both conceptually and numerically. Epson began using business profit as an indicator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

Top Message - To Our Stakeholders -

Contributing to Sustainability

One of the global issues we face is climate change. Epson is responding to this challenge as proactively as it has always addressed environmental issues. Since its founding in 1942, Epson has been committed to protecting Lake Suwa, a large body of water a stone's throw from the global headquarters, from pollution. In 1988, Epson became the first company in the world to announce that it would eliminate the use of ozone-depleting CFCs. The fact that we successfully phased out CFCs from Epson's cleaning processes in Japan by 1992 and around the world the following year is one example of the spirit of creativity and challenge that is a hallmark of Epson's corporate culture. In 2019, Epson declared its support for TCFD recommendations because we see our response to climate change as being as critical to the management of our business as our response to the business and economic imperatives.

Epson's roots are in watch manufacturing, and we still draw our strength from the efficient, compact, and precision technologies cultivated in this field. These technologies enable us to save energy and reduce the size of goods we produce while increasing their accuracy and precision. The inkjet printers, projectors, sensing devices, robots and other products that these technologies have yielded demonstrate Epson's outstanding development and technological capabilities and have been very well-received by the market.

Epson has identified "advancing the frontiers of industry" and "achieving sustainability in a circular economy" as materiality items of our value creation story and is currently working to deliver products and services that contribute to sustainability. We help our customers increase their work and production efficiency while they shrink their environmental footprint by delivering value in the form of innovative products. Our linehead inkjet printers, for example, employ heat-free piezo inkjet technology that makes them far more energy efficient than the laser printers that currently dominate the office market. Our office papermaking systems, moreover, use dry fiber technology to recycle and produce paper in a process that is virtually water-free. We are collaborating with business partners and embracing open innovation as means to create new markets. We are looking to respond more rapidly to the needs of more customers by cooperating with those who share our aspirations of using Epson's technologies to create new products and services that are environmentally conscious and support higher productivity and a better working environment.

In 2004, Epson became a signatory to the U.N. Global Compact, which sets forth 10 basic principles in the areas of human rights, labor, environment, and anti-corruption. In 2018, we declared our commitment to achieving the SDGs. In 2019, Epson joined the Responsible Business Alliance (RBA), a global coalition dedicated to corporate social responsibility (CSR) in global supply chains, and we have been promoting sustainability in our own supply chain. Our goal of making Epson an indispensable company is enshrined in the Epson Group Management Philosophy. We seek to achieve this, as our "Exceed Your Vision" tagline suggests, by creating and providing value that exceeds the expectations of our customers and society. We at Epson will work as one to further advance the technologies that will make our products and services more efficient, compact, and precise so that we may contribute to solving problems throughout our value chain and help to realize a sustainable world.

Yasunori Ogawa
President and CEO
Seiko Epson Corporation

Value Creation Story

Epson seeks to create new value by leveraging the efficient, compact, and precision technologies that are in its DNA.

Societal issues

- Climate change and resource depletion
- Heightened expectations for sustainable practices
- Increased productivity & preservation of artisanal skills
- Response to lifestyle diversification
- Widening of regional disparities
- Dangerous and harsh working environments

Input

Technology assets

Efficient, Compact, and Precision Technologies

省 Sho Efficient
精 Sei Precision
小 Sho Compact

- Micro Piezo
- Dry fiber technology
- Microdisplay
- Sensing
- Robotics
- Semiconductors and crystal devices
- Ultra-precision processing technology

Types of capital
(current as of March 31, 2020)

Financial
Total assets
¥1,040.9 billion
Financial capital A rating (R&I)

Manufacturing
Balance of property, plant and equipment, and intangible assets
¥389.5 billion

Intellectual
Number of inkjet printer patents filed and laid open to the public in Japan and the U.S.
Intellectual capital No. 1 [*1]

Human
Total employees
75,608

Social and relationship
Companies in the Epson Group
85 (including Seiko Epson Corp.)
(18 companies in Japan and 67 overseas)

Natural
Limited natural resources (e.g., energy & materials)

Materiality

Advance the frontiers of industry

Achieve sustainability in a circular economy

- Improve the quality of products and services
- Strengthen supply chain management
- Respect human rights and promote diversity
- Strengthen governance

Value creation strategy

Open innovation

- Inkjet innovation
- Visual innovation
- Wearables innovation
- Robotics innovation

Microdevices
Supporting the four areas of innovation

Value creation infrastructure

*1 The 2019 calendar year ranking in number of patents laid open to the public per Epson research

Please see this page as a content which is coupled with the next page.

2050 Environmental Vision 2050

2030 SDGs

2025 Epson 25 Corporate Vision

Value proposition	Outputs	Outcome

Inkjet-based solutions for improving productivity and saving energy and resources

Dry fiber technology-based solutions for in-office resource recycling

Projection technology for amazing visual experiences and easy visual communications

Unique wearables that are a pleasure to wear

Collaborative and smart robotic solutions that serve people

Device technologies that enable smart communities

Expansion of the office market
- Inkjet printers
- Office papermaking systems
- Projectors
- Scanners

Expansion of the commercial and industrial markets
- Commercial and industrial printers
- High brightness projectors
- Robots

Reinforcement of the consumer market
- Wearable products
- Smart glasses
- Inkjet printers

FY2025 financial objectives

Revenue

¥1,700 billion

Business Profit*²

¥200 billion

ROS*³
12%

ROE*⁴
15%

*Assumed exchange rates: ¥115/USD & ¥125/EUR

Achieving a sustainable society

Indispensable company

*² Business profit is 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).

*³ Business profit/revenue

*⁴ Profit for the period attributable to owners of the parent company/Beginning and ending balance average equity attributable to owners of the parent company

Output example

Transforming the office environment
- Higher productivity
- Lower environmental impact
- Advanced communication

Transforming the production floor
- Higher productivity
- Lower environmental impact
- Improved work environment

Feature Article Contributing to Sustainability

Transforming the Office Environment

Epson's products and services will transform offices in a variety of ways, including by enhancing productivity and communication, reducing long working hours, supporting flexible work arrangements, and saving energy and paper resources.

Example 1

Extending the Office for Smoother Communication

Societal Issues & Needs

To address societal issues, we must bring together a more diverse range of ideas and rapidly create new value. Meanwhile, as globalization progresses, people want tools that allow them to better communicate without time and distance constraints.
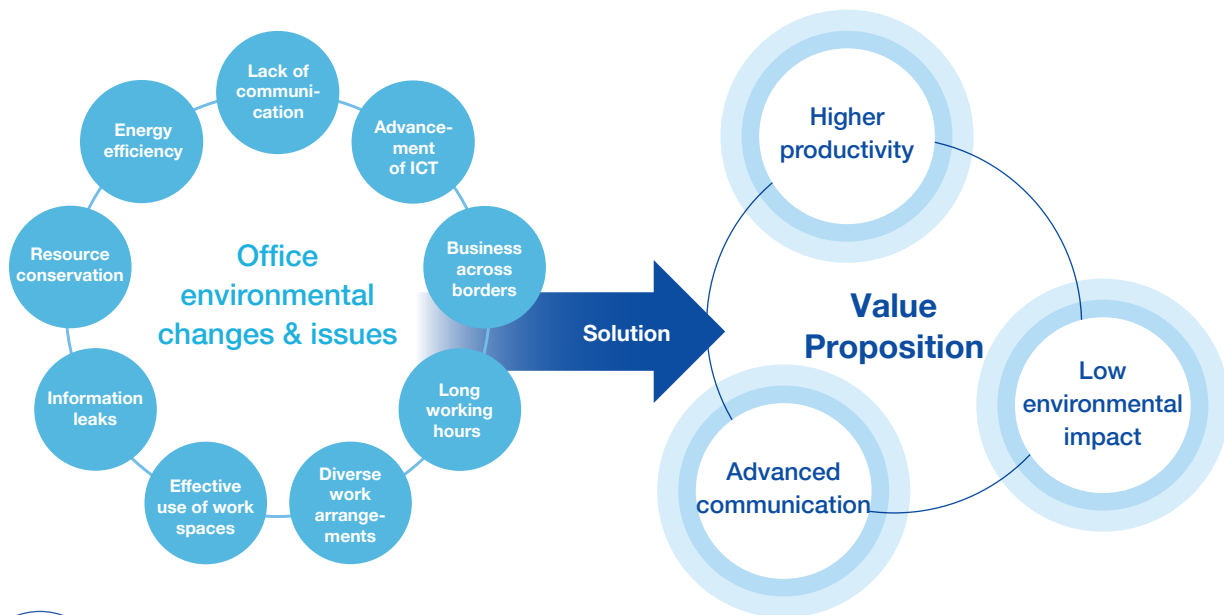
Projector solutions

POINT 1 Use a laser light source to project bright, sharp images even in well-lit offices

POINT 2 Project large images with ultra-short-throw lens projectors to use limited space with maximum efficiency

POINT 3 Use interactive features to share and notate projected documents and images

Value Proposition

❯ **Foster a sense of unity with face-to-face communication**

❯ **Speed up information sharing and increase productivity**

❯ **Minimize wasteful travel, reduce CO_2, and save time**

Projector

Camera
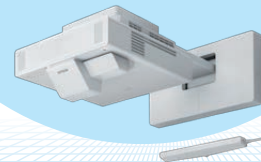
Remote locations are kept connected by projectors that create an extended office, as in this example from Epson.

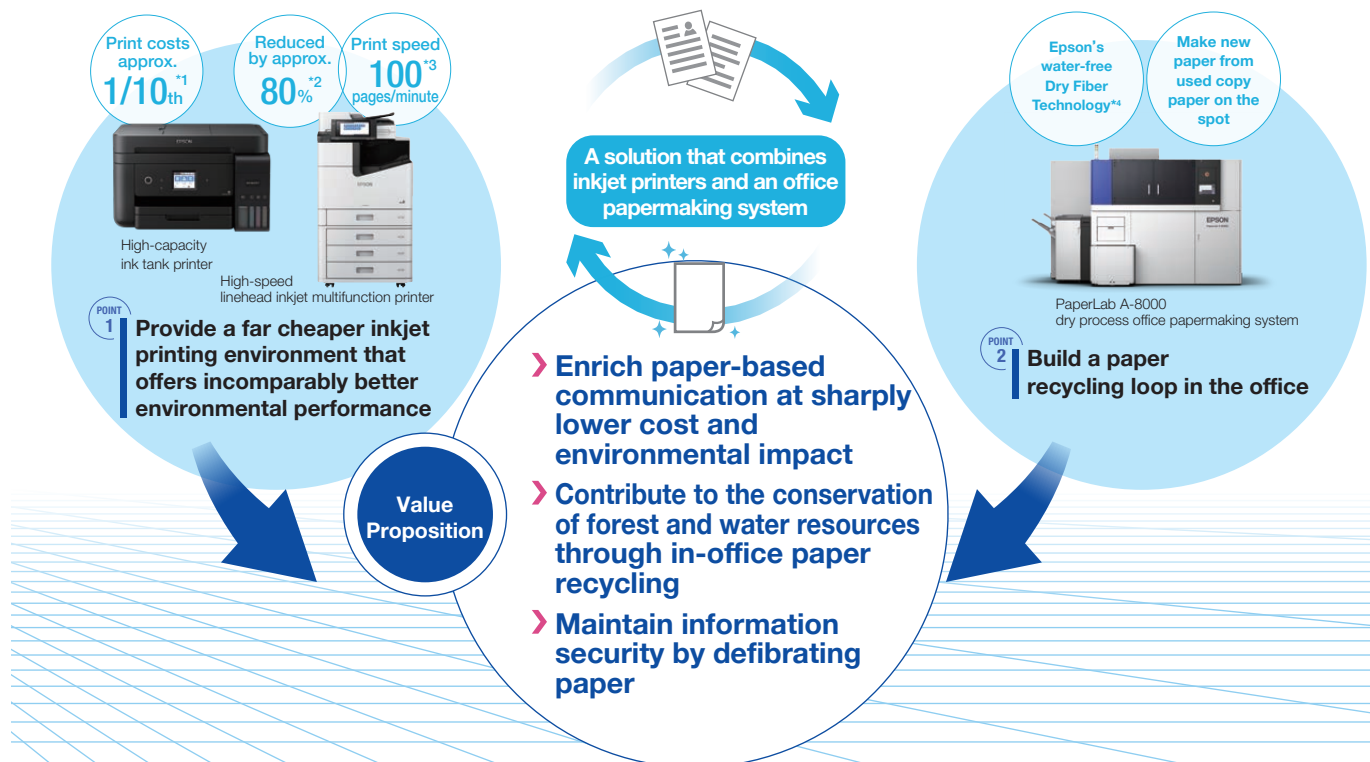* Requires a linkup with a third-party communication system.

Please see this page as a content which is coupled with the next page.

Office environmental changes & issues: Lack of communication, Advancement of ICT, Business across borders, Long working hours, Diverse work arrangements, Effective use of work spaces, Information leaks, Resource conservation, Energy efficiency

Solution →

Value Proposition: Higher productivity, Low environmental impact, Advanced communication

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Example **2**

Facilitating Enriched Paper-Based Communication

Societal Issues & Needs

Paperless processes are being adopted primarily due to cost and environmental concerns, but there is also concern that paperless processes can hamper productivity. Paper-based information can boost productivity by providing a fuller view of information that is easier to read and understand. These advantages underpin the still-firm demand for an office environment that allows people to print efficiently and without hesitation.

Print costs approx. **1/10th** [1]

Reduced by approx. **80%** [2]

Print speed **100** pages/minute [3]

High-capacity ink tank printer

High-speed linehead inkjet multifunction printer

A solution that combines inkjet printers and an office papermaking system

Epson's water-free Dry Fiber Technology [4]

Make new paper from used copy paper on the spot

PaperLab A-8000 dry process office papermaking system

POINT 1 Provide a far cheaper inkjet printing environment that offers incomparably better environmental performance

POINT 2 Build a paper recycling loop in the office

Value Proposition

❯ Enrich paper-based communication at sharply lower cost and environmental impact

❯ Contribute to the conservation of forest and water resources through in-office paper recycling

❯ Maintain information security by defibrating paper

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*1 Comparison of A4 sheet printing costs between an EW-M670FT high-capacity ink tank printer and an Epson laser printer

*2 Testing was commissioned by Epson and conducted by Keypoint Intelligence. Epson selected four competitor's models from worldwide top four best-selling vendor** in the 45-69 ppm color laser multi-function printer class. Epson WorkForce Enterprise WF-C20600 D4TW with 60 ppm. Devices were tested in default mode as per Keypoint Intelligence's proprietary standard energy consumption test methods. Calculations were based on a weekday workload of 2 x 4 hours printing + 16 hours in sleep/standby mode, and weekend energy use of 48 hours in sleep/standby mode. A total of 69 pages of workload test pattern using DOC, XLS, PPT, HTML, PDF files and Outlook email messages were printed six times in each four-hour printing period. ** Source: IDC's Worldwide Quarterly Hardcopy Peripherals Tracker 2020Q2, Units Share by Company

*3 Print speed of a WF-C21000 high-speed linehead inkjet multifunction printer. A4, landscape, single-side printing. Print speeds are measured in accordance with ISO/IEC 24734. Actual print times will vary based on system configuration, software, and page complexity.

*4 Some water is used to maintain humidity inside the system.

Transforming the Production Floor

Production is changing. There are labor and skilled worker shortages, a diversification of needs, and heightened environmental awareness. We are transforming the production floor by raising productivity and lowering environmental impacts.

Example 1

Lower the Barriers to Robot Use and Accelerate the Automation of Human-Dependent Processes

Societal Issues & Needs

There is a serious manufacturing labor shortage largely due to rising income levels in emerging economies and aging populations in advanced economies. Production is increasingly being automated with robots, but space can be an issue, as can the difficulty of automating some processes, so most manufacturers still must rely on human intervention. Automation is also impeded by a scarcity of skilled installers.

Robotic solutions

POINT 1 Provide compact robots that can work in the same space as humans without changing production lines

POINT 2 Provide force sensors that give robots human-like touch

POINT 3 Use image processing to enable numeric sensory testing
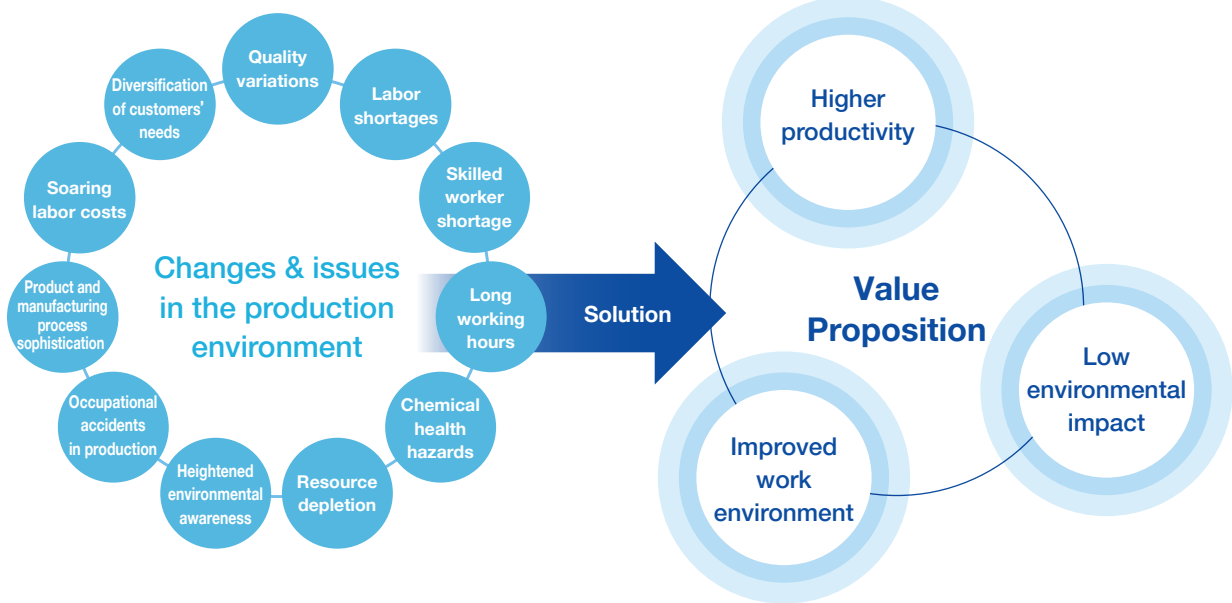
POINT 4 Enable easy teaching

Force sensor
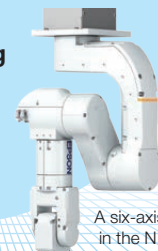
A six-axis robot in the N series

Value Proposition

> **Offer easy installation in existing production lines**

> **Automate processes that relied on human touch and sight**

> **Ensure stable and continuous factory operation by automating production lines**

> **Provide a safe and reassuring working environment.**

See a movie demonstration.
https://www.youtube.com/watch?v=4QUefX9EzWY
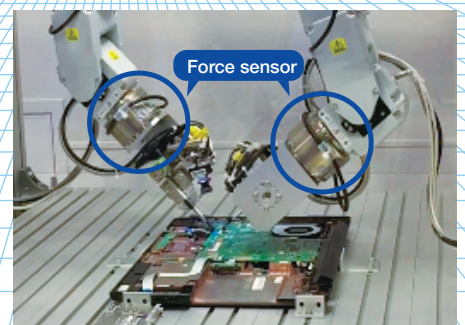
Force sensor

Combine robots and force sensors to automate cable insertion tasks that used to rely on humans.

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Changes & issues in the production environment

- Quality variations
- Labor shortages
- Skilled worker shortage
- Long working hours
- Chemical health hazards
- Resource depletion
- Heightened environmental awareness
- Occupational accidents in production
- Product and manufacturing process sophistication
- Soaring labor costs
- Diversification of customers' needs

Solution →

Value Proposition

- Higher productivity
- Low environmental impact
- Improved work environment

Example 2

Achieving Low-Resource, High-Efficiency Processes

Societal Issues & Needs

The world is transitioning from mass production and mass consumption to short-run production to respond to the diversification of customers' needs and environmental issues.

Value Proposition

- ❯ **Adapt flexibly to demand fluctuations and achieve rapid turnarounds, reducing dead stock and disposal losses**
- ❯ **Reduce waste ink and water used for washing printing plates**
- ❯ **Reduce space for storing plates and work in process**
- ❯ **Offer a clean and safe printing environment**

Digital printing solutions

POINT 1 **Respond to small-lot production without printing plates**

POINT 2 **Involve fewer processes and no ink mixing**

POINT 3 **Reduce waste ink, and eliminate washing water as there are no plates**

POINT 4 **Need less frequent contact with chemicals**

Digital inkjet textile printers

SDG 6 CLEAN WATER AND SANITATION · SDG 7 AFFORDABLE AND CLEAN ENERGY · SDG 8 DECENT WORK AND ECONOMIC GROWTH · SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

■ Comparison of Analog and Digital Textile Printing Processes

Analog textile printing	Digital textile printing
Image layout	Pre-processing
Printing plate making	Image layout
Ink mixing	Sample printing
Sample printing	Mass printing
Plate washing & storage	Post-processing
Mass production ink making	
Mass printing	
Plate washing & storage	
Disposal of unneeded ink	
Post-processing	

Analog: 1.5 to 2 months

Digital: 3 days to 2 weeks

Complex work process / Substantial waste

Fewer steps / Low environmental impact

Response to the Coronavirus Pandemic

Basic Response Policy & Safeguards

Immediately after infections from a new coronavirus became news, the Epson Group invoked the Crisis Management Committee and formulated the basic response policy shown on the right. Since then, we have been gathering all available information and implementing measures to combat the spread of COVID-19.

In June 2020, the actions we had taken up to that point were reviewed at a committee meeting attended by members of executive management and areas where improvements were needed were identified. The committee resolved to continue to monitor the state of infections around the globe while putting preparations in place to respond immediately in the event of a worsening of the crisis.

We will continue to collect information from various sources and take action as needed in accordance with the basic response policy.

Basic response policy	The Epson Group's top priority is to ensure the health and safety of our employees, customers, and other stakeholders and to try to slow the spread of infection in accordance with local and national government policies.
Group employee conduct	Epson advises employees to take steps to protect themselves and others, such as washing their hands, covering their cough, and performing health checks before coming to work. Employees are instructed to stay home if they have a fever or cold symptoms. Measures are in place in office buildings, meeting rooms, and employee cafeterias to enable people to maintain social distance. Seating has been rearranged, restrictions have been placed on meeting room capacity, and employees are encouraged to telecommute. In addition, business travel is restricted or prohibited, depending on the region and infections, so employees are using alternative means such as virtual meetings via video conferencing and teleconferencing.
Introducing new work arrangements	To help ensure that the company can operate stably long-term in the face of COVID-19, Epson has installed and improved its network environment and conferencing software to allow more employees to work from home. In the future, more work-from-home and remote work options will be made available by putting in place additional IT infrastructure. On the other hand, these actions were taken as part of our emergency response and we recognize that there are wrinkles that need to be ironed out. There are both advantages and disadvantages to working from home, and new and existing systems and rules need to be created and coordinated. Epson will explore potential new work arrangements, taking into account feedback from an employee survey.

Production Site Operations and Community Engagement

Epson's production and sales sites were largely hamstrung by COVID-19.

Most of Epson's largest production sites are located in China, the Philippines, Indonesia, and Malaysia. In China, production gradually recovered from late February as restrictions on movement were relaxed. Production in the other regions gradually returned to normal, but we need to continue to pay close attention to the situation. Business continuity management (BCM) issues became apparent as we struggled to restore normal production, but we have already rectified the situation for some products by utilizing external resources, for example. In addition, Epson is committed to supporting the social lives and businesses of its customers and has therefore prioritized the production of printer ink, which it is producing in or near the markets where it is consumed. Epson manufacturing and sales sites around the world supported medical institutions and took other actions to help contain the effects of COVID-19 in their communities.

> **WEB** Link: Response to the Coronavirus Pandemic Around the World
> https://global.epson.com/SR/citizenship/community.html

Production site operations

- China → Operations gradually restored from late Feb.
- Philippines
- Indonesia → Gradually returned to normal
- Malaysia

Actions under the BCM plan

Expand multi-site & decentralized production for strategic products and accelerate advances in manufacturing efficiency and automation.

Production is already assured for some products through the use of external resources

Corporate Citizenship

Seiko Epson donated 5,600 face shields and 100,000 surgical masks to Nagano Prefecture for use at medical institutions treating COVID-19 patients. We also donated 5,000 face shields to the Nagano Prefecture Board of Education for use at schools to help prevent infection by COVID-19.

Seiko Epson also manufactured employee masks from functional fibers by applying the Dry Fiber Technology that is used in the PaperLab A-8000 dry process office papermaking system. With the manufacture of these masks, the company was able to donate extra surgical masks that we were in stock as part of Epson's business continuity plan (BCP).

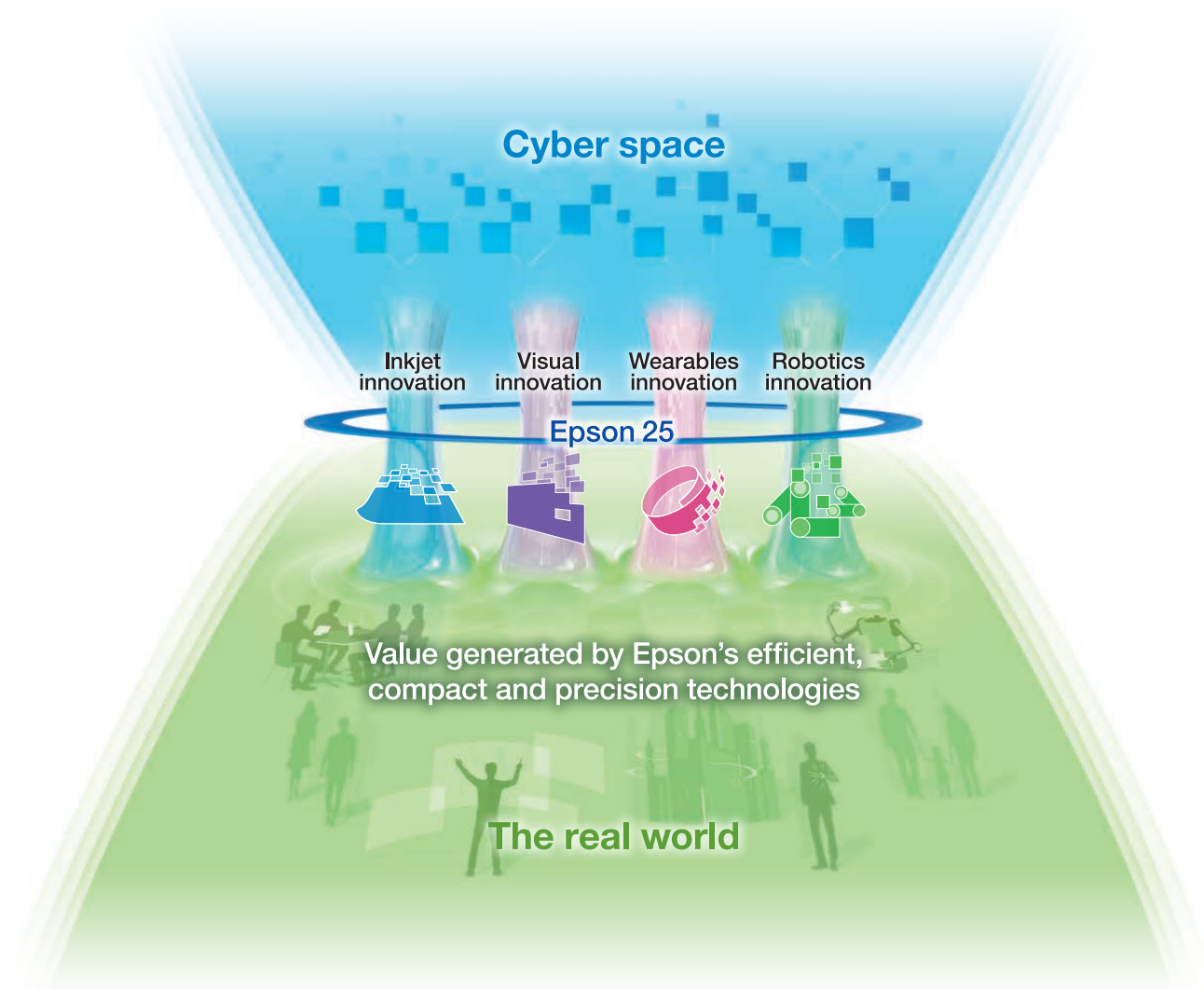Face shields

Employee masks

Business Vision

Epson 25 Corporate Vision

In March 2016, Epson established the Epson 25 Corporate Vision, a strategic plan that will guide company growth out to the year 2025.
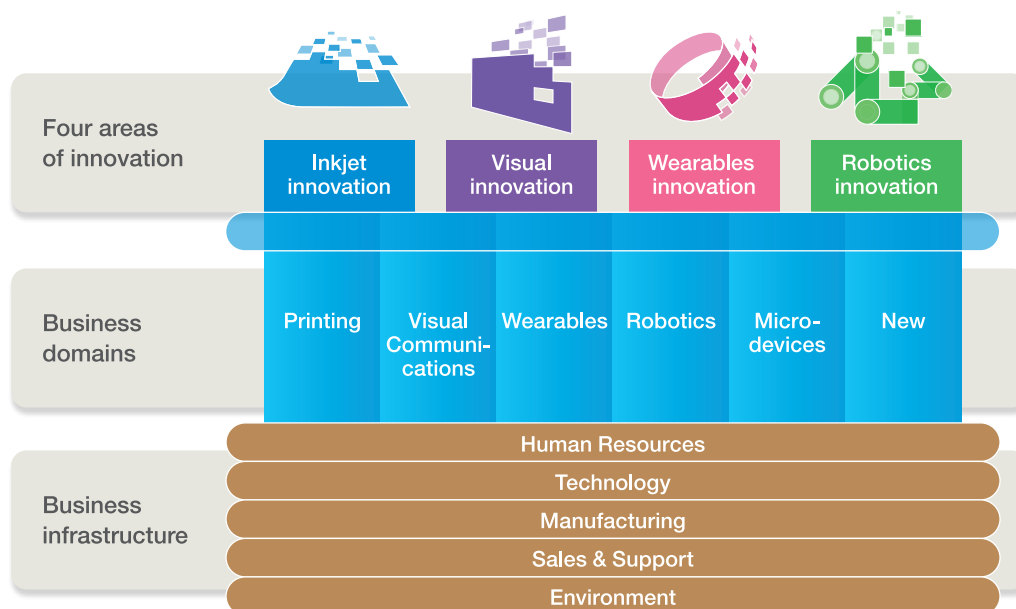
Vision statement

> **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 by leveraging its efficient, compact and precision technologies to drive innovation in four areas.

Cyber space

Inkjet innovation Visual innovation Wearables innovation Robotics innovation

Epson 25

Value generated by Epson's efficient, compact and precision technologies

The real world

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	Visual innovation	Wearables innovation	Robotics innovation
Four areas of innovation				

Business domains	Printing	Visual Communi-cations	Wearables	Robotics	Micro-devices	New

Business infrastructure	Human Resources
	Technology
	Manufacturing
	Sales & Support
	Environment

Printing domain

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

Inkjet 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.

Visual innovation

Wearables domain

Leverage our watchmaking heritage, refine leading technology, and offer a sense of status and fashion.

Wearables 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.

Robotics innovation

Microdevices domain: Supporting the Four Areas of Innovation

Microdevices

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

Mid-Range Business Plan

Objectives (FY2019-2021)

The Epson 25 Corporate Vision is divided into three phases, and a mid-range business plan is established for each.

Under the Phase 2 Mid-Range Business Plan, Epson will take steps to respond as needed to environmental changes and to speed up execution in order to capitalize on the robust infrastructure put in place during Phase 1. Phase 2 is designated as a period for transforming business operations to achieve high profitability, putting Epson in a position to establish a high profit structure in Phase 3.

Stable revenue growth

FY2016-2018	FY2019-2021	FY2022-2025
First phase	Second phase	Third phase
● Prepare foundation & products	● Transform business operations to achieve high profitability	● Establish a high profit structure

FY2025 targets

Revenue	¥1,700.0 billion	ROS	12%
Business profit	¥ 200.0 billion	ROE	15%

Assumed rates: ¥115/USD, ¥125/EUR

Basic Policies (FY2019-2021)

Continue to commit to the goals of Epson 25, and transform business operations to achieve high profitability by managing priorities in responding to social issues and environmental changes

Accelerate growth by taking maximum advantage of assets and through collaboration and open innovation

- Strengthen solution selling business
- Rapidly strengthen product lineups, including through collaboration
- Strengthen external sales of core devices and open innovation
- Invest management resources in robotics to accelerate its growth into a core business

Strengthen global sales company functions under Head Office control

- Select and focus on priority business areas and regions
- Improve the organization and allocate personnel to strengthen B2B solution selling
- Strengthen company-wide integrated IT infrastructure

Invest management resources in a disciplined manner according to the economic environment and strategy effectiveness

- Rebuild product portfolios based on priorities
- Strengthen financial discipline

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 261 of "Appendices")

Management Philosophy, Principles of Corporate Behavior, and CSR Activity

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 262 of "Appendices")

CSR Guided by International Standards

At Epson, we have closely aligned our Principles of Corporate Behavior with internationally recognized standards to help ensure that we serve the role that society expects of us. Epson also understands and respects the laws and regulations in the countries and regions in which it operates.

- The United Nations Global Compact
- The OECD Guidelines for Multinational Enterprises
- The Keidanren Charter of Corporate Behavior
- ISO 26000
- The Sustainable Development Goals (SDGs)
- The RBA Code of Conduct
- ILO Core Labour Standards

Key CSR Themes

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" matrix.

Key CSR Theme Matrix

Importance from Epson's Perspective →

Importance from a Societal Perspective ↑

Management Philosophy

Principles of Corporate Behavior

	Middle	High
	● Effective use of energy and resources ● Climate change and global warming ● Respect for human rights ● Consumer health and safety	● Creating new products and services with advanced technology ● Contributing to the environment through products and services ● Information security
● Awareness-raising and consumer education ● Control of water and drainage ● Universal design	● Corporate governance ● Communication with stakeholders ● Community contributions and engagement ● Labor conditions and work environment ● Occupational health and safety ● Transparent disclosure	● Business operations aligned with global social trends ● Productivity improvement utilizing ICT ● Product competitiveness ● Strategic marketing ● Compliance ● Diversity ● Human resources development, hiring, and retention ● Product quality and communications ● Supply chain management
● Resource recycling ● Biodiversity conservation ● Air pollution		● Risk management (including BCP)

Social trends affecting Epson

| Corporate governance | Human rights | Labor practices | Environment | Fair business practices | Consumer affairs | Community engagement |

Social trends, social norms

| GRI | SASB | ISO 26000 | SDGs | RBA code of conduct |

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 identified 466 potential key themes in select areas*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 Select areas

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	• RBA Code of Conduct	• GRI • SASB • ISO 26000 • 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.

CSR Organization

Epson's Sustainability Promotion 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 CSR Management Office was renamed the Sustainability Promotion Office in April 2020, and CSR and CSV activities are consolidated under it to accelerate the achievement of social sustainability while also achieving business growth by solving social issues.

CSR Organization

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 and appeals its findings to the CSR Executive Council. Sustainability Promotion Office serves as the secretariat for the CSR Executive Council and the CSR management committee.

Under the control of the CSV/CSR Director, the Sustainability Promotion Office and the CSR Management Committee are responsible for the execution of business related to CSR activities.
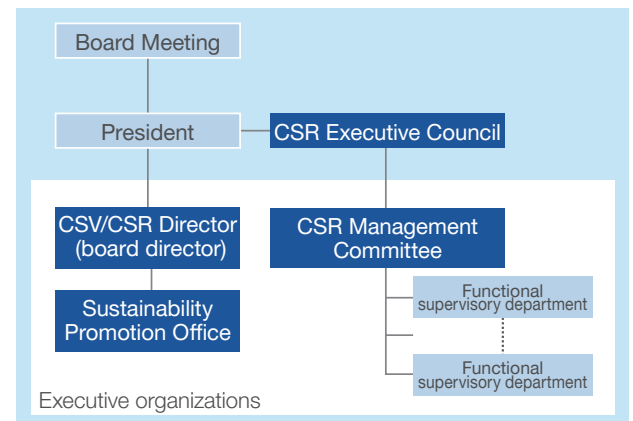
Key CSR Themes

FY2019 Action Items, Achievements and Results

Epson has identified 29 key CSR themes. Below we have listed the 16 themes that we consider to be the most important for society and for Epson. We have indicated our FY2019 action items for each of these, as well as our achievements and results.

1. Materiality: Advance the Frontiers of Industry

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Business operations aligned with global social trends	• Strengthen global operations under Head Office control
	• Enhance public disclosures, including about SDGs and other non-financial information, and strengthen dialogue
		• Strengthened global operations under Head Office control
		  • Continued promoting the Global Business Infrastructure Innovation Project
		    • Completed the operation conceptualization and planning phase for creating Group-unified IT systems
		• Invested management resources in a disciplined manner according to the economic environment and strategy effectiveness
		  • Re-examined the product portfolio and invested management resources in strategic areas
		• Publicly announced approval of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
		• Received a score of 4.0 in a FTSE general evaluation, an MSCI ESG rating of A, and a Gold rating by EcoVadis for non-financial information disclosures; achieved compliance with the core GRI standard
		
		Response to the COVID-19
		• Started manufacturing surgical masks by applying Epson's unique Dry Fiber Technology
		• Crisis response operations
		  • Secured stable financing (with a committed credit line, etc.)
		  • Estimated production delay and recovery schedule at production sites, and quickly found alternative suppliers and production sites	

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Creating new products and services with leading technology	• Accelerate growth by engaging in collaboration and open innovation
	• Strengthen the solution selling business
	• Rapidly strengthen product lineups, including through collaboration
	• Strengthen external sales businesses using core devices, and actively encourage open innovation
	• Invest management resources in robotics to accelerate its growth into a core business
		• Accelerated collaboration and open innovation
		  • Invested in and started collaborating with Elephantech (IJ innovation), Cross Compass (AI technology), 4D Sensor (sensing technology) and other venture companies
		  • Opened Epson Square in Tokyo and the Textile Solution Center Asia and Inkjet Innovation Lab at the Fujimi Plant to increase customer touch points
		• Strengthened the core device sales business and open innovation using core devices
		  • Strengthened external sales of inkjet printheads
		    • Studied the possibility of creating flexible PCBs and other structures by ejecting metals
		  • Opened the Epson Connect cloud service to third-party developers and began exploring the creation of new printing services
		• Strengthened the solution selling business
		  • Launched new subscription-based printing services in Europe
		• Built circular manufacturing infrastructure
		  • Created material products for 3D molding using metal powders refined from waste steel at Epson Atmix
		  • Started a paper recycling project with PaperLab office papermaking systems that use Dry Fiber Technology. [Nineteen machines were installed in the Epson Group to demonstrate internal paper recycling. Up to 40% of purchased copier paper was replaced with paper made using PaperLabs (avg. 18%). Ink pads were also created through upcycling (the use of pads was extended to linehead printers, business inkjets, and other new models).]	

Productivity improvement utilizing ICT	• Continuously improve productivity to achieve high quality and high efficiency using sensing and automation technologies that are grounded on Epson's unique manufacturing and IT infrastructures and brought about by the efficient, compact, and precision technologies	• Continued to increase manufacturing efficiency by using machine learning to automate sensory testing of parts, and expanded the area of application • Automated the collection and totaling of manufacturing and quality data by standardizing manufacturing systems and using direct communications with production equipment, and continuously developed an efficient manufacturing management scheme • Increased the use of RFID (Radio Frequency Identification) and introduced an electronic kanban system to save logistics manpower, reduce dwell time, and improve data accuracy • Accelerated an improvement cycle through collaboration between operations divisions and manufacturing sites using centrally managed manufacturing data, strengthened traceability, and advanced quality defect cause analysis	

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Products competitive-ness	• Further improve sites to increase production competitiveness, including by completing construction of a new building at the Hirooka Office	• Built a system that allows us to continuously provide in a timely manner cost-competitive, high-quality products that cannot be easily imitated
		  • Completed construction of a new building (the B Wing of the Innovation Center) in Hirooka and began manufacturing textile printers in it
		  • Built a new wing at Akita Epson and integrated Ugo Plant into it
		
		Response to the COVID-19
		• Crisis response operations
		  • Achieved a quick recovery at sites where operations had stopped and met commitments with production at alternative sites	

Strategic marketing	• Strengthen the global sales strategy and management functions to build BtoB sales organizations
	  • Use high-capacity ink tank printers to accelerate office market penetration
	  • Share knowledge about business printer sales acquired in Japan and Western Europe to North America and other areas
	  • Improve sales sites in the Middle East, Africa, etc.
		• Strengthened global sales strategies and management functions to establish a B2B sales organization
		  • Developed the office market by improving customer convenience and productivity through introduction of subscription programs
		  • Strengthened relationships with business product sales channels and established sales infrastructure in North America to put in place a foundation for providing customers with Epson product value
		  • Established regional management headquarters for the Middle East (in Dubai) and Africa. Strengthened service infrastructure for dealers/distributors and customers by expanding local offices in the region	

2. Materiality: Achieve Sustainability in a Circular Economy

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Contributing to the environment through products and services	• Establish a reduction scenario for achieving a science-based target and implement concrete reduction measures
	  • SBTi approved target (FY2017 is the baseline year)
	    • Reduce scope 3 (categories 1 and 11) GHG emissions as a percentage of business profit by 44% by FY2025
	• Disclose GHG data
	  • Disclose data in the Integrated Report and Sustainability Report (all scopes)
	  • Receive third-party verification of results data and disclose the verification results
	• Calculate and disclose the contribution to the reduction by product
	  • First introduce to inkjet printers
	• Implement a field survey and improvement initiatives to reduce the GHG emissions of the supply chain
		• Established a GHG reduction scenario for achieving a science-based target and implemented concrete reduction measures
		  • Results
		    • Scope 1, 2 emissions: 485,753t-CO_2e (18% reduction vs. FY17)
		    • Scope 3 emissions: 5,780t-CO_2e/100 million yen (Due to a significant decrease in business profit)
		  • Use of renewable energies: 12% (62,000t-CO_2e reduction)
		  • Explore using locally procured electricity (allocate electricity generated at hydroelectric power plants in Nagano prefecture to the annual electricity consumed at the Head Office, Hirooka Office, and Shiojiri Plant)
		• Disclose GHG data
		  • Disclosed data in the Integrated Report and Sustainability Report (all scopes)
		  • Received third-party verification of results data and disclosed the verification results
		• Established a mechanism for deciding environmental investment (internal carbon pricing)
		• Publicly announced approval of Task Force on Climate-related Financial Disclosures (TCFD)
		• Established a framework for issuing green bonds
		• Calculated and disclosed the contribution of products to avoided emissions
		  • Established a method for calculating the contribution of projectors to avoided emissions
		• Surveyed all suppliers with questionnaires and returned the results as feedback
		• Examined resource recycling targets for achieving the Environmental Vision 2050
		• Won the Minister of Economy, Trade and Industry Award at the 29th Global Environment Awards in recognition of Epson's efforts to minimize environmental impact through inkjet innovation	

Effective use of energy and resources	• Establish a reduction scenario for achieving a science-based target and implement concrete reduction measures
	  • SBTi approved target (FY2017 is the baseline year)
	    • Reduce scopes 1 and 2 GHG emissions by 19% by FY2025
	• Disclose GHG data
	  • Disclose data in the Integrated Report and Sustainability Report (all scopes)
	  • Receive third-party verification of results data and disclose the verification results		

Climate change and global warming			

3. Materiality: Improve the Quality of Products and Services

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs
Product quality and communications	• Visiting customers directly to gather and analyze information about their wants and needs, closely examining customer wants by analyzing customer inquiries, using the findings to shape future products and services, and improving quality and customer satisfaction • Continue to combat counterfeiting globally and on Internet shopping sites to help reassure customers that they can buy genuine Epson brand products	• Product planners and design engineers visited customers to learn their wants, analyzed these wants, and used their findings to shape products and maintain and improve product quality **Printing Solutions Business, Example 1** A mechanism was introduced in commercial and industrial large-format inkjet printers to support customers who produce products around the clock. A pair of high-capacity ink packs (main and backup) are provided for each color to prevent printers from being interrupted by running out of ink. **Printing Solutions Business, Example 2** Customers complained that small liquid crystal displays on home and SOHO printers made it difficult to set up Wi-Fi connections and do other operations, so we developed a free Epson Smart Panel application that enables users to easily enter settings and perform operations from their smartphones, which can be used like a remote controller. **Visual Products Business, Example 1** We started selling stylish, portable projectors worldwide to meet the needs of customers who want to casually watch video on a large-screen at home. This market is mainly expanding in China. These projectors are able to receive video streaming services without connecting to other devices. **Visual Products Business, Example 2** After hearing the needs of businesses that rent projectors for large events, we launched the first native 4K Epson projector. This projector meets their needs by providing dust protection, easy installation, and superb image quality in the high-brightness segment. **Robotics Solutions Business, Example 1** A customer wanted to measure subtle color differences that occur among products, but their visual inspection process suffered from variability and defects. To solve this problem, we worked with the customer to understand the inspection principle and developed a spectroscopic camera, which is scheduled for launch in FY2020. The camera quantifies inspection results, enabling the customer to automate and improve the efficiency of their inspection process and prevent variations among the results. It contributed to improving the customer's color inspection quality.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

		Robotics Solutions Business, Example 2
		We discovered that a customer had abandoned its efforts to automate the connection of cables and flexible printed circuits (FPC) in their product assembly process because cables were not being properly inserted and wires were getting bent. We automated the process with a combination of Epson's unique force sensors and high-accuracy six-axis robots, contributing to improved productivity and quality.
		• Continued to combat counterfeiting by exercising our intellectual property rights
		  • Blocked import and export of counterfeit goods at customs
		  • Uncovered and halted the sale of counterfeit goods
		  • Deleted web sites that sell counterfeit goods
		  • Implemented awareness building campaigns about counterfeit goods	

Consumer health and safety	• Further enhance the product safety training curriculum
	  • Conduct industrial machinery risk assessment training
		• Further enhanced the product safety training curriculum
		  • Created product safety training content that includes items related to industrial machinery risk assessments and provided training
		  • Provided functional safety training seminars for industrial machinery on 14 occasions
		• There was one serious product-related incident in FY2019 (abnormal odor and smoke from a desktop PC)
			12 RESPONSIBLE CONSUMPTION AND PRODUCTION

4. Materiality: Strengthen Supply Chain Management

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Supply chain management	• Ask key suppliers to observe the procurement guidelines
	• Survey suppliers using questionnaires
	• Implement supplier on-site verification and take corrective action
	  • A field survey to reduce supply chain GHG emissions and improvement activities, etc.
	• Conduct conflict minerals surveys
	• Establish supplier reporting channels (overseas)
		• Asked key suppliers to observe Epson's Procurement Guidelines
		  • Revised the Epson Group Procurement Guidelines in January in line with the revision of RBA Code of Conduct. Major manufacturing affiliates obtained agreements from their suppliers.
		  • Held sustainable procurement briefings, in which 470 suppliers in Japan participated, and asked them to observe the Procurement Guidelines
		  • Our main sales companies worldwide began asking their suppliers to observe the Procurement Guidelines through web sites notices and other means
		• Requested all suppliers to answer questionnaires (SAQ)
		  • Held supplier conferences in Japan to explain and ask them to complete the questionnaire (SAQ briefings). The briefings were attended by representatives from 145 suppliers in Japan.
			3 GOOD HEALTH AND WELL-BEING
			5 GENDER EQUALITY
			6 CLEAN WATER AND SANITATION
			8 DECENT WORK AND ECONOMIC GROWTH
			10 REDUCED INEQUALITIES
			12 RESPONSIBLE CONSUMPTION AND PRODUCTION
			13 CLIMATE ACTION
			16 PEACE, JUSTICE AND STRONG INSTITUTIONS
			17 PARTNERSHIPS FOR THE GOALS

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

		• Conducted SAQs with 124 indirect material suppliers (e.g., temporary staffing companies, on-site contractors) in Southeast Asia and China
		• Provided about 250 key direct suppliers who were surveyed in FY2018 with feedback on the survey results and drove improvements at seven suppliers found to be high risk
		• Conducted SAQs of direct suppliers in 2020
		  • Asked 250 suppliers in Japan and abroad
		• Supplier on-site verification and corrective action
		  • A third-party audit was conducted at one of the seven suppliers (a Japanese supplier) that was found to be high risk based on the survey results
		  • Outside consulting companies conducted follow-up audits on four overseas suppliers found to be high or medium risk
		• Revised the conflict minerals survey process and asked all 1,200 suppliers (100%) to conduct the survey
		• In-house training
		  • Provided RBA training to procurement personnel (in Japan, Southeast Asia, and China)
		• Established supplier reporting channels (overseas)
		  • Established supplier reporting channels at all overseas manufacturing sites	

5. Materiality: Respect Human Rights and Promote Diversity

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Respecting human rights	• Check and address any issues concerning freely chosen employment of foreign workers
	• Plan and start human rights due diligence related to labor suppliers
		• Checked and addressed issues concerning freely chosen employment of foreign workers
		  • Examined the situation involving the employment of foreign workers at our manufacturing affiliate in Malaysia
		  • Investigated whether there were any major problems, including human rights issues, at our overseas affiliates based on the RBA Code of Conduct and on audit standards (no major problems were found)
		• Planned and started due diligence related to labor suppliers
		  • Studied a system for collaborating with the Production Planning Department (The Production Planning Department plans to perform due diligence related to labor suppliers)
			4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Diversity	• Promote the advancement of women
	  • Implement programs in line with the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children
	• Promote the advancement of non-Japanese employees
	  • Further visualize overseas affiliate talent and promote their development
	• Promote the participation of the elderly
	  • Review and shape a hiring policy by focusing on the extension of the retirement age
	• Promote hiring of persons with disabilities by further introducing PaperLab A-8000 dry process office papermaking systems
		• Advancement of women in the workplace
		  • Took action to increase the number of female senior staff (assistant manager class) and managers
		    • Interviewed candidates and their boss to increase the number of female senior staff and implemented other individual measures (The number of persons who passed the promotion exam increased from the previous year after we accelerated job rotations, revised work responsibilities based on qualifications, increased motivation through interviews)
		    • Provided training in unconscious biases to 100 participants and held discussions
		  • Took action to retain young employees and employees who need to care for ill or elderly family members
		    • Conducted a fact-finding study regarding the retention ratio between male and female employees and identified issues
		    • Created an exit interview questionnaire and used it on a trial basis
		    • Conducted a caregiver seminar (5 days and 285 participants in total)
		• Advancement of foreigners in the workplace
		  • Employed 16 foreign workers in Japan and abroad and held seminars at universities
		  • Acted to develop new sources of foreign talent
		    • Employed four workers using labor agents in the Philippines (facility work)
		    • Joined events for locally hiring workers in Singapore and other areas, and hired two foreigners who resided abroad
		  • Developed a better picture of talent at overseas affiliates and promoted their development
		    • Completed Group-wide grading, identified key personnel based on the grading, and collected information about succession plans and evaluations of potential successors
		• Promote the participation of seniors
		  • Reviewed and shaped a hiring policy by focusing on the extension of the retirement age
		    • Began reviewing hiring policies based on new legal trends, such as requiring companies to make reasonable efforts to secure employment for people until the age of 70
		• Expansion of employment opportunities for persons with disabilities
		  • Created jobs for nine persons with disabilities. Jobs include creating recycled paper and business cards and performing internal printing operations using high-speed linehead inkjet multifunction printers and dry process office papermaking system PaperLabs in upcycle centers
			4 QUALITY EDUCATION
			5 GENDER EQUALITY
			8 DECENT WORK AND ECONOMIC GROWTH
			10 REDUCED INEQUALITIES

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Human resources development, hiring, and retention	• Continue building the talent management system
	  • Monitor the operation of the rotation system
	• Provide career support to young workers
	  • Study lifetime career support training for workers at the age of 30
	• Continue implementing employee motivation surveys and 360-degree surveys
	  • Study a system for using the survey results for HR measures
		• Built a talent management system
		  • Facilitate job rotation through arrangements with outside organizations and the matching of talent
		  • Modified the HR system to understand the rotation results
		  • Rotation results (vs. target of rotating 5% of candidates)
		    • Leaders: 8.6%
		    • Young employees: 11.3%
		  • Designed the talent management system
		  • Completed planning of lifetime career support training (LTCS30) to provide career support to young workers
		• Continue implementing employee motivation surveys and 360-degree surveys
		  • Examined the survey content for strengthening the interplay among work culture reform, work reform, and health and productivity management
			4 QUALITY EDUCATION
			8 DECENT WORK AND ECONOMIC GROWTH
			10 REDUCED INEQUALITIES
			12 RESPONSIBLE CONSUMPTION AND PRODUCTION

6. Materiality: Strengthen Governance

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs

Information security	• Implement information security measures
	  • Establish a system for globally responding to security incidents
	  • Establish a response plan for cyber security measures and implement the measures
	  • Expand the scope of checking business partners' information security
	• Strengthen product security
		• Implemented information security measures
		  • Established a grand design that sets forth policies related to cyber security measures and started implementing measures
		  • Quickly responded to an alert concerning Emotet malware issued by the Security Operation Center and prevented damage from spreading (Asia, Europe)
		  • Extended training for targeted attacks to overseas subsidiaries in addition to business sites in Japan (Seiko Epson, Epson Group companies in Japan, and subsidiaries in Asia & Oceania except China)
		  • Completed preparations for including 111 new suppliers into the supplier evaluation program from FY2020
		  • Received 12 inquiries about personal data at the personal data help desk in Japan (including 6 inquiries from abroad), received no complaints about personal data
		• Strengthened product security
		  • Established and began implementing vulnerability response determination guidelines, drafted a revised EQS, and established threat analysis guidelines
		Response to the COVID-19
		• Remote work environment
		  • After ensuring stronger information security, we improved the VPN connection environment and installed Microsoft Teams to provide workers with a remote work environment that allows them to work from home
			16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Key CSR themes	FY2019 action item categories	Achievements & results in FY2019	Relevant SDGs
Compliance	• Introduce a compliance program to operations divisions and divisions • Start operating a global whistleblower system • Implement education and training to instill compliance awareness • Improve the code system • Start using the Epson Group Global Code of Conduct	• Implemented a global compliance program • Introduced it to divisions. Group companies continued using it. • Asked outside lawyers to verify the suitability of the compliance program and were told that the program was advanced, as it is aligned with national and regional authorities' guidelines for company compliance systems • Installed a global whistleblowing system • Installed a whistleblowing system that can be used to report potential issues involving executives at overseas Group companies • Conducted initiatives to instill compliance awareness • Continued organizing code systems • Started using the Epson Group Global Code of Conduct • Confirmed the effectiveness • There were no compliance-related issues that were subject to timely disclosure	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

FY2020 Action Items

Epson established action items for the FY2020 based on performance with respect to the 2019 action items for key CSR themes and the reception by the general public.

1. Materiality: Advance the Frontiers of Industry

Key CSR themes	FY2020 action item categories	Relevant SDGs
Business operations aligned with global social trends	• Strengthen global operations under Head Office control • Continue promoting the Global Business Infrastructure Innovation Project • Start designing and developing systems to create Group-unified IT systems • Invest management resources in a further disciplined manner according to the economic environment and strategy effectiveness • Invest resources in strategic areas (continue) • Start disclosing climate change related risks and opportunities in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations • Enhance public disclosures, including about SDGs and other non-financial information, and strengthen dialog **Response to the COVID-19** • Implemented crisis response operations • Strengthen business partner credit control • Take additional action to secure earnings (e.g., expenditure control) • Prepare for rebound and demand recovery • Formulate new post-pandemic business strategies that take into account external environmental changes	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS

Key CSR themes	FY2020 action item categories	Relevant SDGs

Creating new products and services with leading technology	• Further accelerate collaboration and open innovation
	  • Establish corporate venture capital (CVC)
	• Shift to a new business model
	  • Continue strengthening the lineup of high-capacity ink printers, and capture the LP market by advertising value (e.g., low TCO, heat-free) and by conducting global sales promotions
	• Lead a rapid shift to digitization
	  • Stimulate global sales campaigns and sell total solutions of commercial and industrial printers
	  • Strengthen external sales of printheads by increasing their business applications
	• Invest management resources in robotics to accelerate the growth of robotic solutions into a core business	

Productivity improvement utilizing ICT	• Establish infrastructure for using integrated manufacturing data to optimize factory operations, speed up decision-making, and improve the efficiency of indirect operations • Finish deploying a standard manufacturing system to major manufacturing sites, and strengthen collaboration between factories by deploying the system to collaborating suppliers • Accelerate the establishment of remote assistance infrastructure for mass production start-up, service, and support • Innovate the engineering chain by smoothing information exchange and cooperation among design, engineering, manufacturing, and service departments	
Products competitiveness	• Review production site strategies and allocation of functions in line with risk events such as natural disasters and infectious diseases • Optimize inventory by setting appropriate theoretical DOS (days of supply) values, and establish CAPDo management • Introduce an ERP (Enterprise Resources Planning) system based on the standard business processes used in production control, procurement, and logistics through the Group-wide global IT renewal project • Reduce total costs in all directions • Reform sales logistics flow lines, and improve logistics competitiveness by reducing air transport **Response to the COVID-19** • Re-examine business continuity management (BCM) that emphasizes risk dispersion • Strengthen the promotion of cost reduction programs	

Strategic marketing	• Strengthen customer touch points to improve the B2B sales organization and optimize the organization for each customer and category
	  • Revamp business models by strengthening infrastructure for solution sales
	  • Establish global marketing techniques that take advantage of digital platforms
	  • Execute strategic external communications to increase corporate value and support sales
	Response to the COVID-19
	• Respond to the changes of customer behavior
	  • Examine selling methods that accommodate a shift from face-to-face, real-world communications to on-line, digital communications
	  • Examine a remote maintenance support system and a repair organization
	  • Use on-line advertisements, on-line promotions, and Webinars	

2. Materiality: Achieve Sustainability in a Circular Economy

Key CSR themes	FY2020 action item categories	Relevant SDGs
Contributing to the environment through products and services	• Establish a reduction scenario for achieving a science-based target and implement concrete reduction measures • SBT initiative approved targets (FY2017 is the baseline year) • Reduce scope 3 (categories 1 and 11) GHG emissions as a percentage of business profit by 44% by FY2025 • Disclosed GHG data • Disclose data in the Integrated Report and Sustainability Report (all scopes) • Receive third-party verification of results data and disclose the verification results • Calculate and disclose the contribution of products to avoided emissions • Start studying the contribution of textile printers • Practice manufacturing that achieves resource recycling targets • The printer business first implements the measures • Implement a field survey and improvements to reduce the GHG emissions from the supply chain	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
Effective use of energy and resources	• Implement reduction measures to achieve the SBT targets • SBT initiative approved targets (FY2017 is the baseline year) • Reduce scope 1 and 2 GHG emissions by 19% by FY2025 • Achieve CO_2-free sites and start using locally procured electricity (completely switch to CO_2-free electricity at the Head Office, Hirooka Office, and Shiojiri Plant) • Disclosed GHG data • Disclose data in the Integrated Report and Sustainability Report (all scopes) • Receive third-party verification of results data and disclose the verification results (GHG emissions, energy usage, water usage)	
Climate change and global warming	• Start using a mechanism for deciding environmental investments (internal carbon pricing) • Start disclosing climate change related risks and opportunities in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations • Issue green bonds and disclose the results based on the framework • Disclose the resource recycling targets for achieving the Environmental Vision 2050 and start implementing actions	

3. Materiality: Improve the Quality of Products and Services

Key CSR themes	FY2020 action item categories	Relevant SDGs
Product quality and communications	• Visiting customers directly to gather and analyze information about their wants and needs, closely examining customer wants by analyzing customer inquiries, using the findings to shape future products and services, and improving quality and customer satisfaction • Create an environment in which customers can confidently buy genuine Epson brand products, not counterfeit goods	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Consumer health and safety	• Conducted product safety training worldwide • Revise the content of a basic product safety online course that is meant for all employees and ensure that they complete the course • Develop human capital by providing various safety training (on functional safety, machine safety, risk assessment, etc.) and implement preemptive measures through product safety risk assessment • Ensure that product safety incidents do not reoccur in the future	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

4. Materiality: Strengthen Supply Chain Management

Key CSR themes	FY2020 action item categories	Relevant SDGs

Supply chain management	• Establish supply chain management infrastructure to meet all obligations as a regular RBA member
	  • Modify Procurement Guidelines in line with the revision of the RBA Code of Conduct
	  • Obtain supplier agreements
	  • Communicate with and educate suppliers
	  • Check whether suppliers are observing the Procurement Guidelines (SAQ)
	  • Help suppliers make improvements and undergo RBA audits
	• Achieve 100% conflict-free mineral procurement by exercising due diligence in accordance with the OECD due diligence guidelines
	  • Modify forms for the conflict minerals survey
	  • Hold conflict mineral survey briefings
	  • Collect survey forms and follow up
	  • Extend the scope of the survey (add items about cobalt)
	• In-house education (RBA & conflict minerals)
		3 GOOD HEALTH AND WELL-BEING / 5 GENDER EQUALITY / 6 CLEAN WATER AND SANITATION / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 13 CLIMATE ACTION / 16 PEACE, JUSTICE AND STRONG INSTITUTIONS / 17 PARTNERSHIPS FOR THE GOALS

5. Materiality: Respect Human Rights and Promote Diversity

Key CSR themes	FY2020 action item categories	Relevant SDGs

Respecting human rights	• Find any human rights issues based on the RBA Code of Conduct and audit standards, and draft improvement plans
	  • Identify and confirm issues and problems and draft improvement plans based on the findings
	  • Identify issues using SAQs, draft improvement plans, and improve (establish an annual routine)
	  • Improve due diligence related to labor suppliers in collaboration with the Production Planning Department
	• Establish Group CSR regulations (human rights and labor categories)
	  • Involve overseas affiliates in an examination of the content and finalize it by the end of FY2020
		4 QUALITY EDUCATION / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES

Diversity	• Advancement of women in the workplace
	  • Interview candidates and their boss before promoting them to senior staff and implement other individual measures (ongoing)
	  • Provide training in unconscious biases to a wider audience
	  • Provide career design training for women
	  • Make a list of female management candidates, set a population target, and take action to achieve the target
	  • Build an employee network and obtain feedback from employees (four times/year)
	• Advancement of foreigners in the workplace
	  • Continue to hire foreign employees
	  • Secure multiple sources for foreign employee hiring
	    • Decide hiring targets in collaboration with overseas affiliates and take action to meet targets
	    • Join events in universities outside Japan
	    • Study and implement a scheme for transferring workers of overseas affiliates to Japan
	• Advance and deepen foreign talent management
	  • Conduct personnel reviews of people in key positions at overseas affiliates (at least three companies)
	• Promote the participation of seniors
	  • Design various elements in detail and determine the forms and areas of employment of people after sixty
		4 QUALITY EDUCATION / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES

Key CSR themes	FY2020 action item categories	Relevant SDGs
	• Employment of persons with disabilities • Build and deploy throughout the Group a model for employing persons with mental or developmental disabilities (in cooperation with special subsidiaries, Epson Mizube and Epson Swan)	

Human resources development, hiring, and retention	• Continue building a talent management system
	  • Implement and entrench rotation programs (ongoing)
	    • Make a list of rotation candidates and continue to try to reach the target of rotating 5% of candidates in the leader and young employee categories, respectively
	    • Understand the details of rotation results and incorporate the information into company-wide actions
	  • Talent management system
	    • Design the system and draft a plan for using the system in FY2020
	  • Implement lifetime career support training (LTCS30)
	• Continued implementing employee motivation surveys and 360-degree surveys
	  • Plan, design, and implement a new employee motivation survey (provisional name)
	• Develop leaders
	  • Improve and implement leader training programs (future leader seminar, the Global Incubation Seminar, the Global Executive Seminar)
		4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

6. Materiality: Strengthen Governance

Key CSR themes	FY2020 action item categories	Relevant SDGs

Information security	• Strengthen information security
	  • Revise in-house quality standards (Epson Quality Standards)
	  • Establish a secure development and operation regulation
	• Ensure customer security
	  • Implement cyber security measures that meet industry standards (e.g., configuration management, privileged account management, malware penetration prevention, system log monitoring)
	• Raise employee awareness about correct information handling practices
	  • Provide all employees with training for appropriately handling information depending on the type and life cycle
	  • Implement targeted email attack training
		16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Compliance	• Continue implementing the global compliance program
	  • Assess the situation at Group companies and divisions, and entrench a PDCA cycle through activities of Head Office supervisory departments
	• Revise the compliance program
	  • Revise the program to improve system effectiveness based on the results of an evaluation by outside specialists
	• Introduce a whistleblowing system that suppliers can use to report potential issues at overseas manufacturing affiliates
	  • Introduce a system that overseas suppliers can use to report potential problems at our manufacturing affiliates in addition to the supplier reporting system already operating in Japan
		16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Relation to SDGs

Epson's Initiatives and Their Relationship to Our SDGs

As stated in its Management Philosophy, Epson seeks to become an indispensable company, an ambition that Epson considers to be consistent with the realization of the sustainable development goals (SDGs) of the United Nations.

In 2017, as part of this effort, Epson created "Key CSR Themes," a materiality matrix that identifies important initiatives for addressing social issues. Epson examined the relationship between its initiatives and the 169 targets of the 17 SDGs to identify the SDGs that intersect with Epson's initiatives.

Key CSR Themes and Sustainable Development Goals

There are 169 targets (1.1 to 17.19) under the SDGs. The figures in the table below indicate the targets that Epson is addressing with its initiatives (as of June 2020).

Key CSR Themes	ESG	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Creating new products and services with advanced technology	Environment			3.6 3.9	4.1 4.2 4.3 4.4 4.5		6.3 6.4 6.6	7.3 7.a	8.2 8.4	9.4 9.c		11.6	12.2 12.4 12.5	13.2		15.1 15.4		17.16
Business operations aligned with global social trends				3.6 3.9	4.1 4.2 4.3 4.4 4.5		6.3 6.4 6.6	7.3 7.a	8.2 8.4	9.4 9.c		11.6	12.2 12.4 12.5	13.2		15.1 15.4		17.16
Productivity improvement utilizing ICT									8.4	9.4								17.16 17.17
Product competitiveness							6.3	7.3 7.a	8.2 8.4	9.4			12.4 12.5					17.16
Strategic marketing								7.3		9.4								17.16
Effective use of energy and resources								7.2 7.3						13.2				17.17
Climate change and global warming								7.2 7.3					12.4	13.2				17.17
Contributing to the environment through products and services				3.9			6.3 6.4 6.6	7.3		9.4		11.6	12.2 12.4 12.5	13.2		15.1 15.2 15.4 15.5		17.7
Respect for human rights	Social				4.7	5.1 5.5			8.5 8.7 8.8		10.3							
Diversity					4.7	5.5			8.5		10.2							
Human resources development, hiring, and retention					4.4 4.7				8.8		10.2		12.a					
Supply chain management				3.9		5.1	6.3		8.5 8.7 8.8		10.2 10.3		12.4 12.5 12.6	13.1			16.4 16.5	17.17
Product quality and communications													12.8				16.6 16.8	
Consumer health and safety													12.4					
Compliance	Governance																16.4 16.5	
Information security																	16.4	
Epson's initiatives				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓

Epson confirmed that its initiatives support the achievement of the 14 SDGs below. (Please note that this matrix was mapped out in June 2019 and is subject to change depending on future business developments.)

Epson aims to achieve 14 SDGs

Commitment to the SDGs

Epson is using its original efficient, compact, and precision technologies along with open innovation initiatives as vehicles to drive innovations that will enrich the world and make it a better place. Our goals are the same as those of the sustainable development goals (SDGs) adopted by the United Nations.

To realize a better world for future generations, Epson will contribute to the achievement of the SDGs by looking hard at solutions to social issues, trying new ideas and methods to create new value, and providing surprise and delight that exceeds customer expectations.

Yasunori Ogawa

Yasunori Ogawa
President and CEO
Seiko Epson Corporation

Registration as an SDG Partner in Nagano Prefecture

Nagano Prefecture, home to Seiko Epson's Head Office, has launched some of the most progressive SDG initiatives in Japan. One such initiative is an SDG partner registration system. The prefecture works with business groups, financial institutions, universities, and other supporting organizations in environmental, social, and economic areas to increase the value and competitiveness of local companies and to promote action against the SDGs among them. Seiko Epson has been working to contribute to the achievement of the SDGs since FY2017. And, together with the Nagano Prefecture government, which was selected as an "SDGs Future City," Seiko Epson has been actively promoting the SDGs in the region. For example, we have helped to raise awareness of the SDGs among small- and medium-sized businesses in Nagano Prefecture by presenting examples of actions we have been taking and demonstrating how these actions are tied to the SDGs. We presented examples as an observer at a Regional SDGs Consortium held jointly by Nagano Prefecture and the Kanto Bureau of Economy, Trade, and Industry. We also presented examples at the Nagano Prefecture SDGs Symposium in 2019. Moreover, at Seiko Epson's supplier SAQ training conference in Nagano in January 2020, we invited a guest speaker from the Nagano Prefecture Department of Industry and Labor to explain to our suppliers the prefecture's SDG partner registration system.

To synchronize our actions with those of the Nagano Prefecture government, we applied for registration as an SDG partner based on the actions we have taken to date to achieve the SDGs.
A company must meet two requirements for registration:

1. It must submit a written declaration of commitment to achieving the SDGs.
2. It must take specific actions to achieve the SDGs.

We met the first requirement by declaring management policies and actions to achieve the SDGs. We met the second requirement by submitting information about specific actions being taken in each of 42 items mapped to the 17 SDGs and 169 targets. Seiko Epson was registered as a Nagano Prefecture SDG partner in July 2020.

We will report our progress on the SDGs annually to the prefecture government and will contribute to the achievement of the SDGs throughout our supply chain.

Building Awareness In-house

Epson's Value Creation Story as Told Through the SDGs

In October 2019, Masayuki Kawana, Seiko Epson director and then-head of the CSR Management Office, explained Epson's value creation story at the Value Creation Fair, an annual event for sharing technical information within the Epson Group. He explained the value creation story from the perspective of contributions to the SDGs to give employees a clearer picture of both the story and the SDGs and to enable them to use that knowledge in the development of technology. Kawana gave examples of value that Epson is providing and how that value is tied to SDG targets. He then talked to employees about the importance of contributing to the SDGs both on the job and in their daily lives. The examples highlighted how important it is for product developers to consider how customers will actually use our products. Employees were also reminded that everyone enterprise-wide has a part to play in the effort to achieve the SDGs and we were shown a clear course for Epson to contribute to society through our business activities.

Learning Epson's Value Creation Story

As part of the second year of a program to instill awareness of the SDGs internally, Epson created an online course for personnel in the Epson Group in Japan. The course was designed to deepen understanding about how the SDGs are connected to every task they do. They learned in line with the value creation story how Epson is currently contributing and will continue to contribute in the future to the SDGs through the value (products and services) we provide. More than 92% of the approximately 20,000 people in our domestic operations have completed the course. Learners reported that the course gave them new insights because viewing their actions through the lens of the SDGs provides a new perspective. They are able to envision how their actions are tied to the goals and how the things they do affect society. The story showed them that Epson can lead by making products that benefit the world and continuing to work toward sustainability.

What are Sustainable Development Goals?

"Transforming our world: the 2030 Agenda for Sustainable Development" was adopted in 2015 at the UN Sustainable Development Summit, which was attended by more than 150 world leaders.

This agenda is a plan of action for people, planet, and prosperity that includes a declaration and a set of 17 goals and 169 targets for sustainable development.

CSR Communication

CSR Communication

Epson provides information to its stakeholders about its CSR activities. But Epson also listens to stakeholders' views and suggestions to help formulate strategies and actions. Epson thus uses various means to maintain two-way communication with stakeholders as a way to improve the quality of its CSR activities.

Conversation between Hidemitsu Sasaya and Toshiya Takahata

Using the SDGs to communicate a message that resonates

In August 2020, Professor Hidemitsu Sasaya of Chiba University of Commerce and Seiko Epson Director Toshiya Takahata had an online conversation about environmental, social, and corporate governance (ESG) issues and about corporate social responsibility (CSR).

Mr. Sasaya started out at the Ministry of Agriculture, Forestry and Fisheries, after which he joined Ito En, Ltd., where he engaged for many years in the promotion of social responsibility and was largely responsible for Ito En winning the SDGs Partnership Award. He is currently Platform for Arts & Science, Chiba University of Commerce and serves as a CSR/SDG consultant.

Takahata

I read your book *SDGs Management*.

I worked for many years in printer development and later in the Intellectual Property Division. The acquisition of patent, trademark, and other rights is clearly tied to business administration. How this relates to the SDGs is that patent rights are effectively utilized to foster innovation. For example, we have the most patent rights in the world for piezo inkjet technology. These rights were accumulated over many years of continuous development under former president (and now chairman) Minoru Usui, who saw that this technology could benefit the environment and the world. We have provided piezo technology as products and, as a result, have acquired intellectual property rights and built resilient company infrastructure. So I believe our intellectual property is contributing to SDG number 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation). Would you agree?

Sasaya

Yes, I think so. A lot of intangible assets like patent rights, trust, technology, and networking capabilities are a product of a company's core values. Epson's uniqueness will blossom if you ensure that the core values are spoken about with one voice, embraced by all, and used as the foundation for the brand image. Once the Epson brand has blossomed, you think about how to utilize it for economic opportunities and how to capitalize on your technology. The end results is concrete products like inkjet printers and the PaperLab. I think you should use the SDGs to communicate a message about these products that resonates with people, redesign the corporate brand, increase corporate value, and communicate anew through your products the company's aspirations.

About three years ago, Epson published a matrix that shows the relationship between key CSR themes and the SDGs. Attention to this is very likely to increase. ESG investors have begun to set benchmarks for contributions to SDGs and are now looking at targets down to the decimal point. (Epson was a trailblazer in that it even announced targets, and now other companies are following suit.) Epson's matrix is organized by ESG and comprehensively shows the results of analysis against all 17 goals. It is time to communicate this to the world and to see the reaction. It would be a good idea to use the ESG/SDG matrix as a tool to enhance your messaging for a redesign of the brand.

Takahata

In your book you write about the merchants of Omi and the concept of *hasshin-gata sanpo yoshi*, the idea that the benefits of business activities for the customer, society, and the vendor need to be communicated.

Epson has a culture that values quiet diligence and earnestness, but I want to call attention to the fact that we are doing good things. I think that we can strengthen our business by getting people to understand how products like the PaperLab and our commercial and industrial large-format printers contribute to the SDGs. By the way, we declared our support for the TCFD recommendations last October and are expanding our information disclosures. We recently provided some guidance on the direction we are headed in terms of qualitative information disclosures. I would also like to disclose more quantitative information in the future. The TCFD is still casting about for ideas on how to disclose this information, and we haven't found any examples of quantitative disclosures in the industry, so we're not sure how to move forward.

Sasaya

Participating in the initiative is an excellent start. But I want to see you more actively publicize the fact that you are engaging in initiatives like this. Japanese companies are still weak when it comes to publicizing. They need to clearly and boldly explain what they are doing. Companies can be a little hesitant to do so, but it is important to get as much carefully verified information out there as soon as possible. You need to watch comparable companies around the world and may sure that you keep up.

Those who participate in initiatives start from where they can. Conversely, it is not necessary to even participate in initiatives. Japanese companies would rather avoid participation, but they will lose ground to European companies that do. You may already be left behind by European or Californian companies, so you have to catch up with the world as soon as possible. It is good that you started reporting qualitative information in line with TCFD recommendations. I think it's a good idea to go as far as possible in your disclosures while keeping an eye on the reaction of capital markets.

Takahata
Your words are encouraging to me. I want to take another look at publicizing what it is we want to do and what we will do once the reliability of our data has been assured. Epson is a manufacturing-based company, so we tend to be rigid about guaranteeing reliability based on facts, but I do want to get the word out.

Sasaya
I think it is especially important in this time of COVID-19 to communicate a message of sustainability.
The Japanese government's SDG policies focus on (1) Society 5.0, (2) involvement in regional revitalization and digital transformation, and (3) promotion of the next generation and women's advancement. I think it would be a good idea to put the main focus on these three things from a long-term strategic perspective.

Takahata
I am also in charge of digital transformation (DX), so I think there are possibilities in terms of regional revitalization. Until now, Tokyo and other major metropolitan centers have been the locus of activity, but as more information becomes available with advances in areas such as web conferencing, there will be far fewer locational restrictions. When I think of it this way, I think there are still many societal issues that we can solve. When you think in terms of printer usage in education and more in terms of solving problems rather than in selling printers, you begin to see that the power of software and digital technology can be harnessed to do all kinds of things. This July, the city of Aizuwakamatsu launched a project to create a city operating system, and data is being handled from various angles. The DX Division has begun proof-of-concept testing for this. Looking at things from this angle, I would like to give traction to data-driven management, and I got a strong sense from you that this will lead to sustainability.

Sasaya
I'm currently writing a book about the SDGs of local government. There are super-cities. Super cities are developing along the lines of the SDGs. ICT will be used to connect super cities as regulations are relaxed. For example, there will be deregulation in areas such as remote medical care and remote learning, data will be seamlessly connected, it will be rapidly deployed in city operating systems and will be utilized for future urban development. There is a lot of room for Epson to play an active role in this scheme. I am the executive committee chairman of the Future Town Development Forum, and I want to make super cities a theme, so if you would like to attend the forum in February next year, I hope you will use it as a chance to publicize what Epson is doing.

Takahata
I would love a chance to get that kind of exposure while taking action to familiarize people with Epson and what we are doing.

Sasaya
We hope that you will continue to make use of today's discussions for the further development of your company.

Mr. Hidemitsu Sasaya

Professor at Platform for Arts & Science, Chiba University of Commerce; CSR/SDGs consultant; Director of the Japan Society for Business Ethics; Director of the Global Business Society. Director of the Sustainability Japan Forum, "Kobayashi PR Ambassador", Kobayashi City, Miyazaki Prefecture; Ministry of Education, Culture, Sports, Science and Technology Youth Experience Activity Promotion Company Award Examination Committee member; Chairman of the Future Town Development Forum Executive Committee

Career Profile

Graduate of Tokyo University, where he studied Law

1977: Joined what is now Japan's Ministry of Agriculture, Forestry and Fisheries Studied abroad in France. Assigned to the Ministry of Foreign Affairs (where he served as First Secretary of the Japanese Embassy in the US). Deputy Director-General, Japanese Ministry of Environment. Deputy Director-General, Ministry of Agriculture, Forestry and Fisheries. Bureau Chief, Kanto Regional Forest Office. Left civil service in 2008.

2008: Joined Ito En.

2010-2014: Director at Ito En.

2014–4/2018: Managing Executive Officer and Manager of the CSR Promotion Department.

5/2018–4/2019: Advisor to Ito En.

4/2019: Visiting professor at the Gradual School of Information & Communications

4/2020: Professor at Platform for Arts & Science, Chiba University of Commerce

Event Sponsorship and Exhibition

Co-Sponsor and Exhibitor at the 2020 Sustainable Brands International Forum in Yokohama[*1]

Epson, which co-sponsored the 2019 Sustainable Brands International Forum in Tokyo, this year served as a co-sponsor of the 2020 Sustainable Brands International Forum in Yokohama, which ran from February 19-20.

At a plenary session at the event, President Yasunori Ogawa (then Managing Executive Officer, CTO), took the stage for a panel discussion on innovating to solve social issues. Ogawa said, "We are a technology company, and there was a time when we made technology development a priority and pursued a product-out approach. Those days are gone. Today, we first develop a clear vision of the world as we wish it to be and then work backwards to develop technology to achieve that vision. With this approach, it is extremely important to identify how to solve social issues." In wrapping up the panel discussion, he stated that there is a limit to what one company can do and that open innovation with outside partners will become even more important in the future.

At the Epson booth, we showcased Epson's value proposition for solving social issues by demonstrating the operation of a PaperLab, which can reproduce new paper on the spot from used copy paper, and the use of projectors to create a remote office and remote classroom.

[*1] Sustainable Brands conferences are among the world's largest conferences on the subject of sustainability. Sustainable Brands was launched in 2006 in the United States under the shared recognition that embedding the idea of sustainability in business strategies is essential for enhancing corporate competitiveness and brand value. In the FY2019, SB conferences were held in 14 cities in 13 nations.

Yasunori Ogawa on the stage for the CTO panel discussion at the plenary session

An Epson employee explaining to people in the education field the value proposition for a remote classroom

Co-sponsor and Exhibitor at the 2019 Sustainable Brands International Forum in Seoul

Epson is conducting global CSR communications through the Sustainable Brands International Forum network to help achieve social sustainability. As part of this effort, Epson Korea Co., Ltd. (EKL) served as a sponsor and exhibitor at the 2019 Sustainable Brands International Conference in Seoul that was held on October 18, 2019.

EKL CEO Yasuo Shibusawa, who took the platform as a speaker and panel member at the Good Supply session of the Forum, spoke passionately about the value that Epson's environmental programs, products, and services contribute to the solution of societal problems and to the achievement of the SDGs. EKL received valuable feedback and raised expectations during a spirited debate about achieving that value proposition among the panel members and audience.

Taiwan-Japan Trade and Economic Sustainability Forum

The 2019 Taiwan-Japan Trade and Economic Sustainability Forum was held in Taipei in September 2019. Attended by 390 students and representatives of Taiwanese and Japanese economic groups and enterprise, the forum offered an opportunity for individuals from both sides to share their experiences and ideas for achieving the SDGs along with sustainable trade and economic growth.

Following keynote addresses by representatives from Taiwanese and Japanese economic groups, Seiko Epson Director Masayuki Kawana, director of the CSR Management Office, took the stage to present a case study about new opportunities that the green trend is bringing. Kawana, in a presentation titled "Green Innovation: Achieving a Sustainability Society with Epson's Efficient, Compact and Precision Technologies," provided examples of how inkjet innovation and a dry process office papermaking system can help achieve SDGs by transforming any office into an eco-conscious office. In addition, Epson handed out notebooks made from paper produced by a PaperLab dry-process office papermaking system and announced that a PaperLab would be exhibited at the Circular Economy Taiwan held at the Taipei World Trade Center from September 26-28. Forum participants expressed keen interest in Epson products that contribute to the SDGs.

Local Communities

Discussions with Local Citizens

Seiko Epson and Epson Group companies engage members of the communities in which they operate. We are working to build trust with these communities by explaining our business, environmental activities, and risk management system as well as by actively listening to their needs and issues.

In June 2019, we created an opportunity to meet and talk with local officials, including the mayor of Fujimi, Nagano Prefecture, home to the Suwa Minami Plant and the Fujimi Plant. They came to our plant to see how we make 3LCD panels and to discuss actions that could benefit both the community and the company. Topics ranged from the traffic and streetlights around the business sites to events to promote the town, invite charitable contributions via a hometown tax system, and attract new residents.

Participation in External Initiatives

Epson seeks to contribute to the achievement of a sustainable society through its business activities and thereby become an indispensable company. For this reason, we endorse and take part in numerous sustainability initiatives.

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.

WE SUPPORT
UN GLOBAL COMPACT

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.

Epson Confirms Commitment to United Nations Global Compact by Signing the Statement from Business Leaders for Renewed Global Cooperation

Seiko Epson has reiterated its commitment to the United Nations Global Compact by signing the Statement from Business Leaders for Renewed Global Cooperation.

The Statement from Business Leaders for Renewed Global Cooperation was announced as a new policy of the UN in September, and was issued to mark the 75th anniversary of the founding of the United Nations and the 20th anniversary of the United Nations Global Compact. Signatories commit to operating in a spirit of global cooperation, accountability, corporate ethics and transparency, and to upholding the following points:

- Demonstrate ethical leadership and good governance through values-based strategies, policies, operations and relationships when engaging with all stakeholders
- Invest in addressing systemic inequalities and injustices through inclusive, participatory and representative decision making at all levels of our business
- Partner with the UN, Government and civil society to strengthen access to justice, ensure accountability and transparency, provide legal certainty, promote equality and respect human rights

In making that commitment, we also call on Governments to:
- Protect human rights, ensure peace and security, and uphold the rule of law so that businesses, individuals and societies can flourish
- Create an enabling environment to serve the interests of people and planet, prosperity and purpose, through strengthened international cooperation and national legal frameworks
- Enhance multilateralism and global governance to combat corruption, build resilience and achieve the SDGs

Responsible Business Alliance (RBA)

April 2019, Seiko Epson Corporation has joined Responsible Business Alliance (RBA), a global coalition dedicated to CSR in global supply chains, and strengthen CSR supply chain initiatives.

RBA is a nonprofit comprised of companies committed to supporting the rights and wellbeing of workers and communities worldwide affected by the global supply chain. As a Regular Member, Epson commits to fully supporting the vision and goals of the RBA.

Responsible Minerals Initiative (RMI)

Epson joined the Responsible Minerals Initiative (RMI) on April 2019. Epson is promoting responsible sourcing minerals, and fostering cooperation to promote the use of conflict mineral surveys in the supply chain.

Task Force on Climate-related Financial Disclosures

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to promote disclosures on climate-related risks and opportunities. In June 2017, the TCFD published its recommendations (final report), and in October 2019 Epson declared its support for those recommendations.

📖 Responding to TCFD (Please refer to page 74)

Epson Reaffirms its Commitment to COP25

Epson has reaffirmed its commitment to decarbonization (reducing greenhouse gas emissions) in advance of the 25th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP25) to be held in Madrid, Spain from December 2 to 13, 2019.

Society expects companies to be a driving force in mitigating the effects of climate change and achieving sustainability. Epson believes that its innovations can play a major role in achieving the Sustainable Development Goals (SDGs) of the United Nations.

Speaking in support of COP25, where the focus is on solutions to climate change, Epson global Chairman Minoru Usui (then president) commented, "Political and economic uncertainties are increasing, and the world is facing challenging times. I strongly believe that Epson's role is to help achieve global sustainability and to make the world a better place. In addition to our eco-conscious products and heat-free inkjet technology, we are combating climate change by reducing greenhouse gas emissions in production and across our value chain to help drive a transformation toward a decarbonized future. Climate change is a serious issue facing our planet and Epson is doing its utmost to address this issue. We have set targets for reducing GHG emissions in our own business activities and across the value chain to achieve the Paris agreement. These targets have been approved by the Science Based Targets initiative (SBTi) as being consistent with climate change science. I am happy to report that Epson is well on its way to achieving these targets."

Epson set targets for reducing, by 2025, its scope 1 and scope 2 greenhouse gas (GHG) emissions by 19% compared to FY2017. In the FY2018 ended March 2019, Epson made large strides toward achieving the target with a 15% reduction in its GHG emissions.

Going forward, the company plans to achieve its target through energy-saving initiatives focused primarily on production innovations and the use of renewable electricity.

CSR Europe

CSR Europe is an organization that makes recommendations on guidelines and principles for the European Commission. As a leading European business network, it supports the corporate social responsibility efforts of businesses, industries, governments, and NGOs.

Epson Europe B.V. (EEB) joined CSR Europe in September 2017. With EEB's Sustainability Director holding a permanent seat on the CSR Europe Board of Directors since February 2019, Epson Europe has been a leader in the building of a global network and in the creation of guidelines and policies for sustainability and is helping to promote a sustainable future and sustainable business growth.

Customer Commitment

Approach to Customer Commitment

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

Quality Policy

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

Quality Policy

1. We will solve problems by directly observing all of our operations and processes.

2. We will quickly complete the Plan, Do, Check & Act (PDCA) cycle in all situations.

3. We will thoroughly analyze any failures, and establish procedures based on that analysis, so that mistakes are never repeated.

4. We will proactively consider our customers' satisfaction so they will genuinely prefer purchasing Epson products and feel confident using them.

5. We will seize the opportunity presented by customer comments and complaints to inform our decisions when designing new products.

6. We will readily report even negative information.

7. We will foster a climate in which attention is paid to even the most commonplace events.

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.

Goal

Earn strong trust from customers by taking innovative approaches to improving the quality of the overall product commercialization process and quickly achieving a level of quality that exceeds customer expectations.

CS & Quality Vision (Creating Customer Value)

Collect feedback

Customer information/resources

Create value

Deliver

Customers

Create

Products/services

Customer value

Produce

Deliver value

Share value
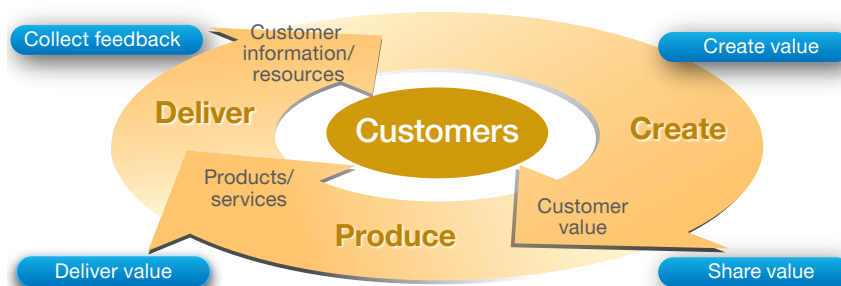
Quality Assurance Program Organization

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
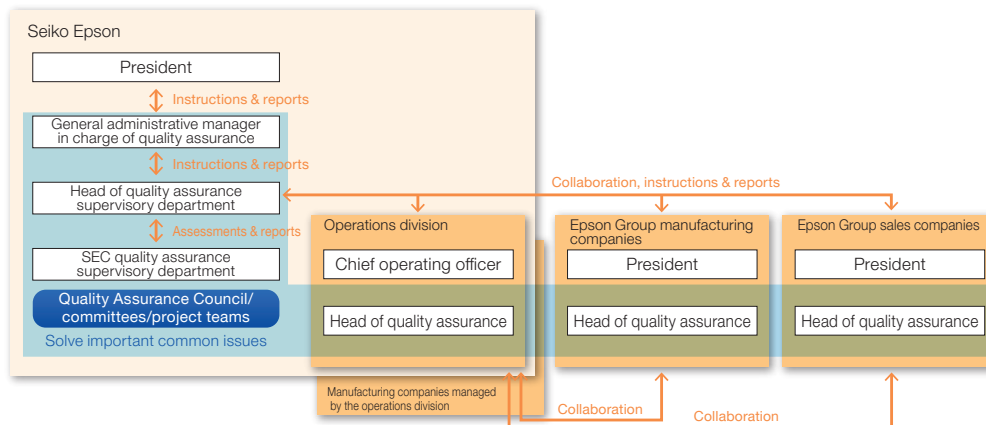
Customer Commitment

Pursuing Customer Satisfaction

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

Epson seeks to meet the expectations of customers from the product design stage. As part of this effort, our design engineers personally visit customers to listen first-hand to their thoughts and needs. They also visit information centers to gather and analyze information on the types of problems customers may be having.

Greater Work Performance and Efficiency in the Workplace　SC-F2100 Series

In 2013, we launched a product of a new type for Epson: a garment printer that prints on cotton fabric, such as T-shirts and tote bags. Its successor models came out in March 2018. Known as the SC-F2100 series, they offer greater work performance and efficiency in the workplace because they incorporate customer needs that came to light in the four and a half years since the first garment printer went on sale.

"Garment loading is troublesome"

We devised a way to set garments in place with a quick-load grip pad instead of a metal hoop. This cut the loading time by about half (to about 15 seconds) and keeps garments and other fabrics from expanding.

Use a hoop to set　　Use a quick-load grip pad to set
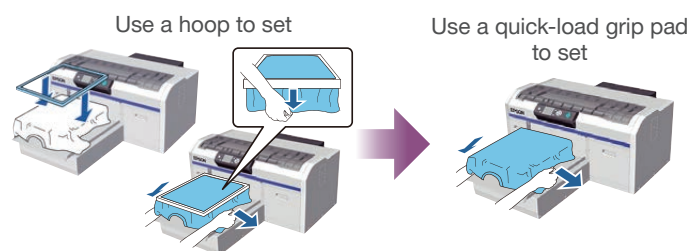
"I need faster print speed"

The original product prioritized color expression. Print jobs began by printing two white layers to cover the color of the fabric and then printed color as the third layer.
However, market survey results showed some customers wanted the productivity of faster printing while others prioritized color expression. To meet both needs, we developed a high-speed mode in which the first layer is printed in white and the second in color and white simultaneously. The high-speed mode increased print speed by 33% with little loss of color expression.

White undercoat printing process (sectional view)

Color	3rd layer		
White	2nd layer	White	Color	White
White	1st layer		White
Original printing mode		High-speed printing mode
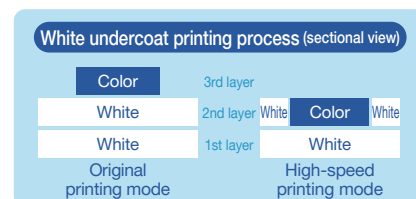
"There should be less waiting time"

The SC-F2000 series was designed to automatically circulate white ink every day for up to 10 minutes to prevent particles contained in white ink from settling. Sometimes the circulation process began just when the customer wanted to print, so they had to wait.
We analyzed the workflow and found there was a 20-second interval between printing jobs (to unload the printed garment and set the next one in). We created a program to break the circulation process down into steps that run only in the intervals so customers no longer need to wait to print.

"Print jobs should be more attractive"

A fabric preparation product is applied to the surface of dark fabric so that white ink will not penetrate the fabric. The product reacted with fabric dyes and made stains. People who bought garments sometimes returned them due to the stains. Other garment printer manufacturers all had the same problem.
We addressed the problem by identifying a material that effectively minimizes the reaction with fabric dyes and mixing it with the fabric preparation product. We tested the new fabric preparation product on more than 150 types of fabric manufactured around the world under expected usage conditions and confirmed that stains became less conspicuous.

Resolving Tank Refill Issues

Epson's high-capacity ink tank printers, first introduced in Indonesia in 2010, were being sold, by 2017, in some 150 markets, both emerging and developed. These printers have earned loyal support from customers who want to print in high volume at low cost. However, we learned by interviewing customers and talking with sales companies that users wanted better protection against ink stains and spills when refilling the tanks.

Issue 1

Ink could spill, splash, and stain users' hands when users removed a protective seal under the bottle cap and tipped the bottle.

Action

We eliminated the protective seal and replacing it with an airtight bottle cap and a slotted valve near the tip of the nozzle to prevent ink from splashing and dripping.

Issue 2

The bottle had to be squeezed about 50 times in the roughly two minutes it took to refill a tank.

Action

Ink bottles and printer ink tanks were redesigned to enable easy filling of each color. Users simply have to insert a bottle nozzle into an ink tank and wait about 40 seconds for the tank to fill. Filling automatically stops when a tank is full.

Issue 3

Filling a tank with the wrong color of ink

Action

The ink bottles have a tip that is uniquely keyed for each color and can only be inserted in a tank of the same color.
Ink bottles act like a key that fits only into the keyhole of the correct ink tank

Ink tank

Ink bottle

Innovating Manufacturing with New Force Sensors

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. 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.

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

The S250 series of force sensors

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 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

Before installation — Two-step printing by printing company and customer

Print masters in color — Color label printer — External printing company

Preprinted label

Print variables in black — Monochrome thermal label printer — Customer

Disadvantages of two-step printing
- Storage of a large quantity of preprinted labels
- Disposal of preprinted labels due to design changes
- Preprinted labels need to be set according to type

After installation — On-demand color printing by customers

TM-C7500

Label paper (no preprinted label necessary)

Print masters and variables in color — Color label printer — Customer

Advantages of introducing on-demand color printing
- Optimum level of label liner inventory
- No losses resulting from disposal of label paper due to design changes
- No need to change label liners

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.

Example of Color Label Printing

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.

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.

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 printer 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

Customer Commitment

Universal Design

Approach to Universal Design

Seiko Epson recognizes the importance of providing products and services that reflect universal design principles so that consumers of all ages, genders, nationalities, and abilities and so forth can use them. We try to make our products accessible to the widest possible audience by exercising the utmost care from the development stage to design products that anyone can easily use.

Universal Design within Epson

Internal Guidelines

Epson's Printing Solutions Operations Division has prepared two sets of written guidelines that describe universal design and color universal design features that must be incorporated into our products and services to help ensure the widest possible product accessibility. We make sure that our products reflect universal design principles by using a process to verify that universal design elements are incorporated in each step of the product commercialization process, from planning and design to manufacturing.

Internal Monitor Program

Seiko Epson invites employees and members of their families to participate in a monitor program. Registered monitors evaluate product usability and design from an ordinary user's perspective.

In FY2019, we had 287 registered monitors and asked them to evaluate the products prior to release, including printers, projectors, and wearables, to identify things such as product operability, visibility, and receptiveness.

Some of Epson's Universal Design Features

To enable anyone anywhere to operate our products, we decide the configuration of operating panels as well as dimensions, colors, textures, and markings based on data about usage environments and usage applications. We try to maximize the ease with which each product can be handled.

High-Speed Linehead Inkjet MFPs

- The tilt of the control panel can be adjusted for clear viewing by people in wheelchairs and people of any height.

- Different colors are used for internal items such as levers, instruction labels, and edge guides to increase visibility.
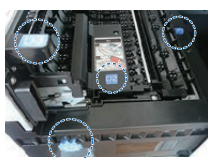
- Fin-shaped projections on the paper output tray make it easier to pick up sheets.

- Components move lightly and can easily be operated with one hand.

High-Capacity Ink Tank MFPs

- A movable control panel was used to accommodate different vantage points and operating methods.

- A unique tank inlet and bottle spout design for each color of ink prevents misfilling.

- Easy-to-see, simple icons make setting paper intuitive.

- The amount of remaining ink is easy to check with front-loading ink tanks and ink windows that repel moisture.

- Simply insert the spout of an ink tank and wait for the cartridge to automatically finishing refilling. No ink-stained hands, no hassles.

Automatic Keystone Correction for Quick Set-Up (Business Projectors)

Projectors produce vertically or horizontally distorted ("keystone") images when they are set up at an oblique angle to the screen for some reason. These keystone effects need to be corrected by pressing a button.

Epson's EB-1795F business projector has one-touch image position and adjustment features that enable even novice users to effortlessly align images so that they sharp and clear. By eliminating troublesome and time-consuming set-up, we have enabled anyone to smoothly prepare a projector for business meetings.

Easy-to-Follow Video Manuals

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

First-time users of a product, even if they are used to operating earlier Epson printers or printers from other companies, can get lost even after reading the manual because of difficulty in intuiting or imaging new operating procedures. Providing them with a video-based simulated experience can enable them to smoothly operate their actual product and facilitate understanding of instructions in the manual.
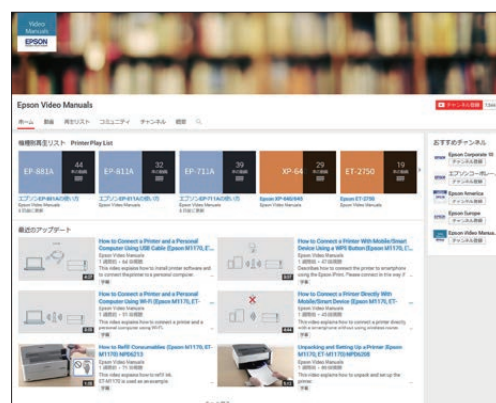
* The video above was provided using the service of YouTube™. YouTube™ is a trademark of Google Inc.

Color Universal Design

We are also employing color universal design[1] principles to create products, manuals, and software that are easy to use for people with various forms of color vision deficiency or color blindness.

[1] Designs that use color in a way that enables information to be clearly conveyed to the widest possible audience, including people who see color differently (such as people with congenital color blindness, cataracts, or glaucoma).

Improving Visibility with Color Universal Design

Epson business printers are equipped with a color universal design function[2] hat adds underlines or textures to text that requires emphasis and that converts the colors in graphs to corresponding patterns to make them easier to distinguish for people who see color differently.

[2] This technology was developed based on Epson's own criteria and does not guarantee visual accessibility to all.
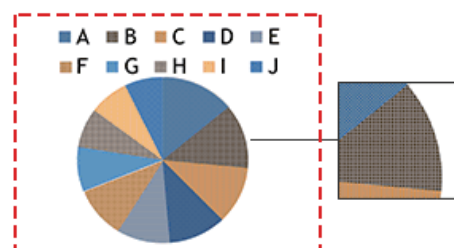
Colors on Control Panel LCDs, LED Lamps, and Buttons

Large Format Printers

Blue LEDs are used for power buttons, and high-brightness orange LEDs are used for warning lamps. Universal design principles are also followed for colors used for on-screen instructions.

Business Inkjet Printers

Epson revised the colors used for control panel buttons and lamps to ensure visual accessibility for the greatest number of people, regardless of type of color blindness.

Interactive Projectors

A color palette for people with partial color blindness is available for the Drawing toolbar in Whiteboard mode.

Customer Commitment

Sales/Service & Support

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

After-Sales Service for Epson PCs

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

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

Service Personnel Skills Competition

Every year since 2004, Epson Sales Japan has held a skills competition for customer engineers (CE), who provide after-sales service for Epson products in the field.

The 2019 skills competition was held on the 4th of December at the Epson Sales Japan Corp. headquarters in Tokyo, where 19 CEs from around Japan who were selected based on a screening test competed to be the top inkjet customer engineer.

The CEs competed in one of two categories, the Independent Maintenance and Repair Dealer category and the Service Partner category. They were given the task of repairing an LX-10000F high-speed linehead inkjet multifunction printer and were scored on the accuracy of the repairs performed, their ability to explain operations and make recommendations according to customer needs, and their ability to report the nature of repairs in a way that is easy for customers to understand. With a crowd of observers looking on, the CEs competed at a high level, using all of the knowledge and experience they accumulated in the field in the course of after-sales service.

The competition is also attended by design engineering and quality assurance personnel, who discuss ideas with competition officials and the competing CEs to identify potential improvements and enable Epson to provide even better products and services in the future.

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 they can appreciate the benefits of inkjet technology and good service.

The winner in the Independent Maintenance
and Repair Dealer category
Manabu Kamata of ECHNA Corporation

Service Partner category winner
Ichiro Masumoto of Rokko Service Center
Corporation

Epson Square Marunouchi, a Solutions Showroom

Epson Square Marunouchi, a solutions showroom that opened in May 2019, consists of four zones: a business zone, a production zone, a personal zone, and a zone called epSITE. The showroom is a place where visitors can see and experience Epson's vision inkjet, visual, wearables, and robotics innovations. Epson Square Marunouchi showcases the latest Epson products and solutions along with actual use cases in offices, stores, schools, and other usage environments.

Epson Square Marunouchi

Smart & Ecological Solutions - For Education

Active learning seeks to deepen learning by encouraging students to think broadly, interact, and actively engage in the learning process. Epson supports the education field, which is heading toward significant changes, by providing classroom projectors and high-speed linehead inkjet printers. Used in an interactive learning environment, our electronic blackboard projectors throw big-screen images that capture student interest and stimulate discussion. Meanwhile, our linehead inkjet printers deliver great-looking output at blazing speeds and low cost, so faculty members can create teaching materials that will draw in children.

Smart & Ecological Solutions - For Business

Achieve a circular office by using high-speed business inkjet printers that save energy and resources and a Paper-Lab to make new paper from used paper. Epson will pioneer offices of the future, ones that will boast high operational efficiency and ecological excellence.

epSITE – Promoting Photography

epSITE delivers information about photographic expression. Not only can visitors actually use the latest printer models to create digital prints of their own artwork, they can also exhibit them in the adjoining gallery. Visitors can attend seminars to learn all about creating great-looking prints. As technology migrates from analog to digital, epSITE will offer programs that remind visitors of the unique allure of prints by giving them a chance to experience the thrill and joy that only prints can provide.

Smart & ecological solutions - For Education

Smart & ecological solutions - For Business

epSITE - Promoting photography

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.

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.

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.

Epson Group Services and Support Meeting

The results of the meeting are used in our Group companies around the world.

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

	Primary	Intermediate	Advanced
Common	QC introduction course	QC-A course (Manufacturing) / QC-B course (Engineering) / QC-C course (Administration)	
Small group/Team		Problem-solving type QC story course / Target-achievement type QC story course / Why-Why analysis course	
Professional course		Reliability specialty course - Accelerated test, Sampling test - Weibull analysis of field data / Quality Engineering practice course (Robustness evaluation, Parameter design, etc.)	

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

Standard QC Courses for All Employees (FY2019, Japan)

Course	People trained	% trained
QC Introduction	413	88%
QC-ABC	168	75%

Licensed Quality Control Training Trainers

Region	Number of Production Sites with Licensed Trainers	Licensed Trainers[1]
Southeast Asia	7 companies	80
China	6 companies	61

[1] Number of licensed trainers as of March 31, 2020.

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 others to learn and make their own improvements.

Worldwide Team Presentations conference held in Japan

The 2019 Worldwide Team Presentations conference was held in October, at which four teams from two companies in Japan bloc, four teams from three companies in Southeast Asia bloc, five teams from three companies in China bloc and one team in Europe and American bloc, totally 14 teams presented their Kaizen results.

The members of the President's Award-winning Nonpolar light and shadow

A team named "Nonpolar light and shadow" from Epson Engineering (Shenzhen) Ltd. came away with the top prize, the President's Award, for best produce condition for pixel gap of the new model.

Activities to Raise Awareness

November is CS & Quality Month across the global Epson Group. During the month, we review and improve our business processes from a customer satisfaction and quality standpoint.

In FY2019, we used the month as an opportunity to plan the improvement of our business quality by learning about the essentials of problem-solving, raising quality awareness, and improving our problem-solving skills. One of the events for CS & Quality Month was a speech given by an SEC officer. He spoke about user requirements, the market, and the operating environment. The speech, which included numerous specific examples, helped raise awareness of the importance of both customer satisfaction and quality. A large number of employees listened to the speech, both in the main hall and at each of the 18 sites to which it was broadcast. An online training course for Epson Group employees was also offered in Japan and completed by 93.6% of employees. In addition to the speech event and the online training, each of our sites and global manufacturing affiliates carried out their own events. We use events like these to help shape our products and services to the needs of our customers.

CS & Quality Month posters (Japanese)   CS & Quality Month posters (English)   CS & Quality Month posters (Chinese)

Customer Commitment

Product Safety Initiatives

Approach to Product Safety

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

The QCM system directly delivers news and reports on product incidents via IT system that occur anywhere in the world to corporate headquarters, operations divisions, and the chief executive based on significance.

- Product incident occurs
- Inquiry
- Sales companies and market support departments
- Entry into QCM system
- QCM system
- Delivery / Delivery / Delivery

Chief executive	Division/Affiliate quality assurance department	Corporate HQ	Sales company
Report assessment and approval	Cause analysis	Quality Assurance	Service & Support
	Countermeasure planning	Legal Affairs	Legal Affairs
	Reporting decision	Public Relations	Public Relations
		Other related depts.	Other related depts.

Issue reports, share information, respond

- Reports & notifications → Outside agencies
- Appropriate release of information & market support → Customers

Analyses to Prevent Product Incidents

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

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

Epson has set up a combustion laboratory that enables it to conduct tests that cannot be performed in ordinary laboratories, such as tests that use flames or could cause parts or products to ignite, emit

Burning test at combustion laboratory

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

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

Epson and the Environment

Environmental Vision 2050

Environmental Vision 2050

In 2008, Epson established Environmental Vision 2050, a statement of our environmental goals out to the year 2050. We began working on initiatives to achieve these goals, but the landscape has changed significantly over the ensuing ten years.

Externally, global efforts to achieve sustainability are accelerating, with the United Nations adopting Sustainable Development Goals (SDG[1]) and the Paris Agreement[2] charting a course toward a low-carbon society. In line with this, enterprises are being encouraged to change the way they behave to satisfy the new norms and goals.

Internally, Epson has been repositioning itself to take better advantage of its strengths. We have divested ourselves of the small-to-mid size liquid crystal display and optical businesses and have been accelerating a shift away from consumer segments and toward the office, commercial, and industrial segments in search of growth. The environmental impacts and needs in these segments are much different from those of the consumer segment. These internal and external changes have forced us to reconsider our long-term policies and revise our environmental vision.

[1] International goals for a sustainable society adopted at the U.N. Sustainable Development Summit in September 2015, aimed at global issues such as climate change, poverty, and human rights. There are 17 sustainable development goals with 169 targets.
[2] International framework to combat the problem of climate change. The central aim of the agreement is to keep a rise in global average temperature to below 2 degrees Celsius above pre-industrial levels.

Environmental Vision 2050

Epson's vision is to become an indispensable company that uses its efficient, compact and precision technologies to achieve sustainability in a circular economy.

Actions

- Reduce the environmental impacts of our manufacturing processes, products and services.

- Advance the frontiers of industry and establish recycling systems through open and unique innovation.

- Contribute to international environmental initiatives.

Environmental Vision 2050 and Mid-Term Targets

Approach for Achieving Our Vision by 2050

Global action is needed to achieve sustainability, as the contribution that any one company can make by reducing the environmental impacts of its business activities is limited. Environmental Vision 2050 articulates actions for creating synergies with business partners based on our technologies, products, and services and for allowing us to play a part in creating a better world.

To achieve Environmental Vision 2050, we have been setting mid-term milestone targets, while steadily working to bridge the gap needed to reach them. The Epson 25 Corporate Vision, a statement of how we want the company to be in 2025, specifies goals that we arrived at by backcasting[1] from our 2050 goals. We will use our efficient, compact and precision technologies in tandem with various initiatives to improve the environment performance of our products and business activities and to reduce environmental impacts across the value chain. By offering products and services that enable new business processes, we aim to provide outstanding customer value in both economic and environmental terms.

[1] 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.

Contribution to global environmental sustainability

Environmental Vision 2050

Backcasting

Epson 25
Reduce environmental impacts with products & services

SE15

Action 2010

Action07

- Reduce the environmental impacts of our manufacturing processes, products and services.
- Advance the frontiers of industry and establish recycling systems through open and unique innovation.
- Contribute to international environmental initiatives.

1998 2006 2010 2015 2025 2050

Striving to Sustainability

Epson is declaring its intent to contribute to the achievement of the SDGs through its environmental and other CSR initiatives. The SDGs are the world's agenda for sustainable development. There are 17 goals, such as ending poverty and hunger, ensuring peace, justice, and gender equality, and environmental and resource sustainability for future generations. All UN member states have committed to achieving these goals by 2030.

Epson's Environmental Vision 2050 is aligned with the SDGs. We will continue to honestly address customer and societal challenges and will create unique environmental value through our business activities to help achieve the SDGs and a sustainable future.

Environmental Vision 2050

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.

2050

2030

2025

2018 Revised Environmental Vision 2050

Established Environmental Vision 2050

2008

SDGs Epson's SDGs from an environmental perspective

Global warming

Depletion of resources

Water and soil pollution

Global Environmental Concern

Societal demands

Climate change
Paris Agreement
Renewable energy
Decarbonization

Resources /waste
Water resources
Circular Economy
Marine plastics

Corporate value
ESG investing
TCFD
Value chain

Epson and the Environment

Green Bonds

Green Bonds

One of the actions for achievement the Environmental Vision 2050, Seiko Epson issued green bonds[1] through a public offering in Japan to raise funds for projects that will contribute to the solution of environmental problems. Seventy-five investors declared their intent to invest in these green bonds. A second-party opinion was obtained from an external ESG rating company. They found that Epson's green bonds satisfy the requirements of Green Bond Principles 2018 published by the International Capital Market Association (ICMA) and Green Bond Guidelines, 2017, issued by the Ministry of the Environment.

[1] Green bonds: Bonds issued to raise funds needed for projects that will contribute to the solution of environmental problems such as global warming.

1. Summary of Issue

Instrument name	Seiko Epson Corporation unsecured straight bonds (with inter-bond pari passu clause) (Green Bonds)		
Series	20th	21st	22nd
Term to maturity	3 years	5 years	10 years
Total amount of issue	10 billion yen	40 billion yen	20 billion yen
Denomination	100 million yen		
Issue price	100 yen per face value of 100 yen		
Interest rate	0.020% per annum	0.230% per annum	0.450% per annum
Pricing date	2020/7/10		
Payment date (issue date)	2020/7/16		
Redemption date	2023/7/14	2025/7/16	2030/7/16
Use of proceeds	Seiko Epson plans to allocate the bond proceeds to cash reserves, which decreased due to payments for the green bond eligible assets listed in (1) through (3) below. Proceeds will also be allocated by the end of March 2021 to the green bond eligible projects listed below in (4) through (8). Proceeds will be held as cash and cash equivalents until they are actually allocated. (1) Construction costs for a new building (Building 9) at the Hirooka Office (2) Construction costs for a new building (Building B of the Innovation Center) at the Hirooka Office (3) Construction costs for factory expansion at a manufacturing subsidiary in the Philippines (4) Costs of R&D and production facilities for high-speed linehead inkjet multifunction printers for offices (5) Costs of R&D and production facilities for commercial and industrial printers (6) Costs of R&D and production facilities for inkjet printers and the application of inkjet heads (7) Costs of R&D and production facilities for PaperLab and the application of Dry Fiber Technology (8) Costs of purchasing renewable energy		

Instrument name	Seiko Epson Corporation unsecured straight bonds (with inter-bond pari passu clause) (Green Bonds)
Bond rating	A (R&I)
Conformity assessment	Seiko Epson established a green bond framework that is aligned with the Green Bond Principles of the International Capital Market Association and obtained a second-party opinion from rating company Sustainalytics to verify that requirements are met. In addition, Rating and Investment Information, Inc. (R&I) gave Seiko Epson's green bonds a GA1 rating, its highest rating, in an R&I Green Bond Assessment. The external review of these green bonds is eligible for a subsidy from the Ministry of the Environment's FY2019 Financial Support Programme for Green Bond Issuance.

2. Third-party Conformity Assessments

Seiko Epson Corporate Green Bond Framework Second Party Opinion by Sustainalytics
https://global.epson.com/SR/greenbond/pdf/greenbond_framework.pdf

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.**

Reduce environmental impacts by improving customers' work processes using Epson products and services

Customers' work processes

Epson manufacturing
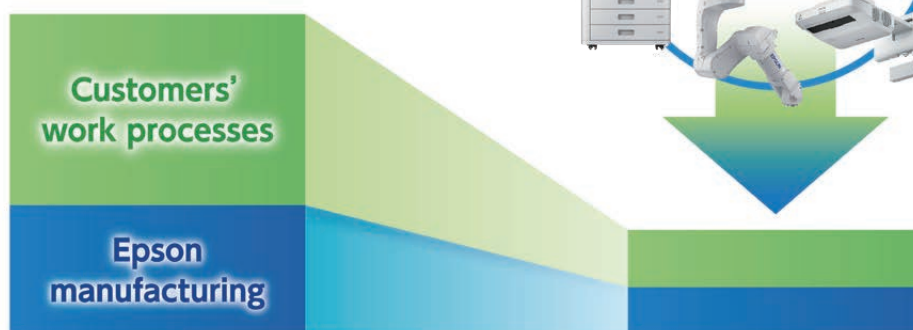
Energy-saving, Process innovation, Optimization

Efficient, compact and precision technologies

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.

Reducing Greenhouse Gas (GHG) Emissions

The 2015 Paris Agreement set a goal of keeping the increase in average global temperature to well below 2℃ above pre-industrial levels. Epson has set targets for reducing GHG emissions in the value chain to achieve this 2℃ goal as well as the goals of Epson 25. Epson's targets have been approved by the Science Based Targets initiative as being consistent with climate change science.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

GHG Reduction Targets

Scope 1 Scope 2	Reduce scopes 1 and 2 GHG emissions by 19% by the FY2025.
Scope 3	Reduce scope 3 (categories 1 and 11)[*1] GHG emissions as a percentage of value added (business profit) by 44% by the FY2025. [*1] Category 1: Purchased goods and services Category 11: Use of sold products

Scope 1: Direct GHG emissions from the use of fuels, etc.
Scope 2: Indirect GHG emissions from purchased energy, etc.
Scope 3: Indirect GHG emissions of the entire value chain

Epson's Science-Based Targets (SBTs)

Epson has set FY2025 targets for reducing direct emissions associated with its business activities (scopes 1 and 2 emissions) and for reducing indirect emissions (scope 3 emissions). To achieve these SBTs, we are working in concert with our customers and partners to provide eco-conscious products and services that will both drive business growth and increase corporate value.

Initiatives to Reduce Scopes 1 and 2 Emissions

Epson has launched an Epson Group-wide SBT project under which each business has selected full-time energy conservationists. Actions to reduce emissions are being explored at model sites and then shared with others to increase the likelihood that targets will be achieved.

Main actions for reducing emissions

- Production innovations
- Investment in updated facilities and equipment such as plant infrastructure, scrubbers, and solar power systems
- Purchasing low-carbon electricity and using other forms of renewable energy
- Other reductions to be achieved by power utilities reducing their GHG emissions factors

Conceptual image of FY2025 scopes 1 & 2 emissions reductions
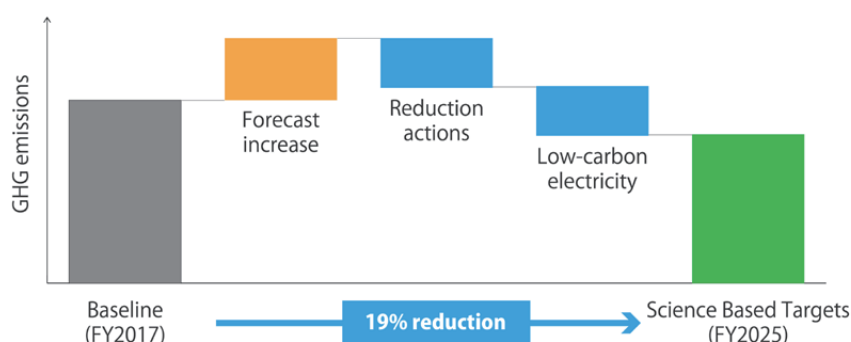
Renewable Energy Use

Epson expects its energy use to increase as production increases in line with its long-term growth strategy. Therefore, all Epson sites and businesses are implementing energy-saving measures and increasing the use of renewable energy to achieve our SBT. In 2018, Epson decided to expand its use of renewable energy by purchasing low-carbon electricity for a new factory in Japan that is involved in the production of PrecisionCore printheads, the core device at the heart of inkjet printers. We were able to increase the rate of renewable energy use to approximately 12% and make progress in reducing the Epson Group's total scope 2 emissions. We achieve this primarily by entering into long-term contracts for the purchase of low-carbon electricity and by generating power on-site at our plants overseas.

Carbon Pricing

Carbon pricing, an instrument that captures the costs of GHG emissions across society, is seen as a way to spur action and innovation in support of lower carbon emissions. Epson prepared payback period criteria and guidelines that incorporate carbon pricing principles to evaluate (study the feasibility of) potential investments for reducing GHG emissions. They were introduced on a trial basis in FY2018 and were formally adopted in 2020.

Reducing Scope 3 Emissions Intensity

Contributing to the environment through products and services is cited as one of the most important of Epson's key CSR themes. Category 11 emissions (emissions from the use of sold products) represent the largest source of Epson's scope 3 emissions, followed by category 1 emissions (emissions from the production of products purchased or acquired).

Under the Epson 25 Corporate Vision, we are seeking to provide environmental value and mitigate environmental impacts along with our customers. In each product category, we set targets (metrics) that are linked to product value. Ultimately, we have an ambitious goal of reducing scope 3 emissions per unit of value added that is linked to a management performance indicator.

Environmental Contributions

Epson's inkjet technology saves resources. Our printers, which do not use heat to print, draw comparatively little electricity while consumables and limited lifetime parts require only infrequent replacement. Using Epson inkjets instead of laser printers can cut users' electricity consumption and reduce the environmental impacts of society as a whole. Epson calculated the contribution of laser projectors compared to flat panel displays in addition to business inkjet printers to avoided emissions in FY2019 to be 124,000 t-CO_2e.[1]

In FY2018, the Ministry of the Environment issued a call for case study presentations from manufacturers of products that avoid downstream carbon emissions. Epson answered the call and presented estimates of avoided emissions for projectors, which are Epson's main source of category 11 emissions. We also introduced internal programs that encourage reduction initiatives and promoted the concept of avoided emissions by using business inkjet printers as an example. The expert who critiqued the presentation lauded these initiatives as progressive and agreed that popularizing products that reduce or avoid emissions is a valid and effective way to reduce emissions in society as a whole.

In FY2019, Epson was one of five companies selected by the Ministry of the Environment (MoE) as a model enterprise in support of CO_2 reduction planning for achieving the SBTs. The MoE provided support by observing sites and suggesting actions to reduce scope 1 and 2 emissions. Epson also received support in formulating concrete long-term reduction plans to achieve the scope 3 target. The results were presented at a joint report meeting.

Moving forward, we will broaden the scope of avoided emissions calculations, upgrade the energy efficiency, resource efficiency, and overall environmental performance of our products, and contribute to reducing the environmental impacts of society as a whole.

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[1] Estimate of GHG emissions avoided by third parties: The emissions avoided by (1) replacing laser printers with Epson inkjet printers, (2) replacing flat panel displays with Epson laser projectors are calculated based on electricity use (flow base approach). This is different from the actual reduction amount.

Climate-Related Issues: Risks & Opportunities

The Task Force on Climate-related Financial Disclosures (TCFD) released its final report in June 2017. This report encourages businesses to publicly disclose their medium- to long-term risks and opportunities related to climate change as financial information. Epson takes this as a call to develop resilient management and corporate health, able to adapt to all sorts of transitions in the face of climate change with impacts of a scope and scale we cannot predict.

Epson considers the impact of climate change on business to be an important topic. We are responding to the associated risks and business opportunities. We will address risks arising from the effects of things such as the power consumption of our products during their production and use. As presented in the Epson 25 Phase Mid-Range Business Plan, we will also expand sales opportunities by upgrading the resource and energy efficiency of the products and services that we provide. In addition, we see opportunity in contributing to a restructuring of industry through collaboration and open innovation and in the building of a low-carbon society.

Environmental Performance

Epson consumes resources and, in the process of conducting business activities across the life cycles of its products and services, emits GHGs and other emissions to the air, land, and water.

We are working to assess the environmental impacts of our business activities across the value chain in an effort to reduce our impacts.

Material Balance (FY2019)
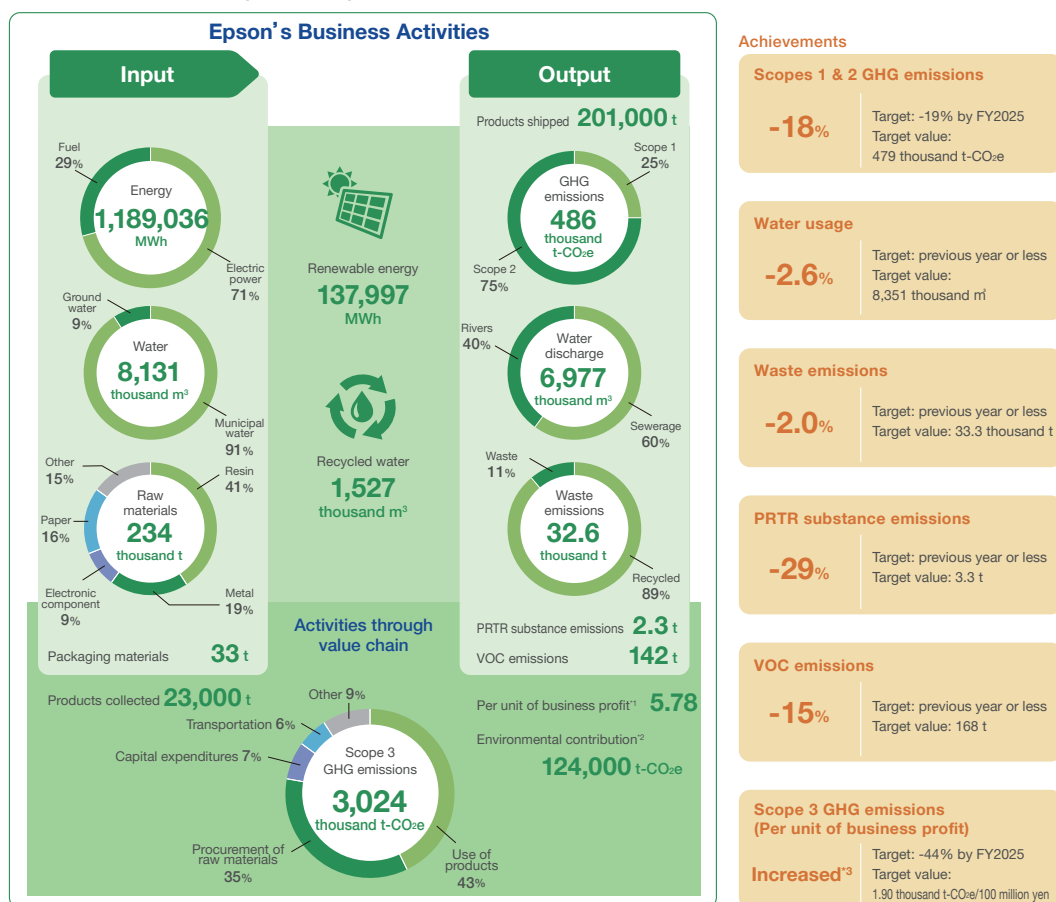
*1 Calculated as the ratio of scope 3 (Categories 1 and 11) GHG emissions to business profit (Unit: thousand t-CO₂e/100 million yen)
*2 Estimate of GHG emissions avoided by third parties: The emissions avoided by (1) replacing laser printers with Epson inkjet printers, (2) replacing flat panel display with Epson laser light source projectors are calculated based on electricity use (flow base approach). This is different from the actual reduction amount.
*3 Due to a significant decrease in business profit.

Epson and the Environment

Responding to TCFD Recommendations

Responding to TCFD Recommendations

Climate change is greatly impacting society and Epson sees it as a serious social problem. The goal of the Paris Agreement is to achieve decarbonization and keep the increase in the global average temperature to well below 2℃. Epson has set science-based targets (SBT) for reducing greenhouse gas emissions to help achieve this. We are taking action against climate change to reach these targets in line with the policies articulated in the value creation story, Environmental Vision 2050, and the Epson 25 Corporate Vision.

Epson indicated its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in October 2019. Epson has enhanced its disclosures (on governance, strategy, risk management, and metrics and targets) based on the TCFD framework so as to enable good communication with shareholders, investors, and a broad spectrum of other stakeholders.

Scenario Analysis Findings

We conducted a scenario analysis based on the TCFD framework to assess the financial impact of climate-related risks and opportunities on Epson's strategy. We found that in a 2℃ scenario in which rapid progress on decarbonization is achieved, there is transition risk of higher operating costs than in a 4℃ scenario due to the imposition of policies and legal regulations. However, Epson's strength lies in products and services that have a lower environmental impact (e.g., consume less power and produce less waste). We confirmed that these products and services match the materialities that Epson has identified to advance the frontiers of industry and achieve sustainability in a circular economy, providing opportunities for business expansion. This expansion will help customers reduce their environmental impacts and contribute to the containment of climate change.

Based on the results of these assessments, Epson will continue to try to maximize its opportunities while addressing recognized risks so as to achieve the decarbonization of the Paris Agreement, which we believe is a rational goal both for society and for Epson.

On the other hand, even in a 4℃ scenario in which global warming has advanced because the world failed to take measures beyond what are currently being taken, we found that the impact of physical risks on our domestic and overseas sites due to weather extremes would be small.

Governance

Important matters related to climate change are supervised by the board of directors, which receives reports at least once a year from Epson's Corporate Strategy Council, a deliberation and advisory body for important management issues, including climate change, that affect the Epson Group.

In addition, Seiko Epson's president and representative director, the individual who has the highest responsibility and authority for climate-related issues, delegates responsibility for climate-related issues to the general administrative manager of the Sustainability Promotion Office (an executive officer and board member), and the director of the Sustainability Promotion Office manages climate change initiatives, including TCFD.

Executive Organization for Climate-Related Issues

Main Climate Change Initiatives

FY2018	FY2019	FY2020	FY2021
・Revised Environmental Vision 2050 in conjunction with changes in social issues ・Accelerated the use of renewable energy worldwide	・Declared support for TCFD recommendations ・Studied risks of natural disasters caused by climate change	・Qualitatively disclosed the details of initiatives based on the disclosure recommendations of the TCFD framework	・Plan to quantitatively disclose the details of initiatives based on the disclosure recommendations of the TCFD framework

Strategy

Epson has determined that advancing the frontiers of industry and achieving sustainability in a circular economy are material matters in its value creation story. To achieve these, we will further reduce greenhouse gas (GHG) emissions by leveraging our efficient, compact, and precision technologies to drive innovation.

Scenario Analysis of Climate-Related Risks and Opportunities

Epson identified and evaluated scenarios in the categories of transition risk, physical risk, and opportunity to evaluate the importance of climate-related risks and opportunities. Nine risks and opportunities were singled out for evaluation. We evaluated the business impact and financial impact of each on the basis of the scenarios corresponding to temperature rises of 4℃ and 2℃ presented by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), respectively, as well as on the basis of internal and external information.
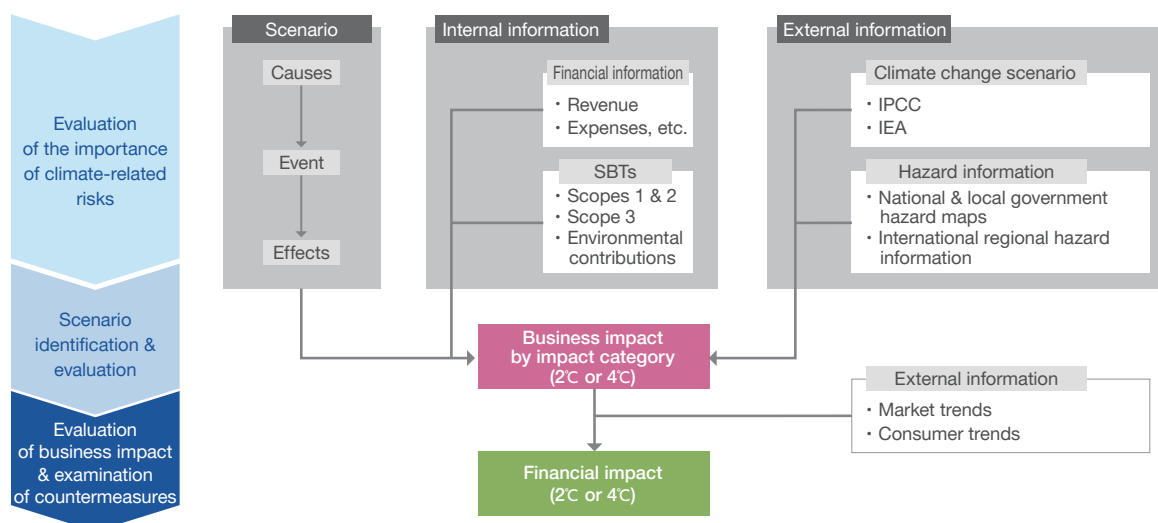
Climate-Related Risks and Opportunities in a 2℃ Scenario

The results of evaluating climate-related risks and opportunities based on scenario analysis are as follows.

Category		Evaluated risks & opportunities		Actualization	Business impacts	Financial impact
Transition risks	Market	Paper demand		Mid-term	**Business impacts** • Although demand for printed information will decrease, risks will be limited because overall demand for paper will increase due to an increase in packaging applications. (The rate of increase will lower than in the 4℃ scenario.) Concrete business impacts will be evaluated in FY2020.	-
		Crude oil prices		Mid-term	**Business impacts** • Higher transportation costs due to rising crude oil prices • Higher costs for procuring plastic raw materials **Dealing with risks** • Miniaturize products, increase their service life, and expand resource recycling • Expand the printing subscription business • Transition to solution businesses	Moderate
		Plastic raw materials				
	Policy and legal	Zero carbon		Mid-term	**Business impacts** • Higher operating costs due to application of a carbon tax and rising crude oil prices **Dealing with risks** • Reduce GHG emissions based on SBT measures • Consider introducing CCUS (carbon capture, utilization, and storage) technology and BECCUS (bio-energy carbon capture utilization and storage) technology	Moderate
Physical risks	Acute	Damage to business sites due to floods, etc.		Long-term	**Business impacts** • We evaluated 36 sites (17 domestic and 19 overseas) and concluded that future changes in Epson's operational risk due to floods (overflowing rivers) and tidal waves will be limited. • Short-term climate change risks to the supply chain will be addressed in line with our business continuity plans.	Small
	Chronic	Damage to business sites due to rising sea levels				
Opportunities	Products and services	Achieve sustainability in a circular economy	Development of a paper cycle	Mid-term	**Assumed scenarios** • Paper recycling costs will increase due to rising waste paper prices and higher costs for collecting and processing confidential documents. • The paper recycling practices will further advance due to higher environmental awareness, higher confidentiality management awareness, a shift to distributed processing systems, and the evolution of recycling technology. **Business opportunities** • Paper recycling costs will increase and the spread of paper recycling habits will increase sales opportunities for the PaperLab office papermaking systems. • Expand the paper cycle to industrial fields and create a new business model.	Moderate

Category			Evaluated risks & opportunities	Actualization	Business impacts	Financial impact
Oppor-tunities	Policy and legal	Advance the frontiers of industry	Advances of inkjet in existing fields	Short-term	**Assumed scenarios** • Demand for low power consumption will increase due to the introduction of a carbon tax and soaring electricity prices. • Higher waste disposal costs will increase the need for products that produce less waste from consumables. **Business opportunities** • Sales opportunities will increase due to the cost advantages of inkjet systems, which consume less power and produce less waste.	Large
			Advances of inkjet in new application fields	Mid-term	**Assumed scenarios** • The need for environmentally friendly products and services will increase due to the introduction of a carbon tax, soaring electricity prices, rising waste disposal costs, sustainable production amounts, and reduced resource use. **Business opportunities** • There will be more opportunities to expand inkjet application fields due to cost advantages in all industrial fields.	-

Actualization Short-term: ≤ 10 years   Mid-term: 10-50 years   Long-term: > 50 years
Financial Impact Small: ≤ 1 billion yen   Moderate: 1-10 billion yen   Large: >10 billion yen   -: To be evaluated in future

Risk Management

As the environment in which we operate grows more complex and uncertain, effectively dealing with risks that could have a significant impact on corporate activities will be essential in order to carry out business strategies and business objectives.

Epson sees climate-related issues as risks that could significantly impact management and manages them appropriately.

Climate-Related Risk Identification, Assessment and Management Process

1. Study	2. Identify & assess	3. Manage
• Study risks of natural disasters caused by climate change at major sites worldwide. • Research social trends.	• Identify risks and opportunities from the policies and action of Environmental Vision 2050 and value creation story (Epson 25). • Evaluate scenario analysis through the Corporate Strategy Council and board of directors.	• In FY2020, effectively manage risks through director and executive officers discussions, the Corporate Strategy Council, and the board of directors.

Metrics and Targets

We are actively working to reduce environmental impacts throughout the value chain by leveraging our efficient, compact, and precision technologies to improve the environmental performance of our products, utilizing renewable energy, and enhancing our business activities in order to achieve Environmental Vision 2050 and the medium- and long-term greenhouse gas (GHG) emission reduction targets validated by the Science Based Targets initiative.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

GHG Reduction Targets Validated by the SBTi

Scopes 1 & 2	Reduce GHG emissions by 19% compared to FY2017 by FY2025.
Scope 3	Reduce GHG emissions as a percentage of business profit by 44% in categories 1 &11 compared to FY2017 by FY2025. Category 1: Purchased goods & services Category 11: Use of sold products

Scope 1: Direct emissions from the use of fuel, etc., by the reporting company
Scope 2: Indirect emissions from purchased energy
Scope 3: Emissions from the reporting company's value chain

Greenhouse Gas Emissions (Scopes 1 & 2)
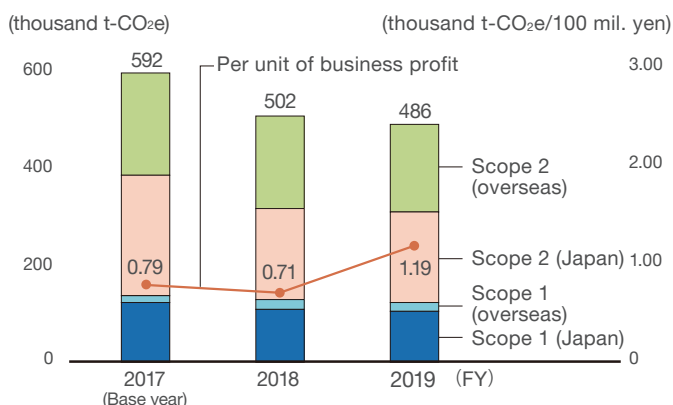
Greenhouse Gas Emission (Scope 3: Categories 1 & 11)

* CO_2 conversion factor of greenhouse gas emissions
 - Electric power: In Japan, we use the adjusted emissions factors for the load serving entities (i.e., utilities) from which our sites purchase electricity, pursuant to Load Serving Entity Emission Factors announced by the Ministry of Environment and the Ministry of Economy, Trade and Industry.
   Overseas, we use the country emission factors listed in IEA (International Energy Agency) or from the load serving entities from which our sites purchase electricity.
 - Fuel: The factors announced by the IPCC in 2006 were used for both domestic and overseas data.
 - GHGs other than CO_2: Equivalents were calculated based on 100-year GWP values in the Fifth Assessment Report of the IPCC.

Renewable Energy Usage Rate
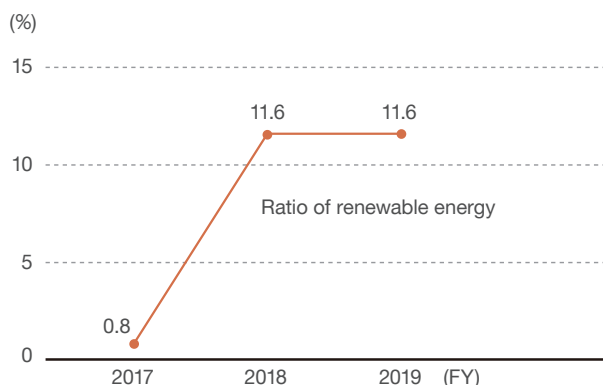
* Percentage of energy from renewable source

Solving Social Issues Through Inkjet Innovation

The SDGs, Adopted Around the Globe, Demand That We Transform the World to Achieve a Better and More Sustainable Future.

"We want to change the world with inkjet technology."
Propelled by this aspiration, we seek to transform methods and
mentalities and to provide products, services, and production
processes that have a far lower environmental impact on society,
decoupling economic growth from environmental degradation.
This is Epson's mission.

Eco-Economic Decoupling

Climate change mitigation

Resource recycling

Waste & pollution management

Work environment betterment

Higher productivity

Response to diversification of needs

Societal issues

Advance the frontiers of industry
Achieve sustainability in a circular economy

Epson's materialities
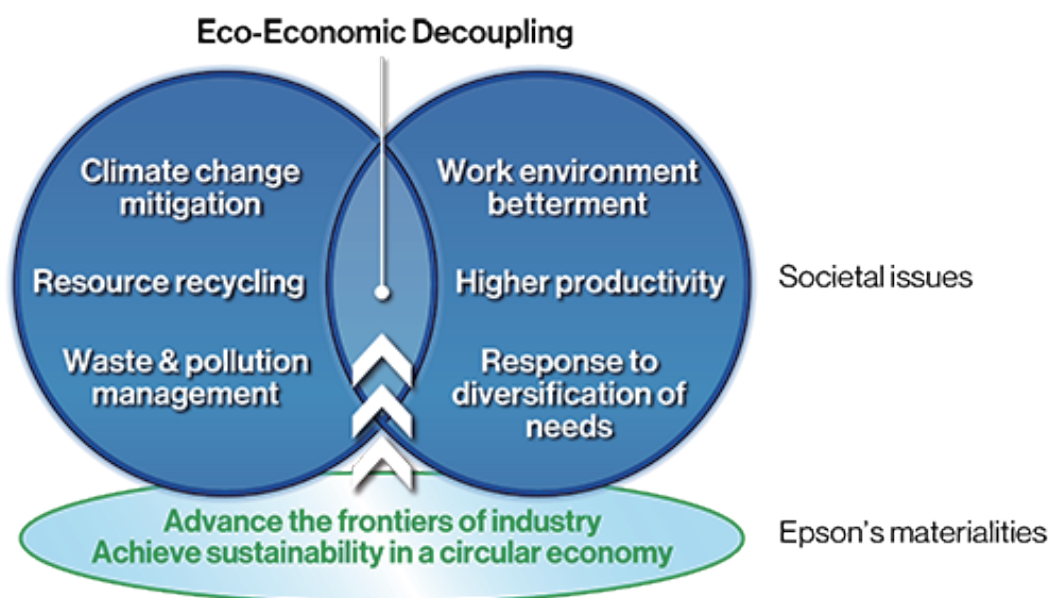
Decoupling:
To separate economic growth from environmental impacts and the use of natural resources; and to increase resource and environmental
efficiency at every stage, from production to consumption to disposal, through technological innovation and social transformation

Advantages of Inkjet Technology

Epson's Inkjet Systems Mechanically Eject Droplets of Ink without Heating It.

Since a non-contact method is used to deposit ink, Epson's inkjets can print on a wide range of media. And, because heat is not used, a variety of inks (substances) can be used.

Epson's inkjet technology

Ink is deposited only where needed
▶ **Eliminates waste, and saves energy & resources**

Characteristics of Epson Inkjet Systems

Heat-free

→ Ink compatibility — Wide range of ink options for disparate applications in the home, office, commercial, and industrial sectors

→ Superb durability — Ideal for office, commercial and industrial applications

High precision

→ High image quality — Amazing gradations achieved with powerful Epson technologies like Multi-Size Dot Technology (MSDT)

→ Compact & fast — Each nozzle ejects up to 50,000 ink droplets per second (latest heads)

PRECISIONCORE
HEAT·FREE

PrecisionCore Micro TFP print chip

Epson is deploying its state-of-the-art piezo-electric PrecisionCore printheads in printers across a wide range of categories. We want to use this technology, which can deliver value by boosting productivity while mitigating environmental impacts, to replace analog printing in every possible application. We are selling more printheads to external customers in response to the expansion of the digital printing market in the commercial and industrial sectors.

Replace analog printing in every possible application

Value delivered by inkjets
Fewer processes, reduced resource use, less waste and wastewater, shorter turnaround times, smaller space requirements, and custom on-demand production

Future Outlook (Expansion in Production & Creative Areas)

Inkjet-Based Manufacturing Innovations
Advancing the Frontiers of Industry Through Open Innovation

We believe that a sustainable world is one where all people are happy and content and where the environmental impacts that society inflicts are dramatically lowered.

The time has come to promote the decoupling of economic growth from environmental impacts by innovating countless production processes with countless technological innovations. In other words, we must advance the frontiers of industry.

Epson's inkjet technology has the potential to satisfy the conditions for a sustainable world.

The number of potential applications for inkjet technology is growing. To expand the use of this technology in new areas and to maximize its full capabilities, Epson needs to collaborate with outside partners who share our aspirations and who have new ideas and new technologies.

By combining our strengths with those of partners who have strengths in other fields, we can produce synergies and advance the frontiers of industry at a high level.

Conditions for sustainability
- People can live happy and content
- Environmental impacts that society inflicts are dramatically lowered

Advance the frontiers of industry
Enable human needs to be met with the least environmental impact

Further Expanding Inkjet Applications Through Open Innovation

Production areas

Graphics
- Direct printing on vehicles
- Printing on plastic bottles, etc.

Display
- Deposition of light-emitting layers on OLED displays
- Deposition of color filters for LCDs

Traditional printing area

Life science
- Food decorations
- Cosmetics

Electronics
- Circuit board patterning
- Soler battery production

Bio
- Bio printing
- Cell technology

*Conceptual image

State-of-the-Art Printheads

The Evolution of Epson Inkjet Printheads.
Epson's inkjet heads have evolved over three broad generations.

3rd generation
PrecisionCore
Component technology +
High-precision MEMS
Piezoelectric element
Chamber
0.5mm
Nozzle — Ink flow path

PrecisionCore
Large curvature bending mode
2007 Developed
2014 PrecisionCore commercialized
Developed in-house from piezoelectric material
Piezo-element thickness: 1 μm
Piezoelectric element
300 npi = 0.084 mm Ink chamber

2nd generation
Print head with MACH technology:
Multilayer piezoelectric MEMS technology
Piezoelectric element
Chamber
Nozzle

Longitudinal vibration mode
1994 Commercialized
Using laminated piezoelectric elements
Nozzle pitch: 180 npi
Piezoelectric element
180 npi=0.14 mm Ink chamber

1st /1.5 generation
Sintered piezoelectric slurry
Precision machining technology
Piezoelectric element: 0.1 mm
Chamber Nozzle

Bending Mode
1984 1st generation
1994 Evolved into generation 1.5
Piezo-element thickness: about 10 μm
Nozzle pitch: 120 npi
Piezoelectric element
120 npi = 0.21 mm Ink chamber

Higher speed
More precise
Smaller

The Third Generation Print Head
Nozzle pitch   300 npi
Output resolution   600 dpi

The Second Generation Print Head
Nozzle pitch   180 npi
Output resolution   360 dpi

The First/1.5 Generation Print Head
Nozzle pitch   120 npi
Output resolution   360 dpi

PrecisionCore Head Nozzles are 0.02 mm (20 μm) in Diameter

That is about 1/5th the diameter of a typical human hair.

PrecisionCore

0.02 mm

A nozzle with rough rim edges cannot jet ink straight.

Epson uses microfabrication technology to form perfectly round nozzles that jet ink straight.
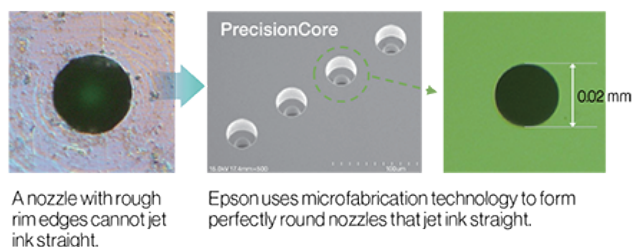
Piezo-electric inkjet heads consume little electricity and, since they are heat-free, are compatible with all manner of inks. Since 1984 Epson's inkjet heads have evolved across three generations to become faster, more precise, and more compact.

PrecisionCore heads are the 3rd and newest generation. They were achieved by using the latest high-precision MEMS technology for everything from the ultra-thin film piezo-actuators to the nozzles. Epson was able to obtain a larger displacement by fabricating thin-film piezo-actuators a mere 1 micrometer (1/1,000 mm) in thickness.

Vibration plate   Piezoelectric actuator

Epson's piezoelectric printheads
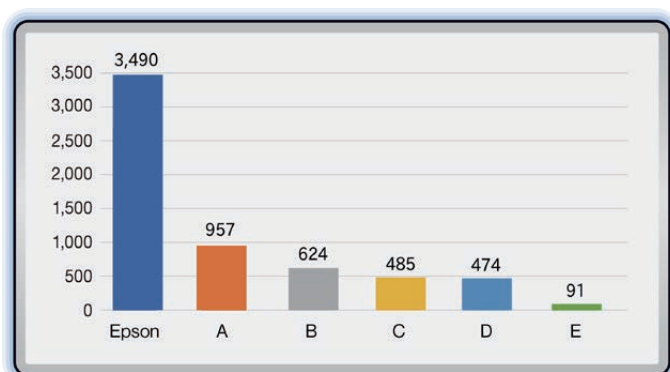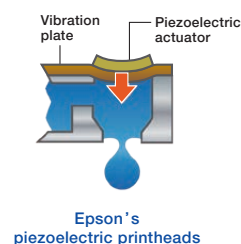
Key Intellectual Property

Epson owns a formidable number of piezo head patents around the world, and those technologies are incorporated into our heads.

Epson 3,490
A 957
B 624
C 485
D 474
E 91

* Epson research as of March 10, 2020
* The number of registered piezo-type printhead patents in Japan, the
  U.S., China and Europe that application after April 1, 2000

Business Growth and Low Environmental Impact

Operations launched in Building 9 at the Hirooka Office in 2018
Epson has laid a foundation for advancing the frontiers of industry by
putting itself on a path toward tripling print chip production capacity and by
acclerating external head sales.

Building 9 Environmental Considerations

- LED lighting throughout the building
  The latest LEDs are also used for yellow lights for
  semiconductor fabrication.

- High-efficiency air-conditioning system
  Reduced the amount of construction materials and
  increased the efficiency of space use by using task
  and ambient air conditioning.

- Low-carbon electricity used for production
  All of the electricity of Building 9 meets with
  renewable energy.

A variety of
atrategic partners

Basic module
for a printhead

Epson Wins Minister of Economy, Trade and Industry Award at the 29th Grand

Prize for Global Environment Awards

- Company praised for inkjet innovation to minimize environmental impact -

https://global.epson.com/newsroom/2020/news_20200228.html

Epson and the Environment

Global Environmental Positioning Statement

Better Products for a Better Future

At Epson, we know that planning for the future requires a strong commitment
to the environment. That is why we strive to create innovative products
that are reliable, recyclable, and energy efficient.
Better products that use fewer resources help ensure a better future for us all.

"Better Products for a Better Future" encapsulates Epson's strong commitment to making products that are better for the environment, to help ensure a better future for us all. We will communicate this commitment as opportunities present themselves in the course of our business activities.

Epson and the Environment

Life Cycle Thinking

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

Deliver Use

Create Better Products for a Better Future Recycle & Reuse

Choose Think

Think
Design products thinking of the entire life cycle

Design for Environment
(Please refer to page 86.)

Choose
Use environmentally conscious materials

Management of Chemical Substances in Products
(Please refer to page 134.)

Paper Products Procurement
(Please refer to page 224.)

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

Climate Change/Realizing a Decarbonized Society
(Please refer to page 120.)
Resources/Forming a Circular Economy
(Please refer to page 126.)
Pollution Prevention & Chemical Management
(Please refer to page 134.)

Deliver
Transport products efficiently

Transport/Value Chain
(Please refer to page 122.)

Use
Eco-performance as customer value

Products and Services that Reduce Environmental Impacts
(Please refer to page 88.)

Recycle & Reuse
Reuse resorces

Product Recycling
(Please refer to page 129.)

Design for Environment

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

Epson takes a life-cycle thinking approach in efforts to minimize customers' environmental impacts by (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.

Think

Primary Environmental Performance Features

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

Energy Conservation

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

Resource Conservation

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

Recyclability

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

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

Substance Safety

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

Design-for-Environment Framework

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

Eco-conscious Product Commercialization Flow (Example for the Printing Solutions Business)
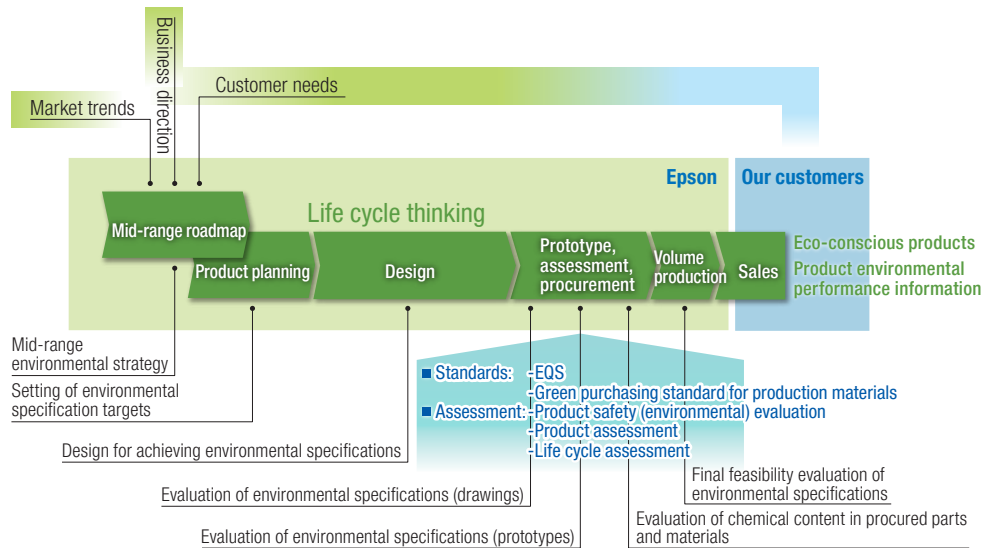
Standards

- 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

Products and Services that Reduce Environmental Impacts

The impact that one company can have on the achievement of a sustainable society is limited, but Epson is looking to make an impact and make the world a better place through products and services that support customers' sustainability efforts and through collaborative action with local communities and partners.

As a manufacturer, Epson has always asked itself what it can do to achieve a sustainable society and has worked for many years to increase the energy efficiency of its production processes and products, improve resource efficiency, and eliminate harmful and hazardous substances.

To make a greater contribution, we seek to drive work process innovations by minimizing the environmental impacts incurred by our customers when using Epson products and by raising operational efficiency and productivity. Achieving this will mean taking on new challenges to offer value existing technologies cannot provide.

Epson's answer is to use our original technologies to provide products and services offer this value to our customers worldwide.
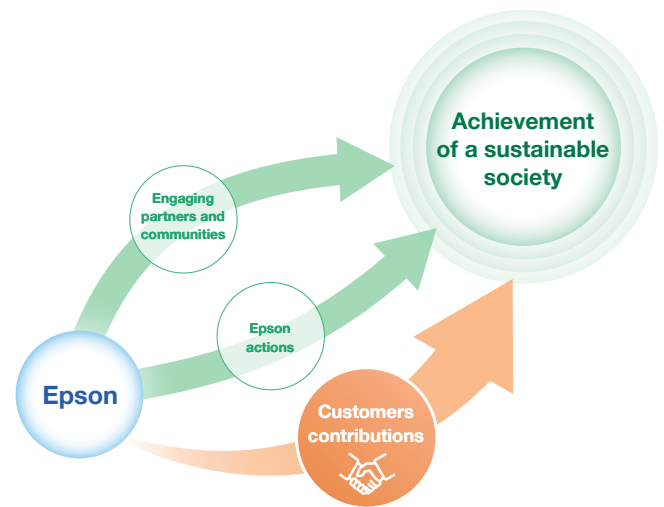
Epson and the Environment

Minimizing Customer Environmental Impacts

We sell products and services that transform the way our customers work. In so doing, we are minimizing their environmental impacts while also raising their operational efficiency and productivity.

- Our innovative products and services make our customers' jobs and lives easier and more enjoyable while also shrinking their environmental footprints.
- Our products and services enable new business processes and offer outstanding economic and environmental value.

Office

Shrinking the Environmental Footprint of Offices with a Combination of Performance and Efficiency

With built-in PrecisionCore lineheads, the WF-C21000 is a high-speed multi-function inkjet capable of print speeds up to 100 ppm (pages per minute)[1]. That's double the output of the typical office laser printer. Enabled by Epson's inkjet technologies, high-speed linehead inkjet multi-function printers (MFPs) take the combination of print performance and energy efficiency to the next level.

[1] For single-sided A4 sheets. WF-C20750: 75 ppm, WF-C20600: 60ppm

WorkForce Enterprise Series
(A fully configured model with staple finisher unit and high capacity paper tray)

Ideas for the Office

Businesses are more sensitive than ever to environmental issues. Many try to save energy by adjusting their thermostat settings or adopting LED lighting. What they may overlook is that printers and MFPs account for about 10% of total power consumed in a typical office.

We see an opportunity to help them further cut their energy use and costs. Epson inkjet printers draw very little power when printing because ink droplets are ejected by the action of piezoelectric elements that contract under only a tiny applied voltage. In contrast, laser printers require heat–and a lot of electricity–to fuse toner to paper.

How Power is Consumed at the Office[2]

Printers & MFPs 10%
Others 3%
PC 13%
Central air conditioning 45%
LED lighting 29%
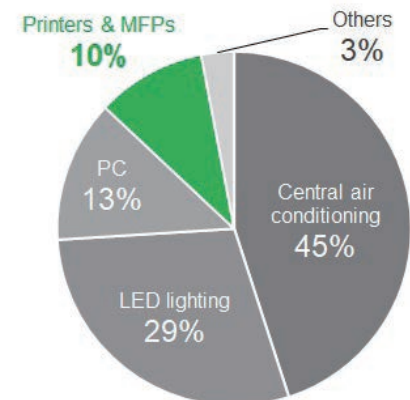
[2] Epson research based on data from commissioned survey conducted in March 2018 by SOMPO Risk Management & Health Care Inc.

Power Consumed per Page

The graph below shows the estimated energy consumed per page. The figures, which are based on typical electricity consumption (TEC) values provided by the ENERGY STAR®, may be used as a guide to compare products running at different speeds. The graph indicates the superior energy efficiency of Epson WorkForce Enterprise series compared to typical A3 color laser office MFPs.

Power Consumed per Page

Wh/page

- Laser printers
- Epson linehead inkjet

WF-C20600 0.14Wh
WF-C20750 0.10Wh
WF-C21000 0.07Wh

* Comparative simulation of power consumption per page. All A3 color MFPs with outputs of 45-100 ppm which is posted on energystar.gov as of July 14, 2020. Our per page calculations are based on TEC measurement.

Reduces Annual Electricity Consumption

WorkForce Enterprise printers are equipped with PrecisionCore Heat-Free Technology and use no heat in the printing process. That means they consume far less power than laser printers, which in turn reduces their running costs. According to the results of an independent study, WF-C20600 may consume, on average, 80% less electricity per year than comparable competing color laser multifunction printers.

Inkjet printer
Receive Print Job — Ink Ejection — Print Out

Laser printer
Receive Print Job — Charge the Photoreceptor Drum — Development — Fusing — Print Out
Preheat the Fuser — Laser Exposure — Toner Transfer — Print Out
● Uses Heat

Annual Electricity Consumption

Approx. 80% down

Average 117 kWh

Model	kWh
WF-C20600 D4TW	24
A	87
B	97
C	133
D	153

Competitive color laser multi-function printer

* Testing was commissioned by Epson and conducted by Keypoint Intelligence. Epson selected four competitor's models from worldwide top four best-selling vendor** in the 45-69 ppm color laser multi-function printer class. Epson WorkForce Enterprise WF-C20600 D4TW with 60 ppm. Devices were tested in default mode as per Keypoint Intelligence's proprietary standard energy consumption test methods. Calculations were based on a weekday workload of 2 x 4 hours printing + 16 hours in sleep/standby mode, and weekend energy use of 48 hours in sleep/standby mode. A total of 69 pages of workload test pattern using DOC, XLS, PPT, HTML, PDF files and Outlook email messages were printed six times in each four-hour printing period.
** Source: IDC's Worldwide Quarterly Hardcopy Peripherals Tracker 2020Q2, Units Share by Company

KEYPOINT INTELLIGENCE
Buyers Lab

Recognized for Excellence in Energy Efficiency and Conservation

Seiko Epson received Director-General's Prize, The Agency for Natural Resources and Energy for these MFPs at the FY2018 Grand Prize for Excellence in Energy Efficiency and Conservation (Product Category & Business Model Category) awards ceremony sponsored by the Energy Conservation Center, Japan. Among other things, these blazingly fast linehead MFPs were recognized for their high energy efficiency and for the infrequency with which consumables and limited lifetime parts need to be replaced.

FY2018 Grand Prize for Excellence in Energy Efficiency and Conservation
(Product Category & Business Model Category)
Sponsor: The Energy Conservation Center, Japan

Eco Features

WorkForce Enterprise

- High-speed linehead inkjet multi-function printers enabled by Epson PrecisionCore and Heat-Free Technology take the combination of print performance and energy efficiency to the next level.
- Epson WorkForce Enterprise series demonstrates superior energy efficiency than a typical A3 color laser office MFPs.

Changing Office Printing with Inkjet Technology

Printers with the innovative 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-C879R**

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 (CO_2 equivalent)

CO_2 emissions

Toner Cartridge x134
Photoreceptor x36
Waste toner box x9
LP-M8170 — 159.4

Ink pack x15
Maintenance box x4
WorkForce Pro WF-C879R — Approx. 92% lower — 12.0 (kg-CO_2e)
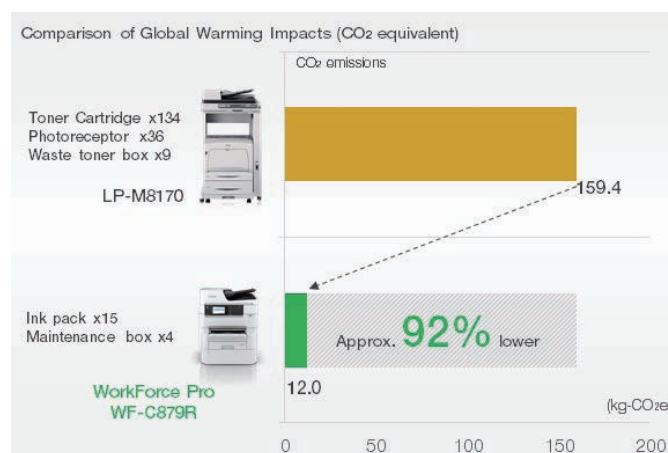
* Comparison of global warming impacts of consumables and their packaging. The 200,000 page[1][2] of the WF-C879R was used as the basis for comparing consumables[3] for the Epson LP-M8170, a color laser MFP (only available in Japan). Epson calculates the total global warming impacts of consumables (material, material processing) as CO_2 emissions based on Epson's test conditions. Figures don't include ink and toner, but include the effects[4] of the material recycling. CO_2 emissions will vary depending on customer printer use.
[1] Average life printing of this product.
[2] Ink pack yields are based on ISO/IEC 24711 and ISO/IEC 24712, Epson testes in default mode printing continuously, color yields are determined by taking an average yield.
[3] Numbers are calculated proportionally based on the number of pages printed.
[4] 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.

Epson inkjet printers use Heat-Free Technology to deliver advanced customer benefits.

Epson Heat-Free Technology does not require heat in the ink ejection process. Instead pressure is applied to the Piezo element, which flexes backwards and forwards firing the ink from the printhead.
In contrast, other technologies work with heat. Laser printers need to heat the fuser to enable printing, for example.
The fact that they do not use heat means that they use less power and produce less CO_2 emissions.
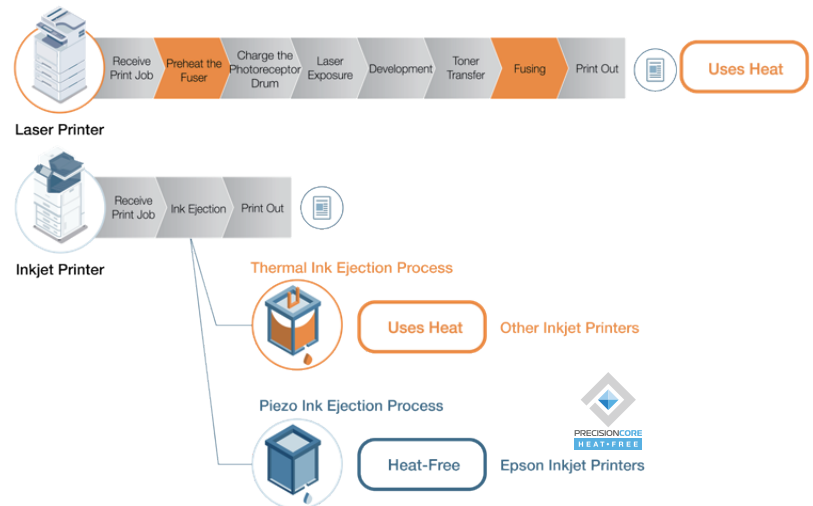
Offering Low User Intervention, Thanks to High-Capacity Ink Packs with a Compact Body

Eco Features

WorkForce Pro WF-C879R

- High-capacity ink packs allow you to print up to 86,000 pages in mono and 50,000 pages in color[2] 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.
- Epson Heat-Free Technology requires no heat to print consume far less energy than laser printers.

Adding New Value to Paper Contributes to a Circulating Society

The PaperLab A-8000, a dry-process office papermaking system, makes new paper from old right on-site using Dry Fiber Technology, which is characterized by waterless[1] defibration.

The PaperLab A-8000 was awarded the Minister's Prize, The Ministry of Economy, Trade and Industry, at the first EcoPro Awards ceremony (formerly called the Eco-Products Awards) sponsored by the Japan Environmental Management Association for Industry (JEMAI). In addition to outstanding and innovative paper recycling technology, the PaperLab was recognized for its use in producing environmental education materials, for its use as a symbol of environmental measures, and for helping to raise awareness about resource circulation.

[1] Moderate humidity is required.

2018
EcoPro Awards

1st EcoPro Awards Minister's Prize, the Ministry of Economy, Trade and Industry

PaperLab A-8000
Dry-process office papermaking system

Preservation of Water Resources

The PaperLab A-8000 uses only about 1/100th[2] of the water it takes to make an equivalent mass of ordinary paper, thus helping to conserve the Earth's precious water resources.

[2] Water consumption of ordinary paper includes water used in the growth of the trees that supply the virgin pulp. Ordinary paper means paper distributed in Japan.

Effective Use of Forest Resources

Paper is produced from wood taken from the forests, but the A-8000 spares our forests by producing new copy paper from used documents right in the office. Therefore, any paper produced by the A-8000 may be marked with the eco-label established by the 3R Promotion Forum Japan.

R100
Utilizing 100% post-consumer recycled paper pulp
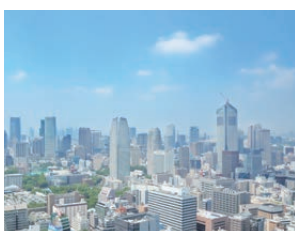
Reduction of Life Cycle CO_2 Emissions

The A-8000 enables small paper recycling cycle by turning used paper into new paper right on site. Paper can be locally recycled for local consumption, producing fewer CO_2 emissions across the life cycle compared to a traditional paper recycling process, when producing an equivalent mass of paper.

Awareness-Raising

The A-8000 reproduces paper on the spot–a fresh surprise that can raise the environmental awareness of your staff and spawn further environmental action. Children who have had the opportunity to see paper recycled come away with insights and greater concern for the environment, as well as a desire to solve environmental issues with science.

Internal Case Study

Epson uses the A-8000 extensively to recycle and reproduce paper used on its own sites. Since 2018, this recycled paper has been used to produce orientation training materials and business documents. It is being used for calendars and employee business cards. This paper is also used for notebooks and memo pads, and we plan to further expand uses in the near future. The production of paper and paper-based goods has expanded the range of job opportunities for the staff of Epson Mizube Corp., a special subsidiary that supports the employment of persons with disabilities and is involved in these activities.

Calendars made using recycled paper

Epson also uses a machine that employs dry fiber technology to upcycle recovered paper into waste-ink pads for inkjet printers and sound absorbing materials for the A-8000.

Waste ink pads for inkjet printers (maintenance box)

User Comment

Beyond Direct Benefits: Raise Children's Awareness of the Environment

The city government of Shiojiri decided to install a PaperLab after examining the potential environmental, security, and job creation benefits. We saw that we could promote environmental conservation through local recycling of used paper without stressing water resources. We saw that we could strengthen security by destroying sensitive information on-site. And we saw that we could develop employment opportunities for persons with disabilities. I personally feel that the biggest benefit is that the PaperLab can inspire children. For a resource-poor country like Japan, the development of high-productivity industries is important for the national identity. So, I think it is critical to instill in children a sense of awe and excitement about technology and learning.

Toshiyuki Oguchi
Mayor
Shiojiri, Nagano

A tangible benefit of installing PaperLab is its productivity: We are producing, on average, 18,000 new sheets of paper per month from locally recovered paper and use them to make application forms etc. This has enabled us to reduce the amount of waste paper transported off-site for disposal by 20% (FY2017 results).

Eco Features

PaperLab A-8000

PaperLab A-8000 is an office papermaking system that recycles paper right on site using a dry process.
- Contributing to the conservation of water resources with Epson's unique paper recycling technology that does not use water[*1].
- "Paper to paper" recycling, where fresh sheets of copy paper are produced from used paper generated on-site, is an effective way to conserve forests.
- The ability to recycle at the office reduces the volume of paper that must be transported to off-site recyclers.

[*1] A small amount of water is used to maintain a certain level of humidity inside the system.

An Eco-Conscious Office Created by Combining Inkjet Printers with an Office Papermaking System

Epson is proposing eco-conscious office solutions that benefit the environment.

Epson wrings the maximum benefit for customer from solutions that combine inkjet printers, which employ Epson's proprietary Heat-Free Technology to reduce office power consumption, waste, and printing costs, with dry process office papermaking systems, which efficiently recycle paper to conserve water and forest resources. In addition to allowing a more environmentally friendly way to take advantage of the convenience of paper, an in-office paper recycling ecosystem delivers customer value by reducing costs and strengthening information security.

PRECISIONCORE HEAT·FREE

Reaping greater benefits by combining products

The Eco-Conscious Office Center[*2] on the 29th floor of Epson's Shinjuku office serves as a model for a metro office building. It demonstrates to visitors that a greener office can be achieved anywhere. Over the three fiscal years from 2017 to 2019, Epson installed 19 PaperLabs at its eight main sites in Japan. Through the local recycling of paper for local consumption, Epson is looking to reduce the amount of new paper purchased by the Epson Group.

Epson is giving potential customers a concrete idea about how they can improve their environmental performance by publicly disclosing our paper recycling operations and recycling data.

[*2] The goal is to reduce the annual amount of new copier paper purchased by 30% (equivalent to about 1.3 million sheets) at the Shinjuku office.

Raising Meeting Productivity with Interactive Communication

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

Interactive projector
EB-1485Fi
(known as the BrightLink 1485Fi
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-1485Fi.
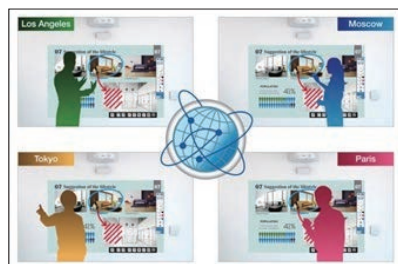
- Multi-location Interactive Function

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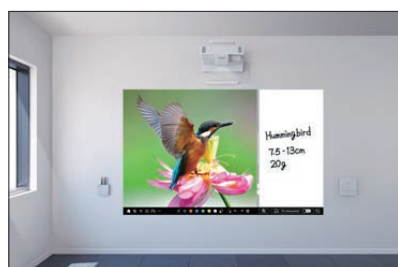
- Split Screen Function

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

Use as a Copyboard

The all-in-one interactive projector with copyboard, electronic blackboard, and other common whiteboard functions saves both resources and installation space. Directly annotate up to 20 sheets' worth of projected data and images, no PC required. Increase meeting productivity and minimize printouts by saving data or by emailing it directly from the projector.

Maintenance-free Light Source

The laser light source is extremely reliable, eliminating the worry of lamp failure during important presentations.

Maintenance period

	0 hours (new)		20,000 hours
Laser			
Lamp			
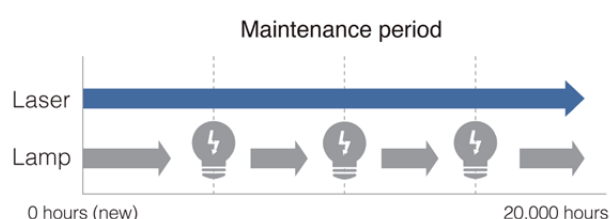
Energy and Resource-saving

Within the projector's lifecycle, CO_2 emissions will be the greatest during the stage in which it is used by the customer. Through product improvements, we will offer reductions in the consumption of electricity and natural resources during use.

Power consumption (W) / Product weight (kg)

Normal | Eco | Weight

	EB-1460Ui (FY2016)	EB-1470Ui (FY2017)	EB-1485Fi (FY2019)
Normal (W)	477	448	381
Eco (W)	366	348	270
Weight (kg)	8.5	11.4	9.3
Brightness	4,400 lm	4,000 lm	5,000 lm
W/lm	0.11	0.11	0.076
g/lm	1.9	2.9	1.9
Light source	Lamp	Laser Diode (do not need to replace)	
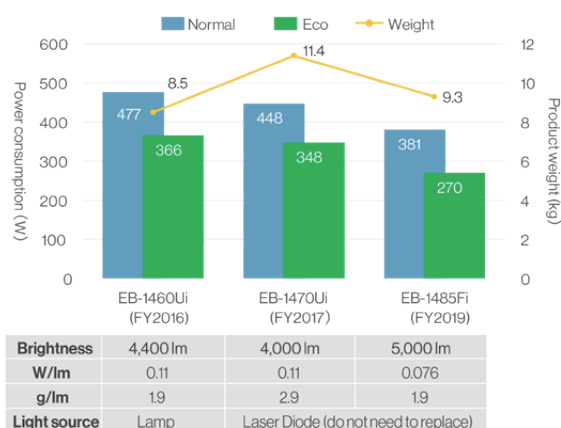
* Power consumption values for projectors operating at 100-120 V. We used normal mode power consumption to calculate energy efficiency (W/lm).

Eco Features

EB-1485Fi

- 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.
- The laser light source is extremely reliable, eliminating the worry of lamp failure during important presentations.
- 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 29% using ECO mode

Driving Production Process Innovations with Digital Textile Printers

Epson's digital textile printers faithfully reproduce prints in vivid colors and wonderful detail—and they do so with outstanding throughput and minimal environmental impact.

© Victoria and Albert Museum, London

**Digital Textile Printer
Monna Lisa Evo Tre[1]**

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

Streamlined Manufacturing Process

Epson's inkjet digital textile printers expand your design possibilities while minimizing your use of energy, water, materials, and time compared to conventional processes. Digital textile printing involves the use of printing systems to print out digital data to direct to fabric. It is different from traditional analog printing in which dedicated printing plates are pressed directly onto the fabric. Digital printing has the following characteristics:

1. Faithful reproduction of fine gradations and subtle color tones
2. Since no analog plates are needed, digital textile printing saves storage space, eliminates time spent on plate management, and enables small production runs at low cost and with fast turnaround
3. Minimize the environmental impact in comparison with analog printing
   - Little less of dyeing material
   - No need for water for plate washing

Comparison of Analog and Digital Textile Printing Processes

Analog textile: Original design → Image layout → Color separation, tracing → Printing plate making → Ink mixing → Sample printing → Plate washing & storage → Disposal of unneessary dye → Mass production ink making → Mass printing → Plate washing & storage → Disposal of unneeded ink → Post-processing

1.5 - 2 months
- Requires large quantities of energy
- Complex work process
- Substantial waste

Digital textile: Pre-processing → Original design → Image layout → Sample printing → Mass printing → Post-processing

3 days - 2 weeks
- Low energy consumption
- Fewer steps
- Low environmental impact

Efficient Inventory Management

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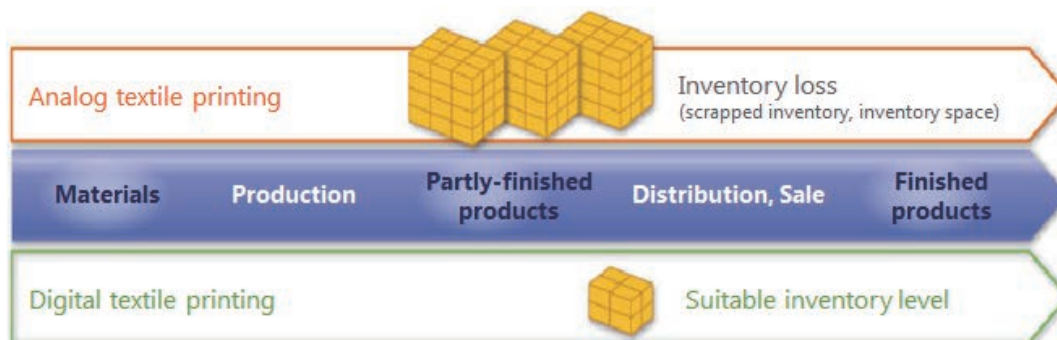
Eco Features

MonnaLisa Evo Tre

- Since the digital textile printing process is shorter and does not require printing plates, it uses less energy and water than a traditional analog 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-F2100

Transforming the Garment Printing Workflow

Traditional silk-screen printing requires extensive preparation, including the screen mask making 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-F2100 print digital data from a PC directly onto T-shirts and other garments. So, not only is there no need for screen mask making but images and photos can be reproduced with smooth gradations and in full color. The SureColor SC-F2100 shortens the garment printing workflow.

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

Silk screen printing

| Create a design | Create films | | Create screens for each color | | Printing each color | Dry ink | Finished | Store screens |
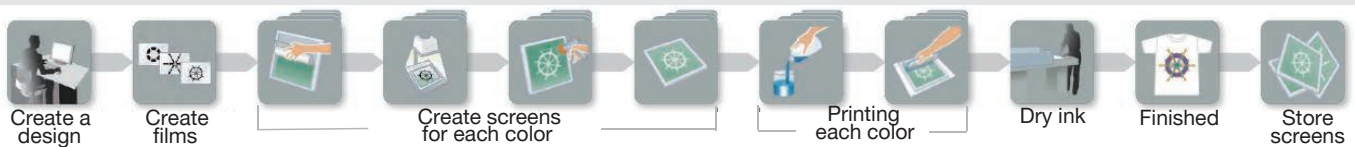
Direct-to-Garment printing

· For light color T-shirts

| Create a design | Remove lints and smoothen surface | Directly print | Dry ink | Finished |

· For dark color T-shirts

| Create a design | Pre-treatment | Dry liquid | Directly print | Dry ink | Finished |

Infant-safe Prints on Textiles

The UltraChrome DG inks and pretreatment liquid 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.

OEKO-TEX®
CONFIDENCE IN TEXTILES
ECO PASSPORT
NEP 1603 Nissenken
Textile chemicals. Tested and verified.
www.oeko-tex.com/ecopassport

Eco Features

- Streamlined garment printing workflow compared to silk-screen printing.
- Saves resources because no need for screen mask making, unlike traditional printing processes that require a separate film and screen masks for each color. No washing and management required, since there are no screens.
- UltraChrome DG ink and pretreatment liquid are certified of Eco Passport.

SureColor SC-F2100

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.

Traditional printing: 2 steps

Design — Place an order — ① Outsourced production (pre-printing) — Delivery — Inventory (different layouts) — ② Print individual content — waste

On-demand color printing: 1 step

Design — ① Print whole content on-demand
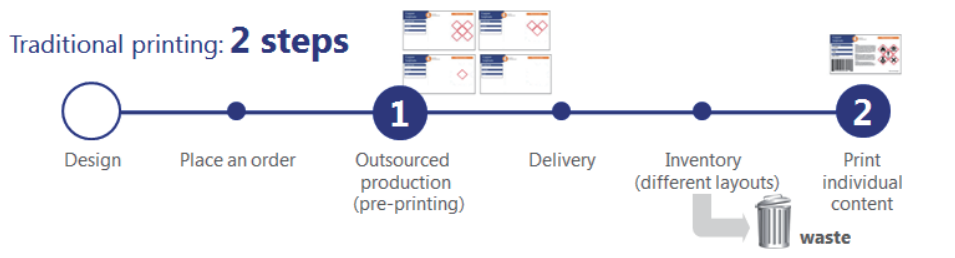
Eco Features

- 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

Epson ColorWorks

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

STEP 1 Design | STEP 2 Pre-press | STEP 3 Plate preparation | STEP 4 Make-ready | STEP 5 Printing | STEP 6 Finishing | STEP 7 Inspection and delivery

SurePress L-4533A/AW Digital Printing Workflow

STEP 1 Design | STEP 2 Digital pre-press | STEP 3 Printing | STEP 4 Finishing | STEP 5 Inspection and delivery

SurePress AQ Ink for a Better Printing Environment

Epson's SurePress AQ ink is a non-toxic, low odor, and noncombustible 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
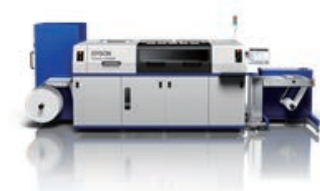
SurePress L-4533A/AW

- 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.

Reducing Environmental Impacts by Providing Remote Work Assistance with Smart Headsets

Epson's smart headsets with binocular, see-through lenses increase operational efficiency and work quality by displaying digital manuals and work instructions in the field of vision and enabling workers to perform work with both hands. In industrial settings, these headsets can be used by managers to provide remote service and maintenance personnel, for example, with instructions and assistance.

MOVERIO Pro BT-2000

MOVERIO Pro BT-2200
(For helmet)

Remote Work Assistance

The centered high-resolution 5 mega-pixel front-facing camera, with an adjustable tilt angle of up to 35 degrees, enables workers to share their view and receive help with complex tasks through streaming or recorded HD pictures and videos.

In addition to safely increasing work efficiency and contributing to greater overall operational efficiency, Epson's smart headsets enable skilled personnel in a remote location to provide technical instructions to workers on the ground. This helps to reduce the need for travel and, consequently, your environmental footprint.
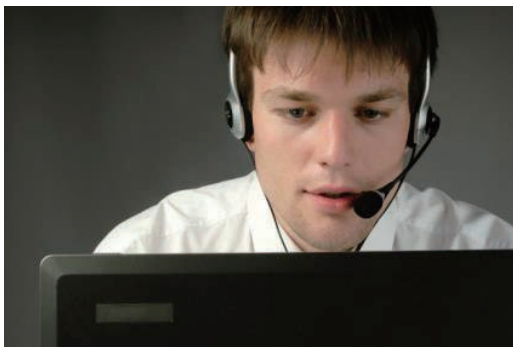
- Advantages

- Printed paper manuals and instructions are rendered unnecessary.
- Greater work efficiency thanks to hands-free operation.
- Tasks can be completed safely because the binocular, see-through lenses allow workers to see their surroundings through projected content.
- Images and voice can be shared with workers in remote locations so that assistance can be provided effectively.

Usage Scenes

BT-2000
- Used for work where they wear caps, or where they do not need to wear anything on their head

- Infrastructure (server room)
- Manufacturing (assembly of office automation equipment, household appliances, vehicles, etc.)
- Maintenance (large equipment such as aircraft, semiconductor manufacturing equipment)
- Agriculture (technology transfer)

BT-2200
- Used for work where wearing a helmet is mandatory

- Infrastructure (electricity, gas, water)
- Manufacturing (heavy machinery, steel, robotics)
- Construction, Public Works (building construction, excavations, bridges)

Eco Features

BT-2000

- The headsets are equipped with a camera and sensors that provide remote personnel with an accurate picture of the situation so that they can provide workers on the ground with instructions and assistance without having to travel, so the environmental impacts associated with travel can be reduced. The headsets also promise to reduce downtime and time losses associated with travel.
- Hands-free operation enables tasks to be performed safely and efficiently, improving both operational efficiency and work quality.

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.

TM-T88V-DT

TM-T88V-i

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.

Web server

Smart devices

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.

- Every Network Terminal is Available

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. It's 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 that 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.

Photo

Revamping the Photo Printing Workflow with Inkjet Minilabs

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

Inkjet Minilab
SureLab SL-D3000

Efficient Photo Printing with Digital Printing

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

[1] According to Epson research.

Eco Features

SureLab SL-D3000

- No chemicals means no liquid waste.
- No washing process means no water hookup is needed.
- Compact body has a 2.1 m² installation footprint[2].
  The compact design allows greater installation freedom.

[2] Without sorter option

Epson and the Environment

Environmentally Conscious Products

We provide eco-conscious products. Our efforts to reduce environmental impacts are yielding products that increase production process and product energy efficiency, raise resource efficiency, and eliminate the use of harmful and hazardous substances.

- Compact, lightweight, energy-efficient Epson products that are designed for long life and easy recyclability have a lower environmental impact across their life cycles.
- Epson produces attractive products engineered for easy maintenance and chemical safety.

Inkjet Innovation

High-Capacity Ink Tanks Reduce Resource Consumption for Consumables

Includes ink tanks. Reduced number of ink refills, contributes to the reduction of environmental impact and allows users to experience improved business efficiency as they print.

Create

Deliver

Use

ET-4750/L6190 series

CO_2 Emissions of Consumables

Consumables CO_2 emissions are less than 1/5th of conventional cartridge model.

Cartridge Printer WF-2630 series

Ink cartridges x **436**

37.95 kg-CO_2e

High-Capacity Ink Tank Printer ET-4750/L6190 series

Ink bottles x **34**

5.98 kgCO_2e

CO_2 emissions

about **84**% those of cartridge printer
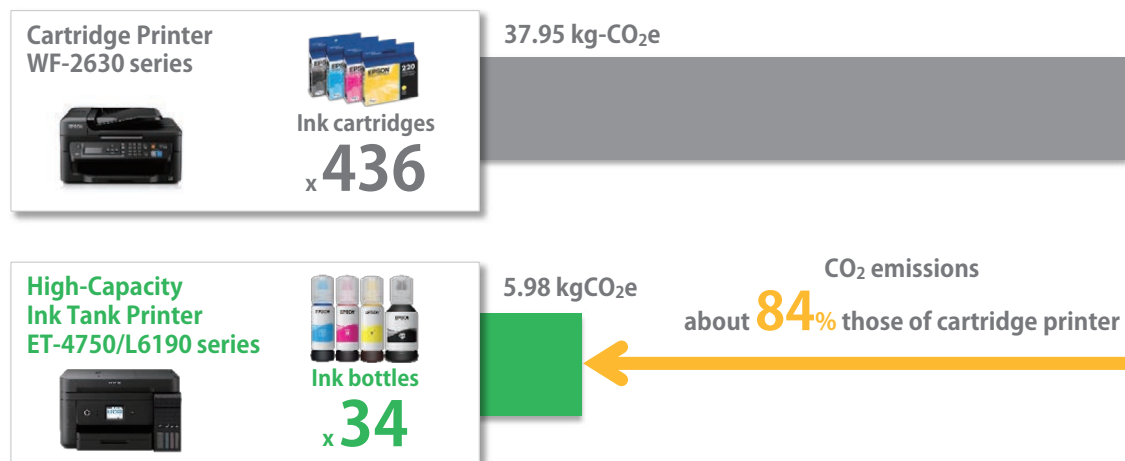
* Compares CO_2 emissions from raw materials, parts manufacturing, production, distribution, use by customer, and disposal for consumables to print 50,000 pages (A4, color) in 5 years with models ET-4750/L6190 series and WF-2630 series. CO_2 emissions calculated based on Epson's evaluation conditions and will vary depending on customer printer use.

[Evaluated] Cartridge model: ink cartridges, packaging. High-capacity ink tank model: ink bottles, packaging.

Eco Features

- Use of ink tanks means fewer ink refills and resource consumption. In addition, it achieves low electricity consumption with Heat-Free Technology that do not use heat during printing.
  - About 84% reduction in CO_2 emissions of consumables[*1]
  - TEC: 0.15 kWh[*2]

[*1] Compared with WF-2630 series when using consumables to print 50,000 pages.
[*2] Typical electricity consumption (TEC) is calculated by Epson based on the ENERGY STAR® TEC test method criteria. Electricity consumption will vary according to the customer printer use.

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
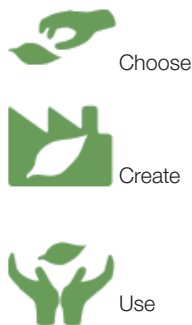
TM-m30/TM-m10

Compact & Lightweight Design

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

TM-T20II (2013)
- Print speed: 200 mm/sec
- Roll size: 80/58 mm
Volume: 4,067,560 mm³
Weight: 1.7 kg

TM-m30 (2015)
- Print speed: 200 mm/sec
- Roll size: 80/58 mm
Volume: 2,177,415 mm³
Weight: 1.3 kg

TM-m10 (2015)
- Print speed: 150 mm/sec
- Roll size: 58 mm
Volume: 1,165,248 mm³
Weight: 0.9 kg

46% smaller

71% smaller

199   146   140
127   135   127
102   112   102

D: 199 mm
W: 140 mm
D: 127 mm
W: 127 mm
W: 102 mm
D: 102 mm
Small footprint
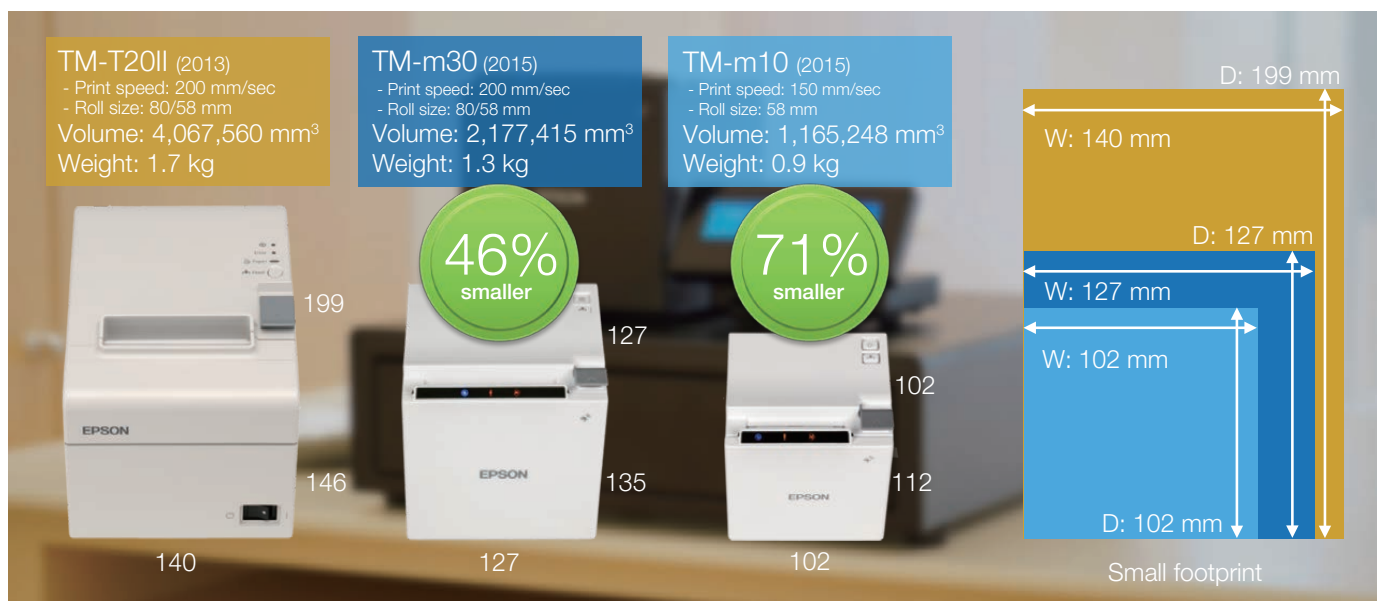
Energy Saving Design

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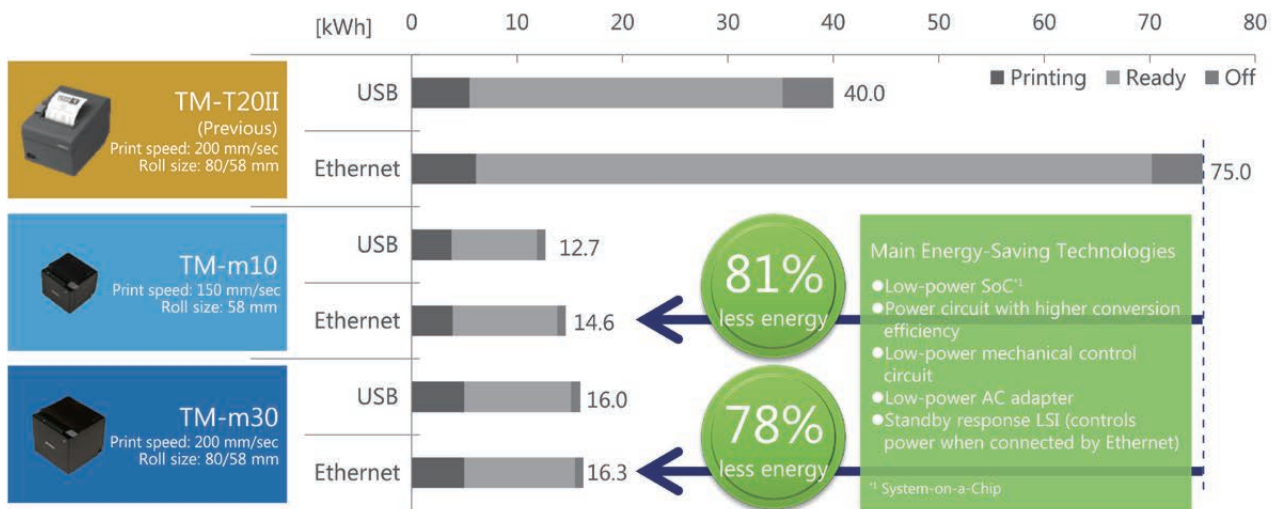
* 230 V is used for calculation, based on European specifications. Assumes usage of 300 receipts per day, with printer power on for 16 hours per day and off for eight hours per day for 365 days per year over a period of five years.

Paper Reduction 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.
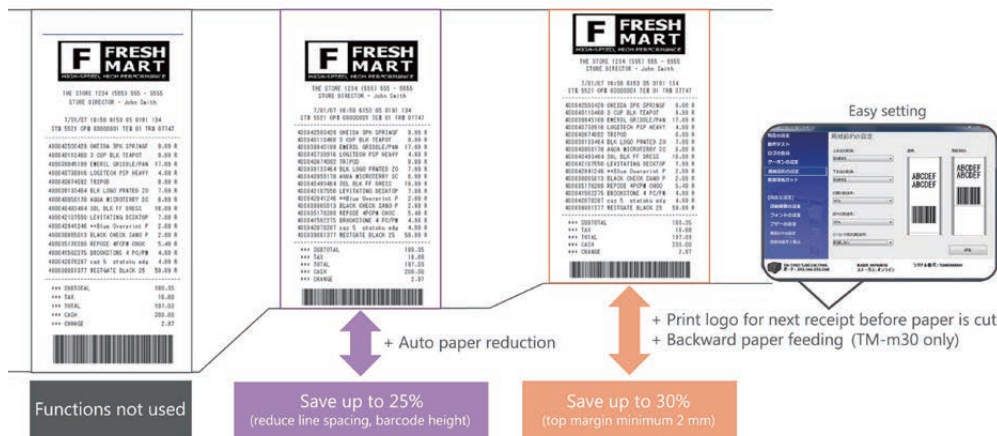
🌿 Eco Features

- 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.[2]
- Paper-saving functions conserve resources and cut costs.

[2] Comparison when connected to Ethernet (230 V)

Fully-Integrated, Feature-Rich Compact Teller Device

As an all-in-one product, the TM-S9000MJ offers a lower environmental impacts while also lightening the work load of tellers by efficiently processing checks electronically.

Choose

Create

Deliver

Use

TM-S9000MJ

Electronic Check Processing: The Faster, Greener Alternative

Paper checks are an integral part of life in the U.S. and some other locales. In the past, banks would physically mail checks to one another for processing, but legal changes and technological advances have made electronic check processing standard. With the TM-S9000MJ, Epson supports electronic check processing, which not only lightens the work load on banks but also reduces the environmental impact by eliminating the need for physical transport.

Electronic Check Processing: The Faster, Greener Alternative

Check clearance process

1. The payer fills out a check for the proper amount and hands it to the payee.
2. The payee takes the check to the bank for cashing or deposit.
3. The bank pays the payee.
4. **The bank mails the check**
5. Bank Z remits funds to Bank X.
6. The amount is debited from the payer's account.

Individual or company   Payee

Bank Z   Bank X

Truck transport replaced by electronic data

ALL the Required Function in a Single Unit

The TM-S9000MJ combines check scanning, endorsement and receipt printing functions in a single device. In addition to having a small footprint that saves space at the teller counter, this all-in-one device is fast and easy to use. By maximizing work efficiency and eliminating the need for several separate devices, the TM-S9000MJ helps save energy and resources.

All the required functions in a single unit

Check MICR reader   Thermal receipt printer
Inkjet printers
Card magnetic stripe reader

Image scanner   Page printer

TM-S9000MJ functions
- Simultaneous double-sided check scanning
- Thermal printing of roll paper receipts
- Check & cut-sheet printing (inkjet)
- Check magnetic ink character recognition (MICR) scanning
- Photo ID scanning
- ATM card magnetic stripe scanning (optional)

Eco Features

- Support the digitalization of the check settlement process and also greatly reduce the environmental impacts related to physically transporting checks.
- The functions necessary for the tellers are integrated in one unit, reducing the environmental impacts related to energy use, resources and so on by making separate equipment unnecessary.

Visual Innovation

A Projector with a Long-lasting Laser Light Source for Reduced-maintenance Operation

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

Choose

Create

Use
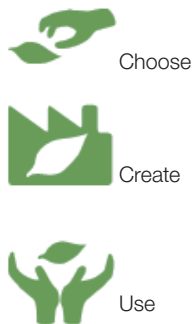
EB-L25000U

Laser Light Source

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 laser light source lasts up to an estimated 20,000 hours[1], practically assuring that it will be ready to go when you are.

Maintenance Period of Laser and Lamp

Laser

Lamp

0 hours (new)   20,000 hours
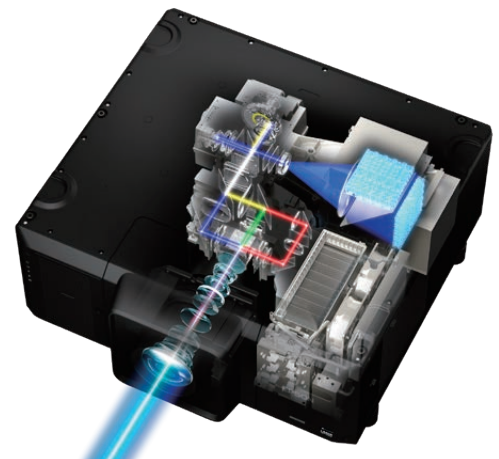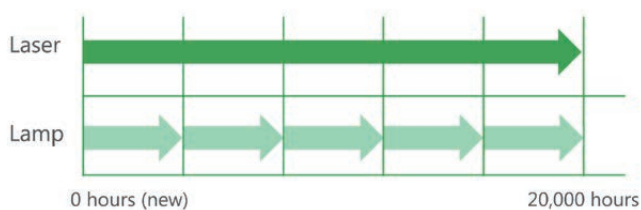
A portion of the light from a blue laser is converted to yellow light after striking a yellow phosphor wheel. This yellow beam is then split into red and green. Thus only a single light source is needed to produce the three primary colors of light (red, green, and blue), which helps to reduce the size of the optical engine.

[1] Approximate time until brightness decreases 50% from first usage. Measured by acceleration test assuming use of 0.04 - 0.20 mg/m^3 of particulate matter. Time varies depending on usage conditions and environments.

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.

Stainless steel pipe frame

Magnesium base

Weight (kg) — ◆ Laser, + Lamp — EB-L25000U

Volume (m³) — ◆ Laser, + Lamp — EB-L25000U
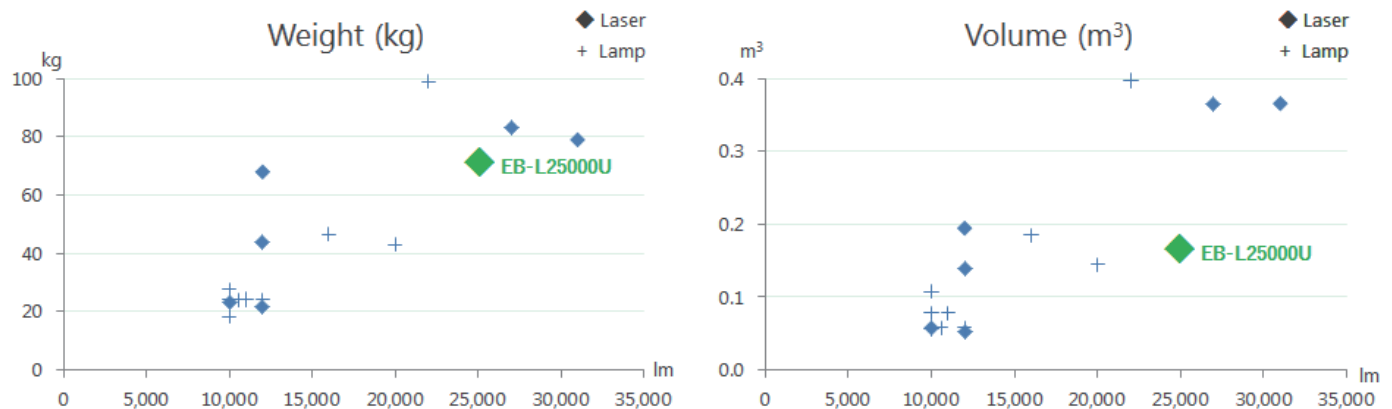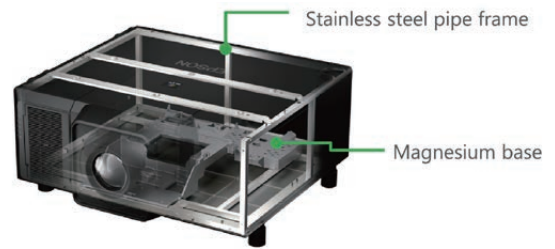
* Compared to the weight and volume of projectors with 10,000 lumens of brightness or more (per Epson research conducted in May 2017). Some projectors use a laser light source, others use a lamp.

iF DESIGN AWARD 2017

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.

Scene images

🍃 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.
  - ○ Equipped with a 20,000 hours long-lasting laser light source.
  - ○ 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.

Experience a New Way with Light and Comfortable Smart Glasses

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

Choose

Create

Use
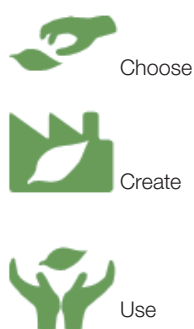
BT-300

Miniaturization of the Optical System

Self-illuminating and Focused light distribution as Si-OLED technology contributes for Miniaturization of the optical system.

BT-100 (2011)

BT-200 (2014)

BT-300 (2016)

240 g
* Weight is headset only.

88 g

69 g

HTPS LCD
Backlight
Driver IC

Si-OLED
- Seif illuminating
- Focused light distribution
Integrated driver IC
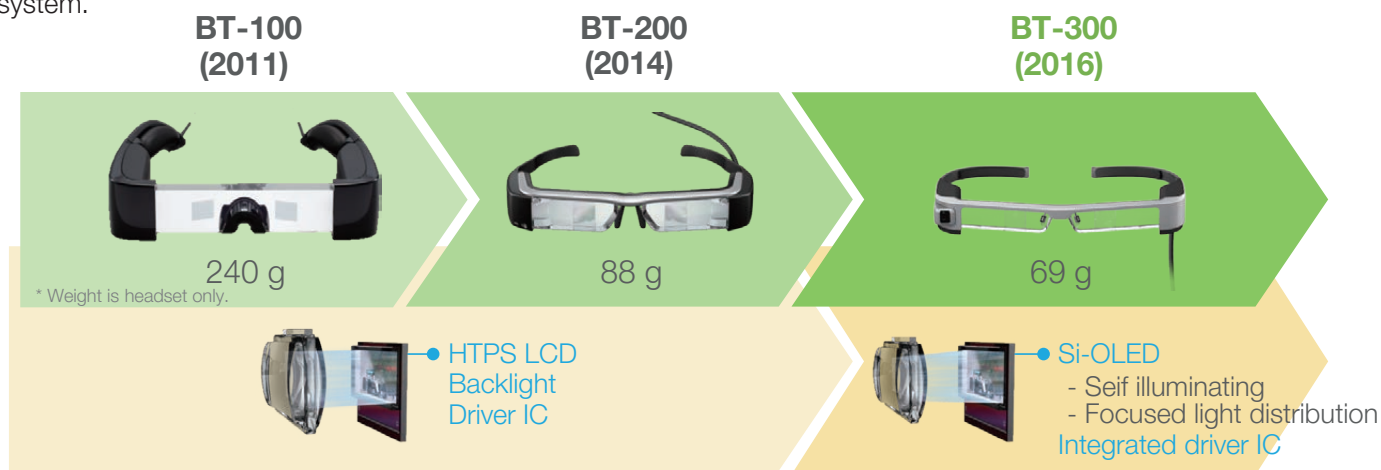
BT-300 headset is approx. 22% lighter than BT-200, approx. 71% lighter than BT-100

Eco Features

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

Robotics Innovation

Compact SCARA Robots

Epson's industrial robots have led the industry for over 30 years thanks to their innovativeness and reliability. And Epson has maintained the top share of the global market for SCARA robots for nine consecutive years[1].

T series have a built-in controller and batteryless motors. SCARA robot arms move horizontally and can perform simple tasks that are currently done by hand, such as loading and unloading electronic components and small automotive parts from test equipment. SCARA robots can also help you replace single-axis robots.

Choose

Create

Deliver

Use
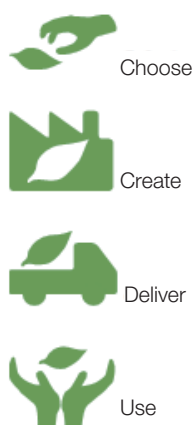
T3/T6
* The T6 has doubled the payload capacity (6 kg) of the T3.

[1] Market share based on revenue and unit sales of industrial SCARA robots, 2011-2019. (Source: Fuji Keizai "2012 - 2020 Reality and Future Outlook of World-wide Robot Market")

Space-Saving and Simple Cabling

Epson integrated all the compact, lightweight controller components into the robot arm so that customers do not need a separate controller box or a space in which to install it. In addition, you no longer have to route long cables to the controller, which simplifies initial setup and redeployment.

Controller 7.5 kg

14 kg

16 kg

Epson LS3 SCARA robot and RC90 controller

The T3 has a built-in controller

* Weights indicated in the above pictures do not include cables.

Saving Energy and Resources

The T3 is 30% more energy-efficient than conventional SCARA robots. And it runs on 100 V, so it can be used in facilities where a large power supply is not available.

You do not need to replace batteries because the T3 records the back-up status of its motors by using a simple mechanical system with the latest motor technologies.

Power Comparison Between a T3 and Conventional SCARA Robot

LS3 200 V-240 V	**1.00 kVA**
T3 100 V-240 V	**0.66 kVA** **30% less**
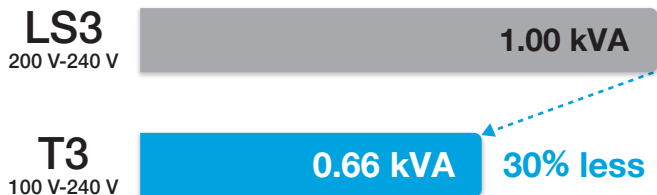
Battery Replacement Cycle

LS3	**Every 1.5 years**
	* Replaced four times with overhaul of six to seven years
T3	**Never (reduces downtime)**

AC
100 V

Battery
Less

Power
Consumption
0.66 kVA
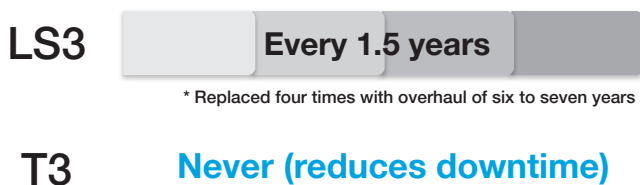
Eco Features

- Compact all-in-one SCARA robots increase productivity and save space by automating simple tasks and replacing single-axis robots.
  - Equipped with a built-in controller to save space
  - Run on AC 100 V, using 30% less power than comparable Epson robot systems[1]
  - No batteries required for the motor unit, thus reducing resource use, maintenance, and factory downtime

[1] Compared with an Epson LS3 SCARA robot

Product Environmental Information

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

Compliance with Environmental Labels

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

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

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

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

Eco Labels Acquired in Different Product Categories

Country/Region	Type I								
	U.S.	Germany	Sweden	China	Taiwan	South Korea	Singapore	Thailand	Japan
Eco Label	EPEAT®	Blue Angel	TCO	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					● (Toner cartridge)	● (Toner cartridge)			●
Paper									●
Projectors			●		●	●			●
Label Works									
PCs (incl. monitors)									
Watches									●

Country/Region	Type II			Type III	Other		
	Europe	Japan	Worldwide	Japan	Japan/North America	China	Worldwide
Eco Label	THE ECO DECLARATION	PC Green Label	Epson Type II Environmental Labelling Program	Eco-Leaf	ENERGY STAR®	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)		●			●		
Watches							

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.

Eco Features
- Uses 80% less total power than a laser printer → Description of product environmental features

Total power consumption compared to the LP-1000 laser printer (launched 2008). Figures calculated under Epson's test conditions, based on 100 A4-size color prints per day, with printer power on for 8 hours/day and off for 16 hours/day for 20 days a month. → Supplementary explanation

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.

Epson and the Environment

Climate Change/Realizing a Decarbonized Society

Epson is combating climate change by reducing greenhouse gas emissions in production (scopes 1 and 2) and across its value chain (scope 3) to help drive a transformation toward a decarbonized future, as envisioned by the Paris Agreement. Epson also contributes to society by developing energy saving products and further developing inkjet technology.

| 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS |

Production

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

We have an SBTi-approved target of reducing scopes 1 and 2 GHG emissions by 19% by 2025. In FY2019, we achieved an 18% reduction in GHG emissions since the FY2017 base year through site energy-saving initiatives. Some 60% of the reduction, or about 62,000 tonnes, came from boosting our percentage of renewable energy use from less than 1% to about 12% (16% from electricity).

Our energy use is expected to increase as we grow our business. However, we will achieve our target primarily through energy-saving initiatives, including production innovations, as well as by using low-carbon electricity.

18% Reduction

Scopes 1 & 2 emissions
(compared to FY2017)

Greenhouse Gas Emissions (Scopes 1 & 2)

(thousand t-CO_2e)   Per unit of business profit   (thousand t-CO_2e/100 mil. yen)

FY	Emissions	Per unit
2015	544	0.64
2016	571	0.87
2017	592	0.79
2018	502	0.71
2019	486	1.19

Scope 2 (overseas)
Scope 2 (Japan)
Scope 1 (overseas)
Scope 1 (Japan)

* CO_2 conversion factor of greenhouse gas emissions
  - Electric power: In Japan, we use the adjusted emissions factors for the load serving entities (i.e., utilities) from which our sites purchase electricity, pursuant to Load Serving Entity Emission Factors announced by the Ministry of Environment and the Ministry of Economy, Trade and Industry.
    Overseas, we use the country emission factors listed in IEA (International Energy Agency) or from the load serving entities from which our sites purchase electricity.
  - Fuel: The factors announced by the IPCC in 2006 were used for both domestic and overseas data.
  - GHGs other than CO_2: Equivalents were calculated based on 100-year GWP values in the Fifth Assessment Report of the IPCC.

Energy Usage

* RE: Renewable Electricity
* Percentage of energy from renewable source
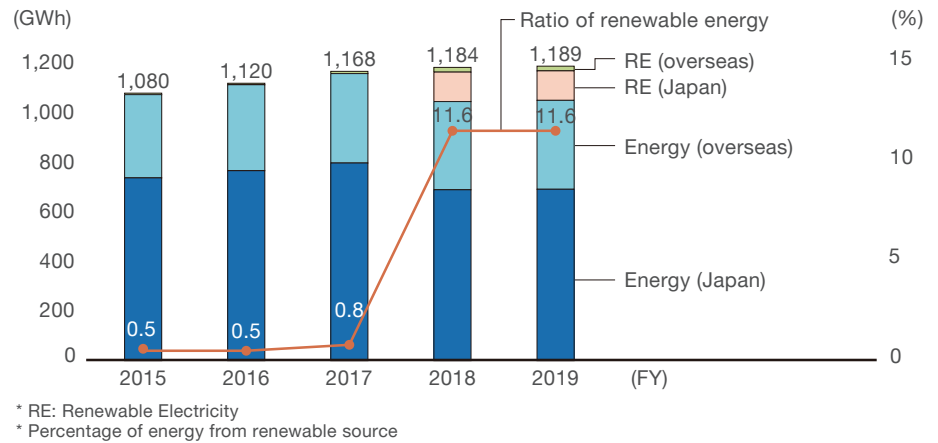
Use of Renewable Energy Globally

About 78% of Epson's GHG emissions come from the consumption of electricity. At home and abroad, we have increased the ratio of renewable electricity to 16% by selecting the optimal low-carbon electricity in each region, such as hydropower and wind power, and by actively investing in on-site electricity generation.

Scopes 1 & 2 Breakdown and Electricity Condition (renewable or non-renewable)
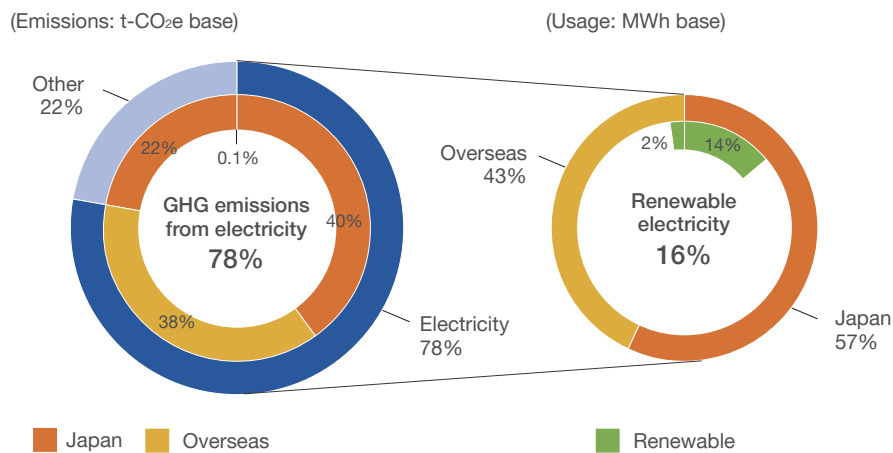
Outside Japan, we already use renewable energy for the electricity used in production sites in the United Kingdom and the United States (Portland) and head office buildings of sales companies in Europe (Germany, Italy, Spain, the Netherlands, and France). Besides those, a new factory in Thailand features a large array of solar panels and is preparing to start operating them.

Epson purchases 100 GWh of CO_2-free electric power annually for use in Nagano Prefecture, the location of the majority of Epson's business facilities in Japan. Effective from April 2020, 60% of this will be from local sources in Nagano. This is both reducing Epson's GHG emissions and increasing local consumption of locally produced energy.

Use of Renewable Energy Globally
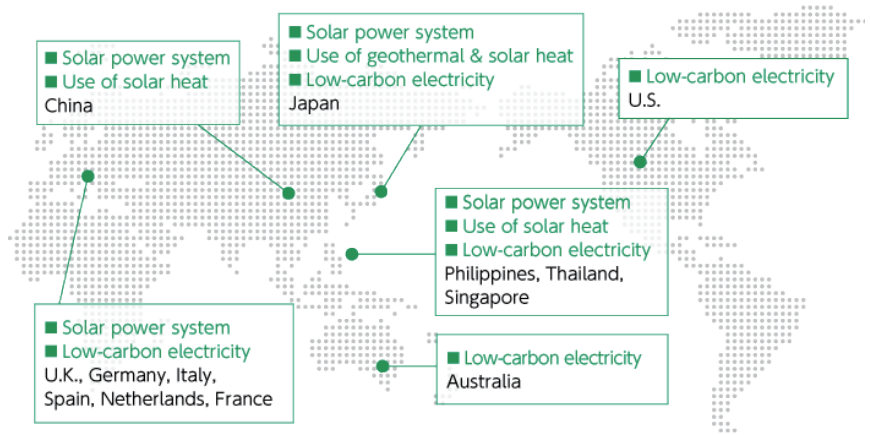
* Onsite equipment, power purchase agreement, and/or certificate purchasing

Support for Recommendations to Expand the Use of Renewable Energy

The use of renewable energy (energy from natural sources) is one of the most effective ways to reduce GHG emissions. Accordingly, Epson is implementing plans to expand its use of renewable energy long-term. However, there are obstacles to expanding renewable energy use, including costs and supply limitations in some regions. Recognizing that there is nothing one company alone can do about these obstacles, Epson decided to declare its support for the important policy recommendations below as one solution. The realization of these recommendations will make it easier to take actions that minimize the impact on future climate change.

Coordinated global action is essential to combat climate change. We at Epson will therefore continue our efforts toward decarbonization, including by supporting future such recommendations.

Secretariats
- Renewable Energy Institute
- CDP Worldwide-Japan
- WWF Japan

Renerable Energy Institute
https://www.renewable-ei.org/en/activities/information/20200819.php

Recommendations

Making Japan a Nation where Renewable Electricity is Easily Accessed: Three Strategies and Nine Policies Sought by Corporations Engaged in Climate Action

Transport/Value Chain

Value Chain Initiatives

Epson is proactively working to reduce the direct and indirect emissions associated with its business and production activities (scopes 1 and 2 emissions). However, it is indirect emissions that occur in the value chain (scope 3 emissions) that account for the vast majority of Epson's GHG emissions. The lion's share of scope 3 emissions are emissions during the use of our products (category 11: use of sold products) and emissions associated with the procurement of raw materials (category 1: purchased goods and services). Therefore, Epson has incorporated these two categories in its SBT (science-based target). As the company grows, emissions are expected to increase. Therefore, to ensure that these indicators are useful, we are focusing on reducing emissions as a percentage of business profit as we work to achieve growth and increase corporate value.

In FY2019, we reduced our category 1 and category 11 GHG emissions, but our emissions per unit of business profit increased due to a significant decrease in business profit.

Greenhouse Gas Emissions from Value Chain

FY2019 GHG Emissions

Scope 2
363 (10%)

Scope 1
122 (3%)

Scope 3
3,024 (87%)

(Unit: thousand t-CO_2e)

Breakdown of Scope 3 Emissions

Use of products
43%

Procurement of raw materials
35%

Other
9%

Transportation
6%

Capital expenditures
7%
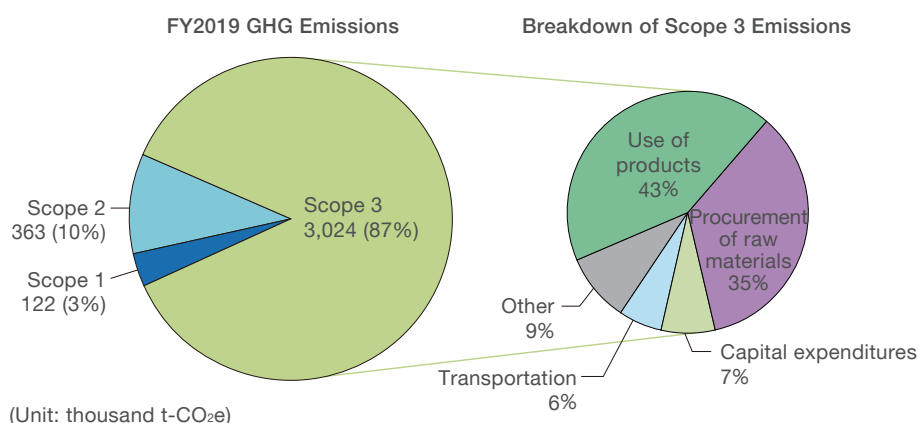
Increased[1]

Scope 3 emissions per unit of
business profit
(compared to FY2017)

[1] Due to a significant decrease in
business profit

Greenhouse Gas Emission (Scope 3: Categories 1 & 11)

(thousand t-CO_2e)   (thousand t-CO_2e/100 mil. yen)

- Per unit of business profit
- 5.78
- 2017: 2,544 / 3.40
- 2018: 2,554 / 3.62
- 2019: 2,361
- Category 1
- Category 11
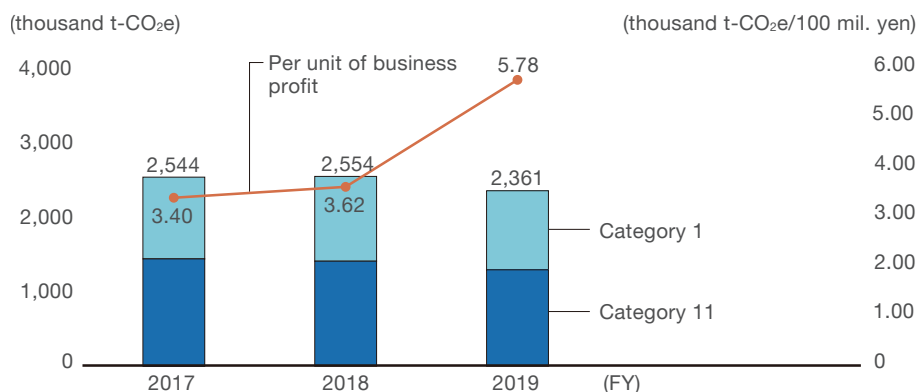
* Coverage of science-based target, Category 1: Purchased goods and services, Category 11: Use of sold products

Logistics Initiatives

Epson is reducing GHG 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.

Greenhouse Gas Emissions from Distribution (Scope 3: Category 4)

(thousand t-CO_2e)   (thousand t-CO_2e/100 mil. yen)

- Per unit of business profit
- 2015: 167 / 0.20
- 2016: 195 / 0.30
- 2017: 225 / 0.30
- 2018: 201 / 0.29
- 2019: 181 / 0.44
- Category 4
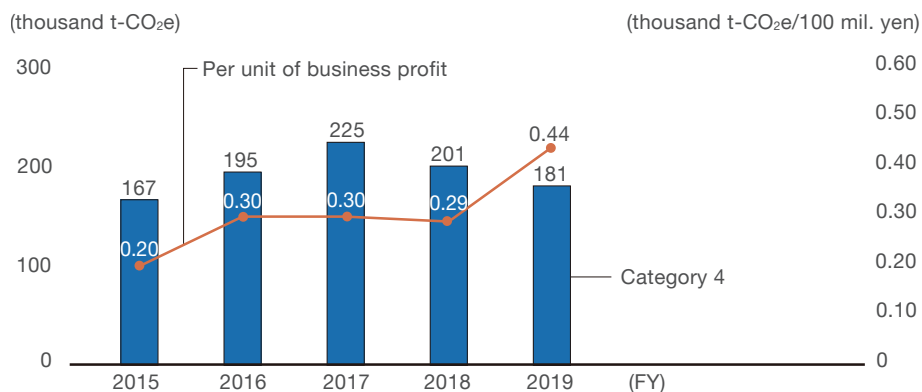
* Category 4: Upstream transportation and distribution

Cooperation with Suppliers

Epson and its suppliers can help address societal challenges and achieve sustainability by aligning their approach to supply chain CSR.

Case study - Transport

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.

Says Koyuru Naito, in charge of logistics planning, 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."

Koyuru Naito

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

Comparison of Standard and High Cube Containers

	40 ft Standard containers	40 ft High cube containers	Advantages
Container size (LWH)	12,033 x 2,352 x 2,393 mm	12,033 x 2,352 x 2,698 mm	1 ft (30 cm) up
Cubic capacity	67.7 m³	76.4 m³	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	

Approx. 14% up!

42 units 7 layers → 48 units 8 layers
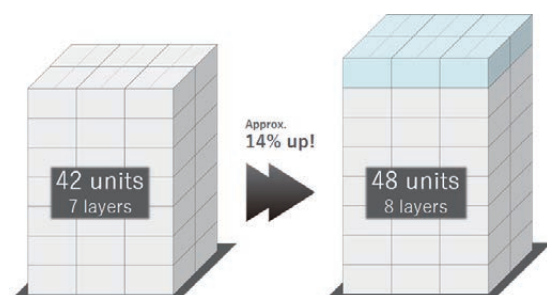
Results of Switching Containers for Shipping to the U.S.

Carson
California

Chicago
300 km
Truck

25 km
Truck

3,400 km
Train

Port of
Los Angeles/Long Beach
California

Plainfield
Indianapolis

Southeast Asia

15,000 km
Cargo ship

654 t-CO₂
Reduction
CO₂ emissions

* We have calculated the reductions in CO₂ 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 CO₂ emissions.

Containers shipped overseas from Sakata Port

CO₂ Reductions Due to Changing the Shipping Method (Unit: t-CO₂)

	Before		After	
	Distance	CO₂ emissions	Distance	CO₂ 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!!
CO₂ emissions
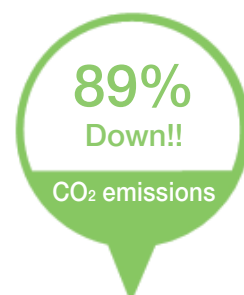
* We calculated the CO₂ emissions from shipping a 20-foot container from Tohoku Epson to Indonesia's capital, Jakarta. The unit indicator by the Japan Ship Technology Research Association is used for calculating emissions during sea transport.

Epson and the Environment

Resources/Forming a Circular Economy

To contribute to the formation of a circular economy in which waste is minimized, Epson is working to reduce emissions and preserve water resources in its production processes. Epson is also promoting the efficient use of limited resources by making products smaller and lighter, by collecting and recycling end-of-life products, and by developing digital inkjet printing solutions.

Reduction of Waste (zero emissions)

Epson is working toward zero emissions by reducing generated business waste and recycling.

Wastes are generated in our production processes, offices, and operations. Wherever possible, we reduce, reuse, and recycle these wastes on-site. Plastic runners from molding processes are recycled, for example. The remaining wastes, including valuable wastes, are recycled by a contractor. We carefully sort and separate wastes and select the best available recycling methods and contractors for each type. We will continue to reduce wastes and to work for general improvement in waste processing methods, including by allying with recyclers.

To help combat pollution from oceanic plastic wastes, Epson sales companies in Europe banned disposable cups and other single-use plastics in their office buildings in April 2019.

In the FY2019 we employed control metrics benchmarked against previous year emissions, and we met our Group reduction target.

2.0% Reduction

Wastes emissions
(compared to FY2018)

Waste Emissions

(thousand t)

(t/100 mil. yen)

Per unit of business profit

Waste (overseas)
Waste (Japan)
Recycled (overseas)
Recycled (Japan)

2015 | 28 | 33
2016 | 31 | 47
2017 | 34 | 46
2018 | 33 | 47
2019 | 33 | 79

(FY)
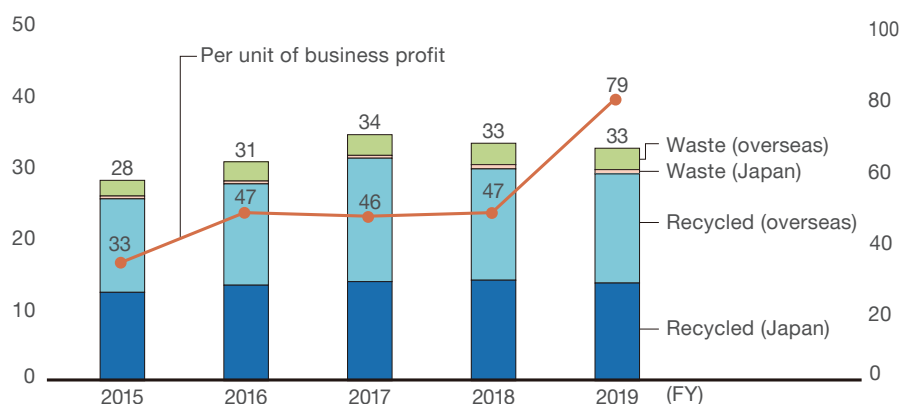
* Waste emissions data includes special wastes that cannot be recycled and wastes that are unrelated to production.
* Amounts of FY2018 differ from those in Sustainability Report 2019.

Preservation of Water Resources

Water and climate change, as well as other environmental factors, are closely linked. Epson's business activities rely on water resources, and the sustainability of water resources substantially affects business continuity. Given this, we are working to preserve water resources by avoiding unnecessary contamination and use, and by recycling the water we do use. We actively strive to increase the rate of industrial wastewater that is recycled in our production processes and to meet strict water quality standards. We are also mitigating our overall environmental impacts, including by introducing more energy efficient water processing facilities. Our efforts extend beyond the water used in our production processes. We ensure that all employees have access to safe drinking water, as well as sanitary kitchens and restroom facilities. Moreover, we make our employees aware of the importance of saving water and preventing water pollution, and we install water-saving fixtures and sanitation facilities.

In the FY2019 we employed control metrics benchmarked against previous year usage, and we met our Group reduction target.

2.6% Reduction

Water usage
(compared to FY2018)

Water Usage

(thousand m³)   (thousand m³/100 mil. yen)

Recycled Water

(thousand m³)   (%)
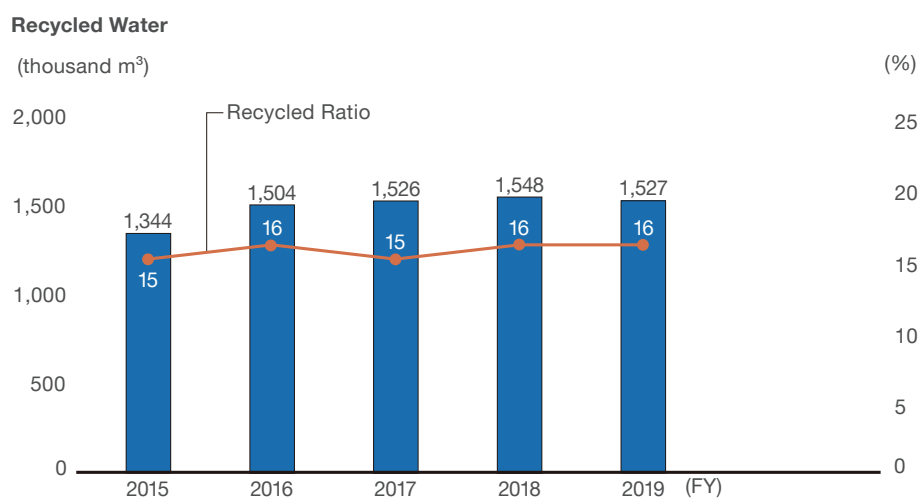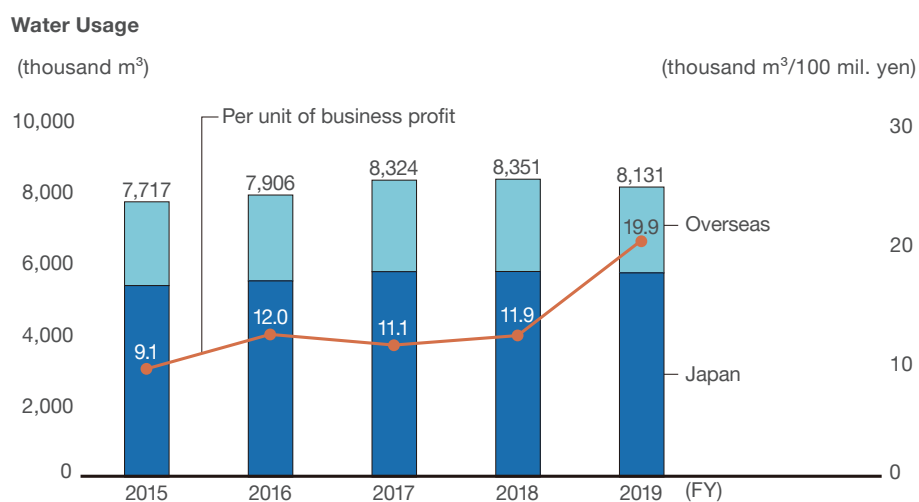
* Past data was revised due to changing the calculation method of recycling ratio.

Addressing Water Related Risk

The water-related risks of Epson's production sites were assessed using two global standard tools for water risk assessments: Aqueduct, developed by the World Resources Institute (WRI), and Water Risk Filter, developed by the World Wide Fund for Nature (WWF). These tools assess water primarily from a perspective of physical quantity of water resources and water pollution risks. The results of the assessments showed that no Epson site qualifies for the highest risk level per the overall risk indicators. However, it was found that some of Epson's production sites in China, Southeast Asia and South America are located in areas with water stress. Moving forward, Epson will continue to act to reduce its water usage and explore more accurate water risk assessment methodologies.

Water Usage by Region and Baseline Water Stress Map (FY2019)
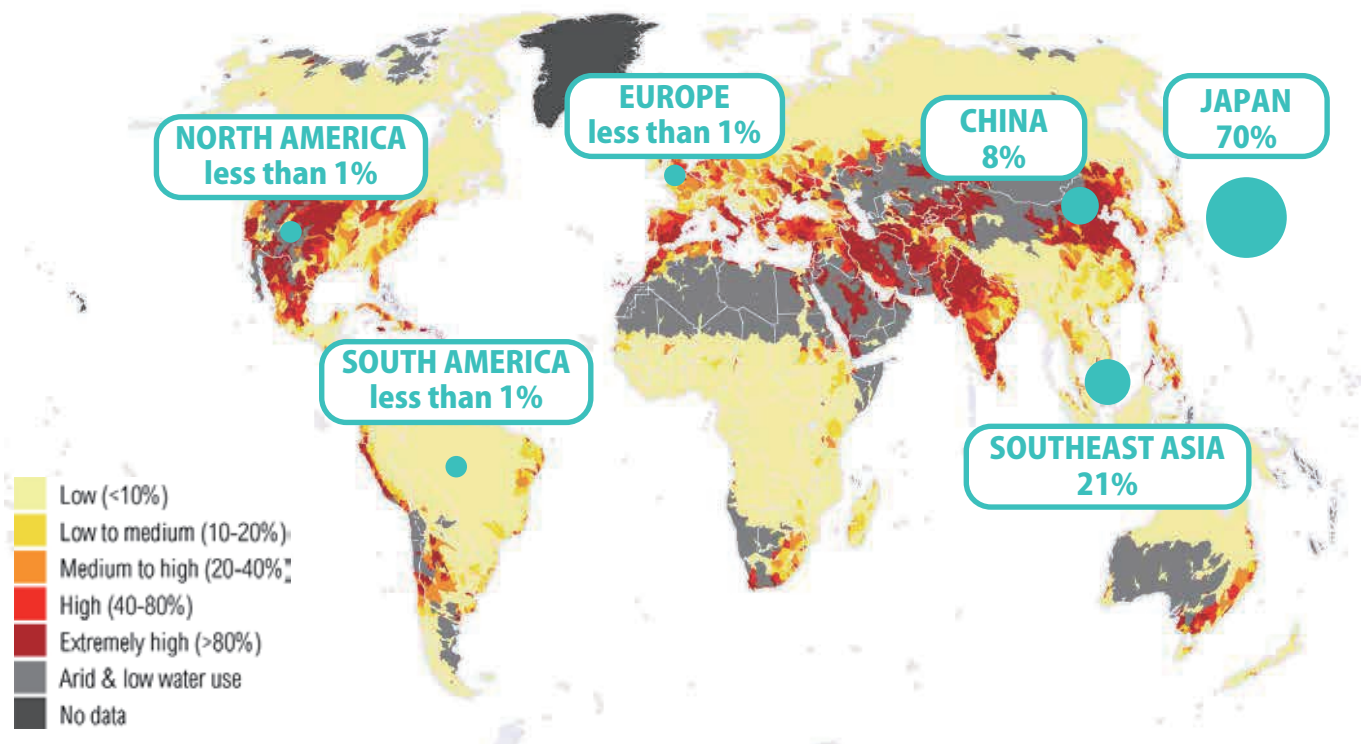
- ● : The percentage of Epson's total water usage in each region is shown on a baseline water stress map from Aqueduct Global Maps 2.1 (WRI). The size of the circles visually indicates the percentage of water usage in each region.

* This map is a derivative of the World Resources Institute's Aqueduct Global Maps 2.1, created by Seiko Epson Corp. under the Creative Commons license provided by www.wri.org.

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

Worldwide Product and Cartridge Recycling Programs

■ Regions where we recycle finished products
■ Regions where we recycle cartridges

Canada
U.S.
Europe
China
India
Japan
South Korea
Taiwan
Hong Kong
Vietnam
Singapore
Peru
Brazil
Chile
Argentina
South Africa
Australia
New Zealand
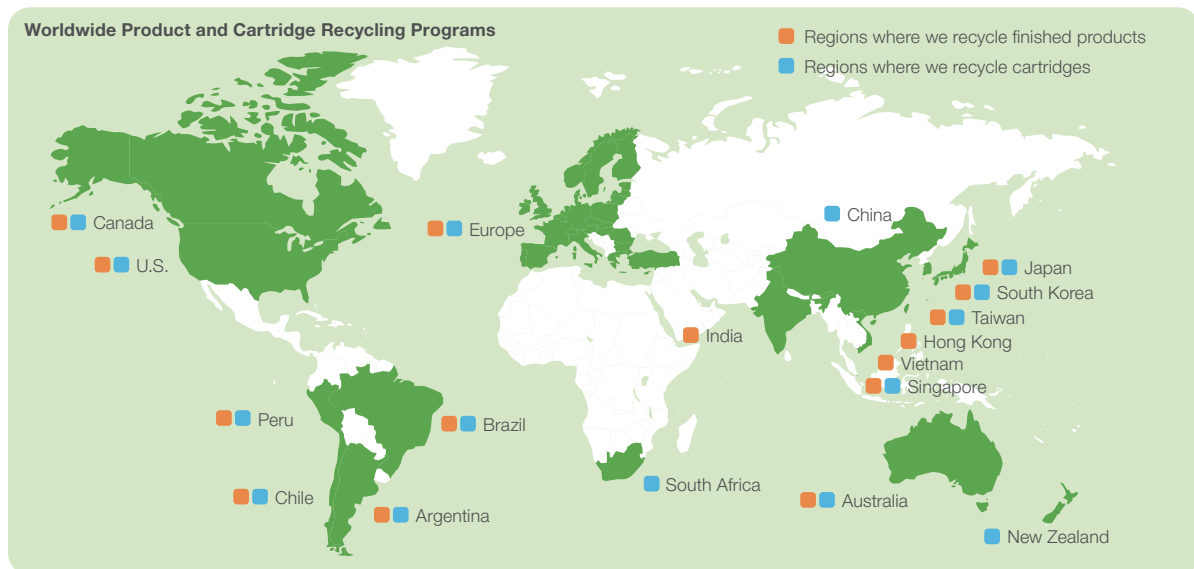
Collection Trends for Products and Cartridges

Finished Products Collected (cumulative through fiscal year)
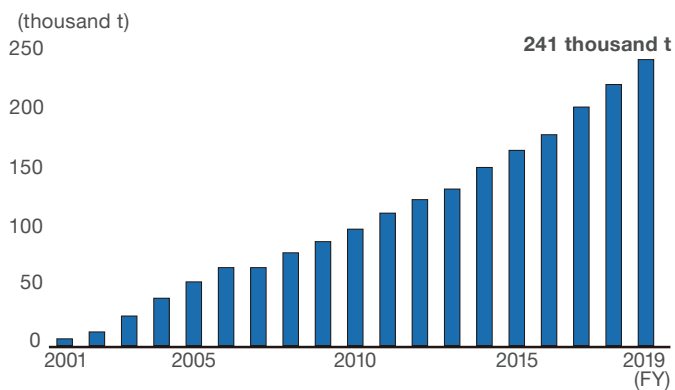
(thousand t)

241 thousand t

250
200
150
100
50
0
2001　2005　2010　2015　2019 (FY)

Cartridges Collected (cumulative through fiscal year)

(thousand t)

53 thousand t

60
50
40
30
20
10
0
2001　2005　2010　2015　2019 (FY)

* Collected either voluntarily or as mandated by local law
* Sum of amount actually collected and amount expected to be collected
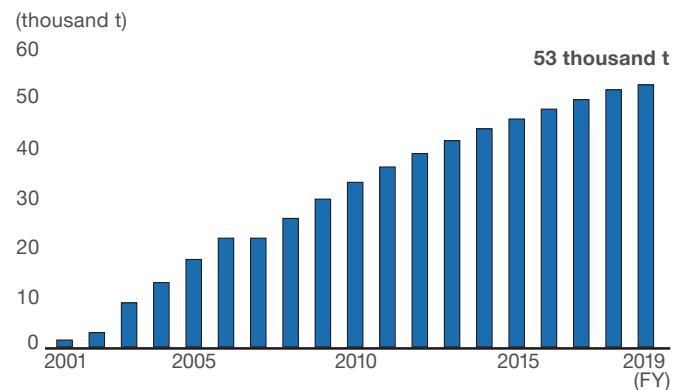
Summary of Activities in Each Region

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.

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 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) has partnered with EPSA (Electronics Product Stewardship Australasia), a member of the global recycling industry Sims Group Limited, to have its end of life E-Waste recycled. EPSA is a government approved co-regulatory arrangements for implementation of the Australian 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.

Lamps

EAL has in place a projector lamp recycling program whereby used projector lamps are recycled, and EAL will recycle any brand lamps – not just Epson. Approximately 95% of the weight of the lamp is recycled.

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 ultural 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. We donated approximately 190,000 points to the Bellmark Educational Support Foundation In fiscal 2019.

• 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

- Life cycle environmental impacts per cartridge reduced by 56%

- CO_2 emissions reduced by 39.5 tons per year

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

Epson and the Environment

Pollution Prevention & Chemical Management

To minimize the effects we have on the ecosystem and human life, Epson is working to control substances of concern in products, manage chemicals used in production processes, and manage environmental risks. Epson also emphasizes communication with stakeholders.

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.

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 by using such as an industry standard survey tools, 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.

[1] The European RoHS Directive restricts the use of the following 10 hazardous substances in electrical and electronic equipment: lead, mercury, cadmium, hexa-valent chromium, polybrominated biphenyl (PBB), polybrominated diphenyl ether (PBDE), phthalates DEHP, BBP, DBP and DIBP.

- Actions for REACH Compliance

European REACH (Registration, Evaluation, Authorization and restriction of Chemicals) regulations require that we register the import and production of chemical substances and that we communicate and report when products contain harmful substances (e.g., substances of high concern).

We make information on the chemicals used such as in ink available to customers at all times in the form of safety data sheets (SDS) published in 24 European languages on our European sales companies' websites.

We are also responding to countries and areas besides Europe, to similarly meet our legal and societal obligations, as well as the needs of our customers.

- Response to GHS[2]

The United Nations declared in 2003 that a globally harmonized set of rules was needed to inform consumers and dealers about the hazards and appropriate handling of chemicals.

Different nations and regions have enshrined these rules as law and made them obligatory at different times. Epson has continued to respond to the rules as they primarily apply to ink cartridges and toner cartridges.

[2] 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[3] certification

Epson's textile printer inks[4] 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

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

- Safe Printing Ink for Food Labels

Compliant with Food Contact Material regulation

Epson's SurePress digital inkjet label presses and ColorWorks on-demand color label printers inks are compliant with Food Contact Materials (FCM) - EU Regulation framework (EC) No. 1935/2004, Good Manufacturing Practices Regulation (GMP) (EC) No. 2023/2006, Plastics Implementation Measure Regulation.

Sample of food packages

Switching to Safer Materials (e.g. Eliminating Harmful Substances)

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

Production

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 previous year emissions as a benchmark, all Epson business units managed and met their FY2019 targets for reducing emissions. Amid increasingly strict environmental regulations and government guidance, our production sites in China are controlling emissions by using scrubbers to remove harmful materials from exhaust gases before they are released into the atmosphere. 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.

29% Reduction
PRTR substance emissions
(compared to FY2018)

PRTR Substance Emissions

(t) — Per unit of business profit — (kg/100 mil. yen)

FY	Total	Per unit
2015	6.6	7.8
2016	8.8	13.4
2017	5.7	7.7
2018	3.3	4.6
2019	5.7 / 2.3	

Overseas / Japan
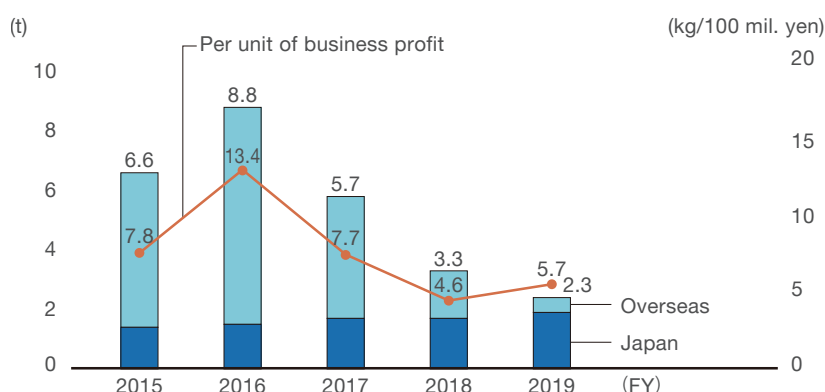
15% Reduction
VOC emissions
(compared to FY2018)

VOC Emissions

(t) — Per unit of business profit — (t/100 mil. yen)

FY	Total	Per unit
2015	192	0.23
2016	197	0.30
2017	184	0.25
2018	168	0.24
2019	142	0.34

Overseas / Japan
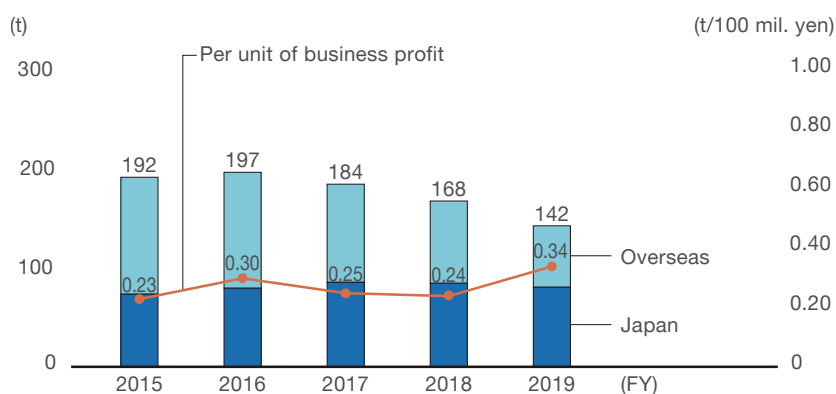
Environmental Risk Management

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 incur any regulatory violations and administrative penalties in FY2019, nor did it incur any large fines (fines exceeding US$10,000), claims, or accidents.

Environmental Due Diligence

We investigate the environmental aspects prior to acquiring new businesses and land through M&As as part of due diligence. We investigate all sites, and not only manufacturing sites, to confirm whether there are any problems involving things such as soil and groundwater pollution and hazardous wastes prior to entering into new contractual agreements.

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. The concentration of trichlorethylene in groundwater is under long-term management and is moving toward compliance with environmental standards.

Site Groundwater Data and Remediation Methods

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

Site	Unit	FY2017	FY2018	FY2019	Remediation
Head Office	mg/L	7.1	6.2	18	Barrier, pump and treat, monitoring
Shiojiri	mg/L	0.24	0.17	0.12	Barrier, pump and treat, monitoring
Fujimi	mg/L	0.014	0.013	0.008	Barrier, pump and treat, monitoring
Suwa-Minami	mg/L	0.041	0.048	0.049	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.

Epson and the Environment

Biodiversity Conservation

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

*1 Benefits from ecosystems
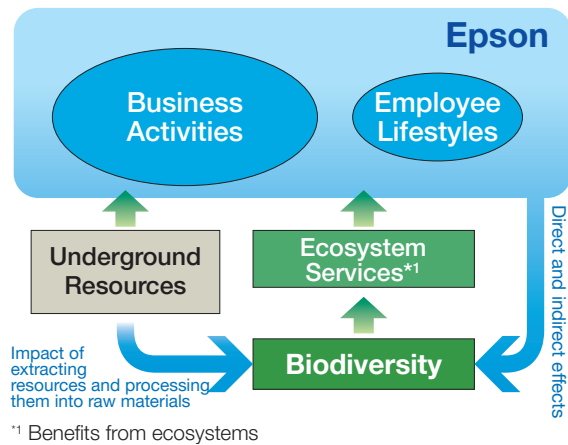
We are steadily mitigating the impact of five factors that cause biodiversity loss with initiatives in climate change strategy, resource recycling and conservation, and pollution prevention and chemical management.

Factor	Relationship to Epson	Theme	Main Initiatives
Climate change	Greenhouse gas emissions	Climate change strategy	Energy-saving product designs Production and transport measures
Land use	Land alternations 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	Pollution prevention and chemical management	Reduced inclusion in products and use during manufacturing of hazardous substances

Conservation of Wildlife Resources in Taiwan

The Pinglin district, the famous tea-growing region in the north of Taiwan, is the natural habitat of the Taiwan blue magpie, a unique bird of Taiwan. The district is part of the Feitsui Dam water preserve, but in recent years, large-scale tea cultivators in this region have become over-reliant on agrochemicals. These agrochemicals are contaminating the land and water and are threatening the survival of local wildlife. To protect the Taiwan blue magpie, which is registered as a species of least concern on the IUCN Red List of Threatened Species (Ver. 3.1), some local tea growers have been focusing on organic cultivation. However, these organic growers, who cannot use any agrochemicals and who have to pick the leaves entirely by hand, have seen their harvests cut nearly in half. Currently only about 10% of the tea gardens in Pinglin are organic.

From 2017 to 2019, Epson Taiwan Technology & Trading Ltd. (ETT), along with a number of major companies, participated as a corporate sponsor in a program to help preserve wildlife in the Feitsui watershed. During those three years, a total of about 100 ETT employees and family members dress up in the traditional costumes of tea leave pickers and go out to organic tea gardens two or three times a year to help harvest the leaves, which must be picked entirely by hand. The organic tea gardens are home to butterflies and other insects, but the participants were most excited by the discovery of several Taiwan blue magpies.

ETT will support biodiversity conservation activities as it looks to raise employee awareness of environmental issues.

Activities in Protected Area (U.K.)

Epson Telford Ltd. (ETL) is a core production site for manufacturing ink cartridges for 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.
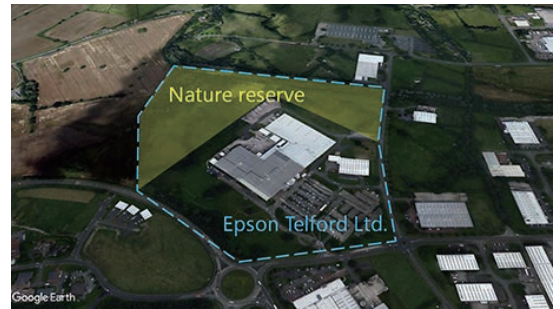
ETL has not only reduced its production based environmental impact, but also protects and supports its local environment by:

- 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 U.K.
  - 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 in the site

Pond in the special area

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 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

Our environmental education curriculum for employees consists of a general education program, a professional education program, and general awareness-building activities.

The general education program consists of a mandatory Basic Environmental Training course as a first step, followed by echelon-based training courses in which non-management employees, managers, and executives learn what action they need to take in their respective positions to address environmental issues. In the professional education program, employees select the courses they need in their particular area in order to acquire the skills and knowledge required for environmental action. We also build general environmental awareness among all personnel in a variety of ways, including through environmental messages from management to all employees and by implementing special actions during Environmental Sustainability Month and Energy Conservation Month.

Environmental Education System (Japan)

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

FY2019 Environmental Education (Japan)

Training	Participants (Certification Recipients)[*1]
Basic Environmental Training II (2019 Edition)	17,008
ISO 14001 environmental auditor training	175 (1,012)

[*1] This is the number of persons who took Basic Environmental Training II during the period it was offered (June 2019 to March 2020). ISO 14001 figures show the number of certified person as of the end of March 2020.

Eco Communication

Introduction of communications on environmental topics.

EcoPro 2019 (Japan)

EcoPro 2019, Japan's preeminent environmental exhibition, was held at Tokyo Big Sight from December 5-7, 2019. Now in its 21st year, this event was geared toward stakeholders with a high level of interest in the SDGs, ESG, and other social trends and issues.

Epson has exhibited every year at EcoPro since the first year, in 1999. This year the Epson booth promoted the concept of an eco-conscious office, featuring the environmental contributions of business inkjet printers that use the company's Heat-Free Technology to eject ink.

Eco-Conscious Office

Epson showcased a proposed recycling cycle that starts with paper and presented the activities of an Eco-Conscious Office Project that was launched in July 2019 at Epson's Shinjuku office along with the results from the first five months of the project. We highlighted our eco-conscious office concept by demonstrating paper recycling with a PaperLab office papermaking system and by printing with a high-speed line inkjet printer that delivers sharp, crisp text that won't bleed or smudge.

Presentation Stage

Four programs were conducted on each day of the EcoPro exhibition. One program, titled "Epson and the SDGs," featured employees who are leading Epson's environmental action and eco-conscious office initiatives discussing their work. Another program featured a sales demonstrator engaging visitors and communicating the eco-conscious office value proposition.
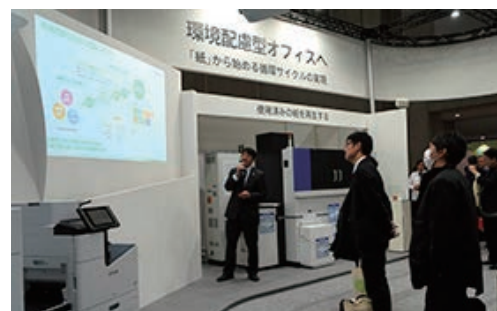
Corporate Corner

Epson believes it can accelerate the achievement of SDGs and change the world by using inkjet technology to minimize the consumption of materials. Our exhibits thus focused on solutions to social issues that leverage inkjet innovations, a goal of the Epson 25 Corporate Vision.

We presented the advantages of Epson's unique inkjet technology, our most advanced printheads, and examples of collaboration through sales of printheads to partners. We received a lot of positive feedback from visitors who are excited about the future possibilities.
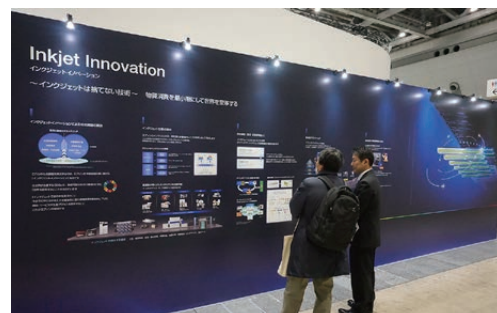
Eco Technology

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

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"

Community Dialog (Japan)

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

Environmental Communication Guidelines

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

Epson and the Environment

Environmental Management

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

Environmental 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 audits to check performance against the plans and take corrective action against nonconformances.

We operate our EMS in compliance with the international ISO 14001 international standard, and we implement a planning and control cycle to effect continuous improvement. Epson's main global manufacturing, sales, and service sites are pursuing integrated business process and environmental management initiatives as required by ISO 14001 (2015), and are renewing their certifications.

All financially consolidated companies in the global Epson Group have environmental programs and, in the FY2019, environmental data was gathered from 54 of those companies (representing 95% of revenue).

Promotion System for Environmental Activities

President

General administrative manager in charge of environmental affairs

General manager of the environmental affairs supervisory department

Environmental affairs supervisory department

Committee

Project teams & subcommittees

Business Units

Operations divisions

Manufacturing companies

Global Epson Group companies
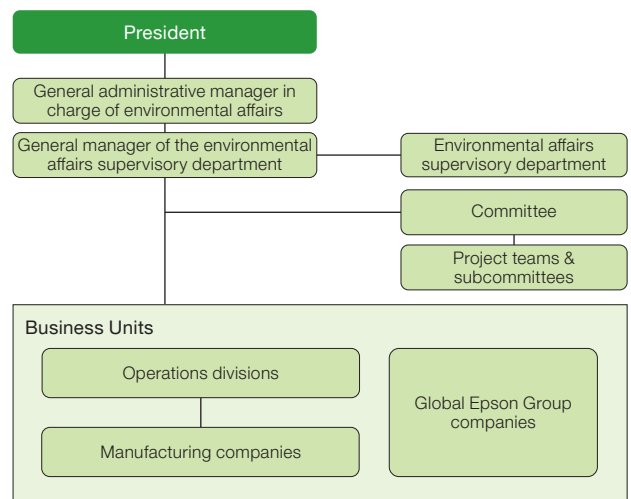
Our People

Human Resources 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 training for new employees, group training for each grade, and various open-type training to develop people who will fulfill roles as future middle managers step-by-step.

📖 Human Resources Development Policy (Please refer to page 267 of "Appendices")

Outline of Personnel System for Middle Management
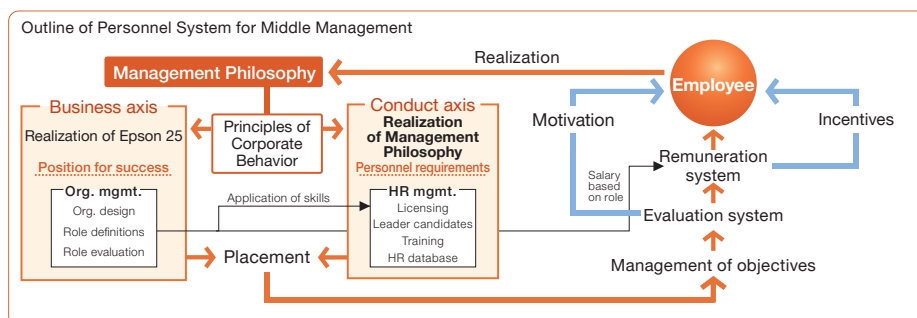
Practicing Off-the-Job Training on the Job

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)
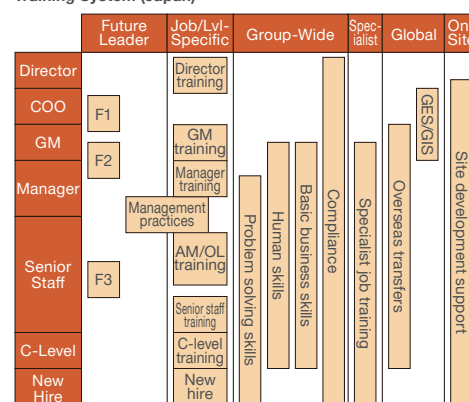
* F1/ F2/ F3: Future leader training
* AM: Assistant manager, OL: On-site leader

Epson has used a management by objectives systems for more than 30 years. All employees of every grade are subject to the systems, and 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.

The Global Incubation Seminar (GIS)

The Global Incubation Seminar (GIS) is a program for developing global leaders who will be a driving force in the Epson Group. 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. Since 1999, the first year of the program, more than 380 people have participated in GIS training, and nearly all the chief executives of Epson's overseas companies are graduates of the program.

The fiscal 2018 GIS was held at the Seiko Epson Head Office for five days, from February 18, 2019. A total of 25 individuals took part, including personnel from 17 overseas affiliates. Those participants developed a deeper understanding of the business vision and strategies by directly hearing from and speaking to members of the executive management team and re-recognize the idea "profit relies on compliance" through discussion about fraud prevention to make Epson an indispensable company. They also shared issues and actions among themselves, who comes from each area, function and business unit, and think through how we make Epson creates value as a leader in their own organization. They then drafted and committed to executing concrete plans on final day and are executing action plan now.

By offering this training on a continuing basis, we hope to develop diverse global talent who will drive Epson to new heights in the future.

One participant's impressions of GIS 2018

Through GIS, I have truly understood what it takes to be an indispensable company and what it meant to have real customer value. Hearing it directly from the Epson executive management team, made such an impact on me as an employee and in turn made me realize how I, as a leader, could make a difference in transforming our organization, to align our direction towards achieving our vision. Getting the inspiration from it, I will collaborate with our HR team and previous GIS participants to come up with a simple program on educating key personnel on the management philosophy and the conduct to achieve it.

(Right) Cristina Y. Caro
(Left) Chairman Minoru Usui
(then president)

Cristina Y. Caro
Epson Precision (Philippines), Inc.
Department Manager, Accounting & Business Control/Compliance Audit Office

(Right) Christian Sammut
(Left) Chairman Minoru Usui
(then president)

One participant's impressions of GIS 2018

I was truly impressed by the sheer amount of products that Epson has managed to produce over the years by using the same core technologies that has helped create the Epson brand. It was also great to network with the other GIS participants from various Business Units and learn from them. My strongest impression from the GIS is Usui-san's message that we exist first and foremost to provide value to our customers. Profit is a consequence of such activity. My role as a GIS participant is to share Epson's philosophy to our organization, acknowledge the contribution our teams provide to Epson while discovering new ways in our everyday activities that increase value and delight to our customers.

Christian Sammut
Epson Europe Electronics GmbH
Manager, Business Development

Global Executive Seminar

In May 2017, Epson launched the inaugural Global Executive Seminar (GES) to further strengthen executive management at overseas affiliates. The seminar is designed to develop leaders who are capable of devising strategies and analyzing issues, leaders who can help guide us toward Epson's long-term goals, understand the roles that they and their companies should play, and identify 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).

Beginning on May 20 to May 22, 2019, we held session 1 of GES 2019-20 with a new group of four leaders from Epson's overseas affiliates and two from our Japan operations. These six people are scheduled to return for the second session of GES 2019-20 next year.

For the next two days, Session 2 of GES 2018-19 was held at the corporate headquarters , with nine trainees, including two from domestic Epson Group companies. The participants each gave a presentation on the management issues they tackled over the past year. The seminar concluded with them promising further growth and development in the future.

Through programs like these, we are laying a more robust business foundation for responding to change and executing strategies.

(The GIS, which was scheduled for February 2020, and the GES, which was scheduled for May 2020, have been postponed due to the new coronavirus.)

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 for group training, where they learn the following:

Training to think about customer satisfaction

- 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.

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 three to five 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.

Lifetime Career Support

Epson continuously implements initiatives aimed at being an organization that promotes personnel development. We provide support towards building motivating and challenging careers that encourage growth. To help our employees set their own medium- and long-term career goals and take actions toward achieving them, we have been offering Lifetime Career Support (LTCS) since FY2016. The LTCS provides age- and grade-specific training, which gives employees an opportunity to independently plan their own career path.

> ### FY2019 training results
>
> - LTCS50 training (for all employees age 50) - 356 people
> - LTCS40 training (for all employees age 40) - 311 people

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.

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.

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.

Training engineers at an overseas affiliate (Philippines)

Mechatronics practical training

Developing Young Technicians through National Skills Competition

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 six selected occupational categories that are applicable to our employees' work: Instrument making, Press tool making, Mechatronics, Industrial electronics, Web design, and Watch repair.

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 long distance, set targets, and the like. All of this helps to build a sense of solidarity as a team.

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.

Everyday training

The 57th National Skills Competition of Japan 2019

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

FY2019 Workforce Composition and Training Data

Main Online Courses (Japan)

Course	Trainees
Fundamentals of Security Export Control (2019)	16,204
Import/Export Control (Export Edition 2019)	16,149
Epson's Compliance (2019)	19,347
Basic Information Security (2019)	19,550
Basic Environmental Training II (2019)	17,008
Introdiction to Procurement 2019 (Ethics and code of conduct)	15,974
J-SOX (2019)	18,642
Basic Harassment Preventive Training (2019)	15,646
Occupational Safety Training (2019)	18,749
Basic Personal Data Protection (2017-)	16,014

* The number of persons completing the course by March 31, 2020.

Training by Employee Level

Training	Who	People Trained	Percent Trained
New employee orientation	New hires	311	100%
C-level employee training	New C-level staff	285	95.0%
Senior staff training	New senior staff	206	95.8%
Section manager training	New section managers	90	91.8%
General manager training	New general managers	30	85.7%

* Data for Seiko Epson Corporation employees as of March 31, 2020.
* Employees who have not received training are scheduled to do so in FY2020.

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 LGBT, 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 Health 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 76,000 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.

Employee Numbers by Region (as of March 31, 2020)

- Asia/Oceania 66.6%
- Japan 25.9%
- The Americas 4.2%
- Europe 3.3%
- Total 75,608
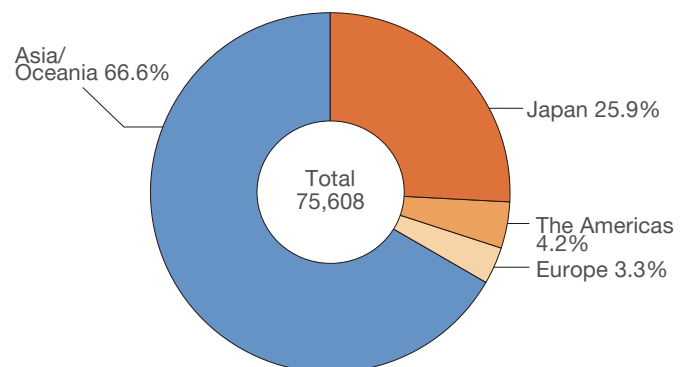
Examples of Our Initiatives

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	FY2017	FY2018	FY2019
8	20	34	38	29	28	22	13

Employees Sent to Japan for Training

Epson actively accepts interns from overseas manufacturing sites to stay in Japan for a period of three months to one year. We provide educational programs that give them an opportunity to learn skills and techniques not available in their home countries and helps them enhance their understanding of business processes. In fiscal 2018, we accepted 79 technical interns and trainees, and since 1988, we have welcomed a total of 1,750 Group employees.

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

Epson also recently introduced a program that is designed to deepen the insights of young employees at Epson sales companies. The program enables them to get a different perspective on projects they are working on through interaction with people from the operations divisions and Head Office supervisory departments in Japan. It also enhances their appreciation of Epson and Epson values.

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.

Advancement of Women in the Workplace

An early advocate of equal opportunity employment for men and women, Seiko Epson has sought to eliminate the gender gap and enable employees to enjoy a good work-life balance by providing leaves of absence, shorter workdays for women with young children, and financial assistance to help cover babysitter expenses. These and other actions have met with some success, as women stay with the company longer than men, on average. However, there is still a gender gap when it comes to promotion to management and other leadership positions in Japan. Seiko Epson recognizes this as an issue and is taking additional action to support the advancement of more women in the workplace.

Examples of Actions Taken

Plans for Promoting Women's Participation and Advancement in the Workplace

- We are aiming to have female employees account for 5% (40 people) of management positions and 7% (350 people) of leadership roles (equivalent to assistant manager) by FY2022.
- We are increasing the pool of candidates to increase the number of women in management positions in the future.
- We will recruit new graduates, with a goal of securing a hiring class composed of at least 25% women.
- We will expand and enhance a variety of policies and measures to enable women to shape their long-term careers at Epson. (For example, we will host dialog with management, and encourage women to participate in management and career development training seminars.)
- We will explore and expand telecommuting and other more flexible ways of working.

Female Empowerment Project

Seiko Epson launched a dedicated project to promote the empowerment of women in the workplace in order to create a climate of support for both male and female employees who want to advance their careers. The members of the project team are knowledgeable internal professionals who are exploring seven topics. They are also working to achieve an action plan as required by the Act on the Promotion of Women's Participation and Advancement in the Workplace.

The Seven Topics

Career design, career counseling, work-life balance support (childrearing), work-life balance (family caregiving), internal networking, hiring and retention, and internal/external PR.

Organization
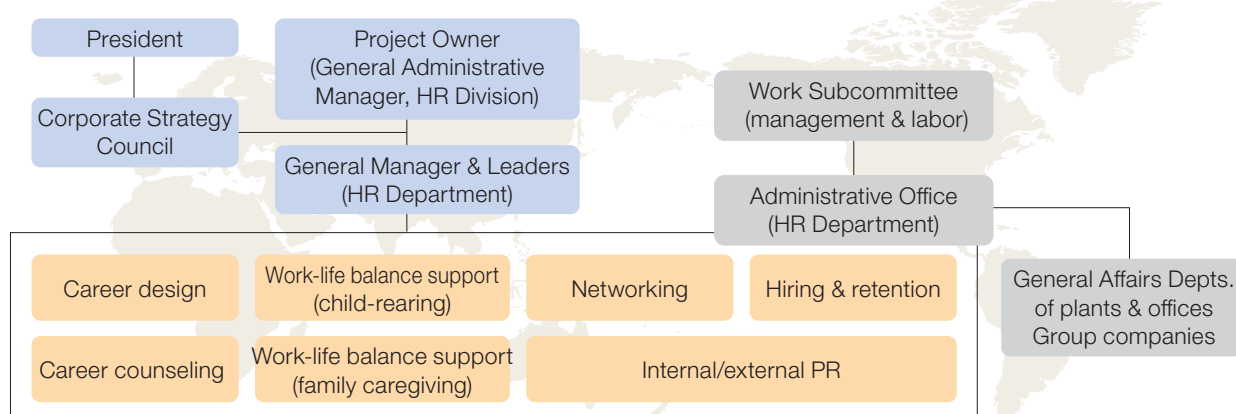
* Report project progress of 7 topics to the project owner once every two months.

Female Empowerment Project

Subcommittee	Goal	Main Actions
Career design	More managers effectively motivate women, help them develop their careers, and give them jobs that allow them to accumulate experience of leading organizations and projects, thereby expanding the pool of female candidates for management in a few years.	- The subcommittee analyzes the causes of gender gaps, explore countermeasures, and report findings. - Provide training for management. - Create a list of candidates for promotion and follow-up individually.
Career counseling	Create a program so that women who are having trouble envisioning their career path or who are otherwise undecided about their future career can speak with a female mentor who can help them think positively about their career at Epson. The content of counseling is summarized and issues are proposed to other subcommittees.	- Broaden awareness of career counseling on the company intranet. - Provide individual counseling.
Work-life balance support (child-rearing)	Capable and motivated yet time-constrained people are given the option of flexible hours and flexibility of location so that they can make the most of their abilities and help improve financial performance. Women are able to advance further and faster because their growth curve during childrearing years is not stalled.	- Introduced a work-from-home program for employees who are caring for young or elderly family members. - Expanded the purposes for which wellbeing leave can be taken. (fertility treatment, gradual entry into daycare, temporary school closures) - Entered into agreements with company-led nursery schools that give placement priority to the children of employees.

Subcommittee	Goal	Main Actions
Work-life balance support (family caregiving)	Employees understand the system and the current state of care, and the caregiver's health is maintained and stress and anxiety are eased. Flexible work arrangements make it possible to continue working and manage risks of sudden nursing care.	- Conducted a survey of employees aged 40 and above. - Provide information on the company intranet about long-term care insurance and present examples of employees who are balancing work and long-term care. - Held a seminar on balancing work and nursing care. - Introduced group insurance for nursing care costs as part of employee benefits. - Introduced a work-from-home option for employees caring for young or elderly family members.
Networking	Young and mid-career women are introduced to a variety of role models to motivate them and give them a vision of what their career path could be. A network has been created of women in management, women one step away from management, and other employees around the age of 30 who are facing similar career concerns, creating an environment where they can consult with each other.	- Arrange for dialog between management and women employees. - Support expansion of dialog at business units and Epson Group companies. - Provide news about dialog on the company intranet.
Hiring & retention	Women are proactively recruited, and women with leadership potential are being hired. A variety of actions have been put in place to retain both young and mid-career women employees.	- Strengthen hiring of women. - Interview women during their third year with the company. - Gain a clear picture of the difference in retention rate between men and women.
Internal/ external PR	We provide information to the public on our efforts to promote the advancement of women, and we communicate our stance on the promotion of women in the workplace. We have fostered a climate Group-wide in which women are encouraged to advance their careers by providing information on the advancement of women internally.	- Hold events for female students. - Provide information to investors. - Disclose information on the company intranet. - Place feature articles in the company newsletter.

Career Design

- Subcommittee Activities

Epson has a Career Design Subcommittee made up of leading internal experts who analyze the factors that hinder the promotion of women and propose measures to assist women who seek promotion in designing their career paths.

Mind-set
(1) Change companywide
(2) Take change as a personal challenge

[Goal]
Support for the career design of women seeking promotion

Company environment
(1) Provide opportunities
(2) Evaluate on quality of work not quantity of time spent

Support for women themselves
(1) Motivate
(2) Supply with confidence

We created a guidebook for managers based on recommendations of the Career Design Subcommittee and posted it on the intranet. We are also supporting and encouraging women who seek promotion and want management training.

- Evaluation System

The criteria for evaluating employees who work a full day and employees who work shorter hours are identical. This was done to ensure a level playing field when it comes to advancement and promotions. Employees are evaluated based on their achievements with respect to goals that are considered to be achievable within their respective workdays.

- Promotion Examination

To be eligible for promotion exams, employees must write a dissertation and pass a written test in the same year. Since a considerable amount of time is needed to write the dissertation and prepare for the written test, employees who have limited free time faced additional challenges. Another stumbling block was that employees who qualify to take the test must do so (and pass) within a three-year period, after which eligibility expired, so those taking maternity leave could end up losing eligibility. To remove these obstacles and make it easier for time-constrained employees to take tests for promotion, we changed the system, in April 2018. We eliminated the expiration period and made it so that employees could maintain eligibility even if they pass only certain test subjects over a multi-year period.

- Assistance to Women Seeking Promotion

Starting in FY2019, we have been holding interviews to assist women who are seeking promotion.

The supervisor and the Human Resources Department follow up individually with these women to go over development plans as so forth.

- Support for Managers

To deepen understanding of the need for diversity (including the participation and advancement of women) to maximize the power of the organization, every year Seiko Epson invites outside lecturers to talk about why diversity matters. Attendance is mandatory for all members of middle and upper management. Bosses, out of an excess of caution, tend to avoid assigning potentially career-enhancing work to women and other employees whose time availability may be limited. For this reason, we have incorporated content in manager training courses to help ensure that all employees are given equal opportunity and are motivated. To further change the mind-set of management, we introduced diversity management training in the FY2018. This training program incorporates content that teaches managers to recognize unconscious bias and effectively motivate their female employees. More than 100 people have taken the course.

As a result of these efforts, women made up 2.8% of management at the end of March 2020, up from 1.8% at the end of FY2015, before the start of actions taken to promote the advancement of women.

Career Counseling

- Career Counseling for Women

We have installed a career counseling service for women employees who are having trouble envisioning their career path or who are otherwise undecided about their future career. This service puts them into contact with a female mentor who can help them think positively about their career at Epson.

Work-Life Balance Support (Child-Rearing)

- Telecommuting and Dependent Care

Seiko Epson introduced a system in FY2018 that gives time-constrained employees the opportunity to work from home so that they can provide care to dependents, including children and other sick or ill family members. The telecommuting program can be used flexibly on an hourly, half-day, or per-day basis, up to a set maximum number of hours per month. For example, parents can leave work during regular working hours as needed to participate in school events. Or, when their child gets sick, they can work a certain minimum number of hours while their children are sleeping. Whereas parents previously may have had to take paid leave for these situations, they now can work more flexibly around them.

Telecommuters: 31 (as of June 2020)

Caregiver Telecommuting, by Month (FY2018)
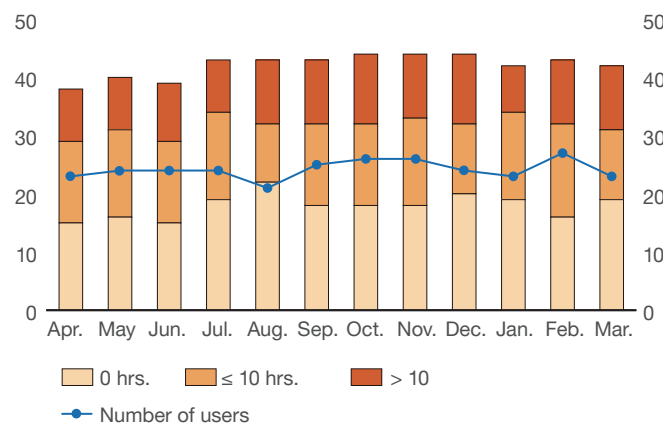
Cases Where Telecommuting Was Used
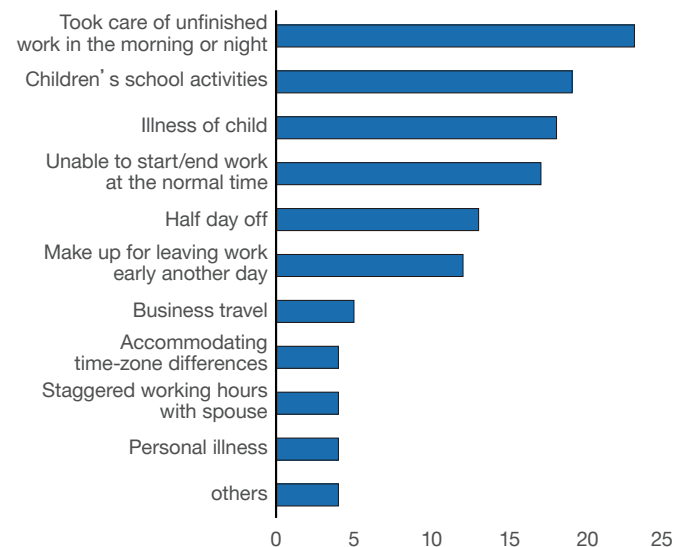
- Help for Employees with Children on Waiting Lists

A growing number of children in recent years have been put on waiting lists for childcare services not only in the Tokyo area but also in Nagano Prefecture, where our main offices are located. Therefore, we are promoting a partnership with company-led nursery schools in the areas where employees live. (There were six schools as of June 2020.)

- Infertility Treatment

We have made it possible for employees to take wellbeing leave* for fertility treatment.

- Male Participation in Childcare

For working mothers to fully participate and advance in the workplace, their partners must share the burden for housework and childcare. The number of fathers who are eager to be more actively involved in childcare has grown in recent years, so we have created a childcare leave guidebook for men and posted it on the company intranet. We also promote the participation of men in childcare by holding discussions with male employees who have taken childcare leave and sharing their experiences on the company intranet.

- Exploration of Work Reforms

We have expanded the purposes for which employees may take wellbeing leave. Now parents can take time off to care for their children when schools temporarily close or to help their children get gradually accustomed to daycare.

Furthermore, a labor-management subcommittee on work reform is exploring changes that will give time-constrained employees with young children, for example, more work flexibility.

Work-Life Balance Support (Family Caregiving)

- Seminar to Retain Employee Caregivers

To help employees understand public and private caregiving options and to prepare them for risks associated with the emergence of sudden caregiving responsibilities, we invite experts to give seminars for working caregivers so that they can stay in the workforce. In addition, we have introduced group long-term care insurance as part of the benefits package to help cover caregiving costs. We also hold seminars on caregiving costs to ease the minds of employees facing a caregiving situation.

Networking

- Dialog Between Executive Management and Female Employees

Seiko Epson will continue to hold meetings between members of the executive management team and female employees. These meetings are designed to create a mutual support environment and help women network with female managers, with manager candidates, and with other employees who share similar concerns at around age 30. So far, 16 meetings have been held under the aegis of the Female Empowerment Project, with more than 100 people participating. Members of executive management who participate in these meetings learn first-hand about the needs of women in the workplace, such as the ability to telecommute during the childrearing years and availability of a temporary day care space in emergencies. These talks lead to the development of actual trials and the creation of new programs.

The network of female employees is expanding through programs such as dialog sessions among women at the same site or in the same or different business. Now, women who met through dialog sessions are sharing their concerns with one another and communicating about career design and work-life balance support.

Hiring and Retention

- Strengthening Female Recruitment

We have posted interviews with women employees who are advancing inside the company on our recruitment website to let potential job-seekers know that we have an environment that allows women and men to continue to work equally when giving birth and raising children.

- Interviews with Third-Year Employees

The Human Resources Department interviews young employees who joined the company right out of school and are in their third year with the company to help them quickly improve their effectiveness and to encourage retention. By listening to their concerns about work, the work environment, and their career design, and by following up with them and their workplace, we have seen an increase in retention rate.

Internal/External PR

- Dialog with Investors

We provide news about our diversity initiatives as investor relations information.

- Supporting Female Students' Career Choices

Since 2017, we have been participating in the Science and Technology Challenge program of the Cabinet Office to encourage young women with an interest in science or engineering to choose a career along that path. By showing these young women Epson's latest technology and providing them with hands-on experience in product creation, we are communicating to them the fun of manufacturing and the enjoyment of science.

Survey of Participants in Epson's Summer Science and Technology Challenge Program (FY2017-2019)

"Did the program increase your interest in a science or technology path?"

- No answer 8%
- No 8%
- Somewhat 19%
- Yes 65%
- I have no interest 0%
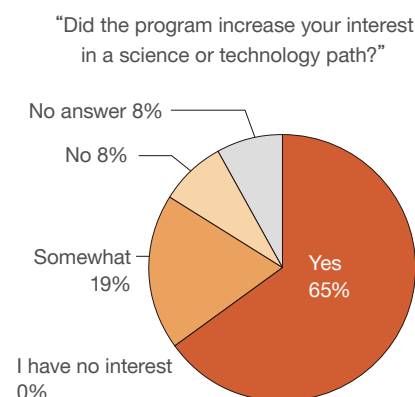
- Internal PR

We put together feature articles on diversity in our company newsletter to help foster a corporate culture in which diverse human resources can maximize their potential, regardless of things such as gender, nationality, educational background, sexual orientation, or gender identity.

Future Initiatives

Seiko Epson will roll out further actions to expand the career advancement possibilities for women and increase diversity.

History of the Advancement of Women in the Workplace

1990～   2000～   2015～

Launch of the Female Empowerment Project

Greater diversity to achieve business strategies

Advancement of women in the workplace

Equal opportunity employment & work-life balance support

NADE SHI KO 2020

Top management commitment

Work reform

Support for managers

Career design for women

Telecommuting

Work-life balance support (shorter working hours & babysitter service)

Introduction & expansion of a work-life balance support system

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Main Programs Introduced (Japan)

1980
- Eliminated gender pay gap (1983)

1990
- Main childbirth & childcare programs

  Parental leave (1991)

  Shortened workday (1992)

2000

  At-home childcare service (2005)

  Medical leave okayed for paid parental leave (2007)

  Medical leave okayed for half-days for expanded range of reasons (renamed wellbeing leave) (2009)

- Certification as a company with policies to benefit the next generation

  Acquisition of the "Kurumin" next-generation accreditation mark, the first company to do so

  in Nagano prefecture (2007)

  (Ongoing certification in 2009 & 2012)

  Free at-home childcare service (2015)

  Acquisition of the Grade 3 (the highest grade) Eruboshi certification (2016)

  Acquisition of Platinum Kurumin (2016)

  Telecommuting system for dependent care (2018)

Percentage of Women in Management and on the Junior Manager Level

Percentage of women in management

Percentage on the junior manager level

(Y-axis: 0.00% – 7.00%; X-axis: 2016, 2017, 2018, 2019, 2020 (FY))
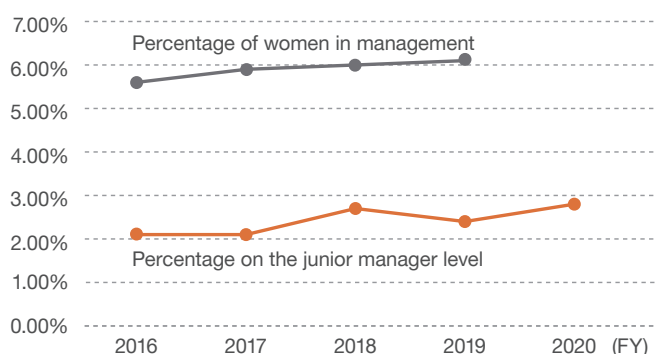
Percentage of Women Among New-hires Directly Out of School

(Y-axis: 0.00% – 25.00%; X-axis: 2016, 2017, 2018, 2019, 2020 (FY))
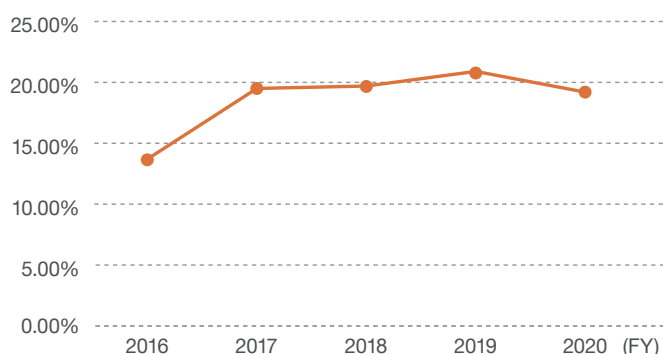
Employing and Supporting Persons with Disabilities

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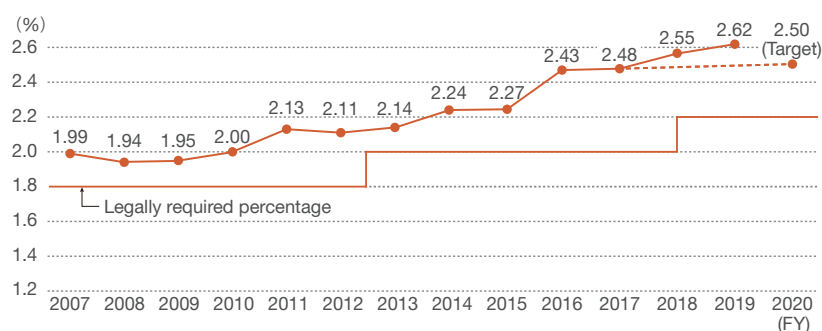
* Figures for each fiscal year were as of June 1 of that year.

Type of Disability (Japan)

Mental disorders 30 (10%)
Developmental 113 (37%)
Physical 165 (54%)
Limb 76
Hearing 31
Vision 6
Cardiovascular 21
Kidney 20
Internal organ 4
Other physical 7
Total 308
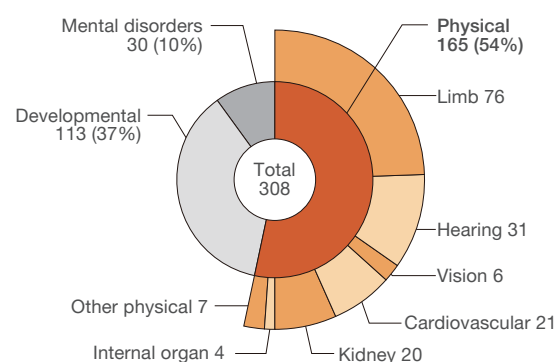
* The data is current as of June 1, 2019.

Epson Mizube Corp.

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; paper recycling; printing, copying, and bookbinding; document digitization; dust suit cleaning; building cleaning; and sorting and dismantling used ink cartridges. The company employs 141 persons with disabilities at seven sites (as of the end of March 2020).

Facilities cleaning services were launched in 2008, and have since grown to a crew of 47 employees who provide services to 5 sites (as of March 31, 2020). The cleaning crews contribute to maintaining pleasant working environments. In 2017, we installed an upcycling model line in the PaperLab. This has expanded employment opportunities for persons with disabilities and promotes environmental impact reduction by using the PaperLab and DFP to turn used paper into business cards and notebook paper.

Board assembly

PaperLab upcycle center

Sorting used ink cartridges

Cleaning company facilities

Certification as an Employer of Persons with Disabilities

The Japan Association of Employers of Persons with Disabilities, which works on a commission from the Ministry of Health, Labour and Welfare, certifies companies that demonstrate excellence in matching disabled employees with the right jobs and working conditions, employ multiple persons with disabilities, and meet certain other criteria for the advancement of persons with disabilities. Epson Mizube earned certification as an employer of persons with disabilities in recognition of its efforts to expand hiring of individuals with mental disabilities and for company-wide initiatives to engage and support people with disabilities as they seek to gain independence. (January 1, 2020)

Taking part in the Abilympics

Many of Epson's employees with disabilities have amazing skills that are invaluable to the company. At the National Abilympics competition in Aichi, Japan in FY2019, Shoichi Yokouchi earned silver in the electronic device assembly event and Katsunori Nakajima competed in the building cleaning event. Yokouchi, an Abilympics veteran who has won six medals over the years, including a gold in electronic circuit assembly, is also helping to train his younger coworkers. His mere presence is a source of encouragement for other employees with disabilities and helps to invigorate the workplace.

Shoichi Yokouchi at the National Abilympics competition in Aichi, Japan

Epson Swan Corp.

Epson Swan Corporation 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, 22 people with disabilities (as of April 1, 2020) clean dust suits and provide building cleaning services within the company.

In addition to employee and leisure support, we also focus on professional development. In FY2019, we entered the facilities cleaning category at the Japan National Abilympics in Yamagata.

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 43 issues have been released, counting the most recent published in May, 2020.

Selecting Senior Executives

Epson seeks to put itself in the best position to achieve the goals of Epson 25 by reviewing organizations, roles, and human resources from a global perspective and making adaptations that best serve our business strategies and the ever-changing business environment. The company specifies the roles and requirements for key positions in the global Epson Group. It establishes succession plans and has systems in place to ensure that the best people for these positions are selected without regard to consideration such as age, gender, and nationality.

In Japan, personnel reviews that focus primarily on middle managers in each business and function are conducted to identify candidates for future executive management positions. Succession plans are drawn up, and training, both internal and external, is provided to put them in a position to succeed. Epson also has in place a Group-wide training and rotation program to prepare employees for promotion to entry-level management positions.

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 grade these individuals based on common global criteria and identify the top talent. Information about their skills and capabilities is gathered by various means, including 360-degree evaluations, and future career path and development plans are explored.

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	
Female	16%
Male	84%

Mgmt. Diversity[1]	
Female	3%
Male	97%

Junior Mgmt. Ratio[2]	
Female	6%
Male	94%

* Data for Seiko Epson Corporation employees as of March 20, 2020.
[1] Section manager and higher
[2] Team leader

Length of Employment

(Unit: Year)

Total	Female	Male
19.2	18.9	20.9

* Data for Seiko Epson Corporation employees as of March 20, 2020.

Turnover Rate

	FY2015	FY2016	FY2017	FY2018	FY2019
Total turnover ratio	3.2%	3.6%	3.6%	4.5%	4.1%
Voluntary turnover ratio	1.6%	1.6%	1.5%	1.8%	1.5%

* Data for Seiko Epson Corporation and domestic major affiliated companies as of March 20, 2020.

Our People

Respecting Human Rights

Human Rights, Non-Discrimination, and Unjust Labor Initiatives

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 and in the Epson Group's Policies regarding Human Rights and Labor Standards (2005), which articulates Epson's strong convictions in areas such as respect for human rights, prevention of all forms of harassment and discrimination, respect for local culture and customs, prohibition of child and forced labor, and maintenance of positive labor-management relations.

📖 The Policies Regarding Human Rights and Labor Standards (Please refer to page 269 of "Appendices")

- The United Nations Global Compact
- The OECD Guidelines for Multinational Enterprises
- ISO 26000
- ILO Core Labor Standards

Seiko Epson's human resources department, working in concert with the HR departments of our global affiliates, guides initiatives to prevent human rights abuses, discrimination, and unjust labor practices under the supervision of the director in charge of human resources. Epson has identified human rights risks such as child labor, forced labor, other exploitative labor, workers' rights, labor conditions, discrimination, and harassment as business risks, and Seiko Epson and Epson Group companies conduct an annual CSR assessment to evaluate and mitigate risks related to things such as human rights, discrimination, and unfair labor. These risk assessments are considered to be one of the key CSR themes, and the results are reported to the CSR Executive Council, an advisory body to the president. In addition, Epson's socially responsible procurement departments work together to assess CSR-related risks involving suppliers and to drive improvements where needed.

Epson has set up the Epson Helpline and various other channels that can be used to report harassment, long working hours, and other concerns involving issues such as human rights, discrimination, and unfair labor. All personnel are regularly notified of disciplinary actions and other actions taken by the company in response to incidents of discrimination, unfair labor, harassment and other human rights abuses to prevent similar incidents in the future.

Power Harassment Prevention Training

Epson maintains a harassment hotline to respond to employees' harassment concerns. We have also been actively fostering the development of an organizational culture with zero tolerance for harassment. To achieve a fair and pleasant working environment, we have been providing anti-power harassment training seminars to Epson Group companies since 2014 as a way to prevent and stamp out harassment.

In addition to echelon-based training tailored to executive management, middle management, leaders, and employees preparing to work overseas, respectively started in FY2015, we also provided an online anti-harassment course for all employees, including those in non-management roles, in FY2018 and FY2019.

Power Harassment Prevention Training

		2014	2015	2016	2017	2018	2019	People Trained
Senior management	Power harassment prevention training for senior management						→	
Middle management	Power harassment prevention training for middle management							1,303 people (100%) at 70 trainings at 27 sites in Japan
	New general manager training						→	FY2019: 30 people (85.7%) (Training ongoing)
	New section manager training						→	FY2019: 90 people (91.8%) (Training ongoing)
Overseas assignees	Power harassment prevention training for overseas assignees							295 people (92%) at 29 trainings at 27 sites overseas
	Power harassment prevention training prior to assignment overseas						→	FY2019: 84 people (100%) at 6 trainings (Training ongoing)
Junior management	Power harassment prevention training for junior management							2,561 people (93%) at 131 trainings at 22 sites in Japan
	New senior staff training						→	FY2019: 208 people at 8 trainings (Training ongoing)
(Non-management employees)								Provide basic harassment training for all Epson Group employees & information about reporting channels, etc.

(Vertical labels "Basic harassment prevention training" appear in the 2014, 2018, and 2019 columns)

Current as of March 31, 2020

Anger Management Training

Anger management training is said to be an effective way to prevent so-called power harassment (abuse of authority at work).

Seiko Epson has provided anger management training since 2016 to teach employees skills needed to control feelings of anger at work. Echelon- and department-based anger management training is offered about 70 times a year. An introductory course teaches people the skills they need to defuse their anger and improve their control long-term, while a course in constructive criticism teaches managers and others effective communication skills. More than 6,000 Epson Group employees in Japan have taken a course. By providing its people with the proper training and skills, Epson hopes to eliminate power harassment from the workplace.

Epson Slavery & Human Trafficking Statement

Based on the UK Modern Slavery Act 2015, the Australian Modern Slavery Act 2018 and the U.S. California Transparency in Supply Chain ACT 2010 (SB 657), Epson discloses the policy for eradicating modern slavery and human trafficking from the supply chain and the situation of Epson as follows:

📖 Epson Slavery & Human Trafficking Statement (Please refer to page 272 of "Appendices")

Human Rights Due Diligence

Epson is vertically integrated. Most of our products are produced by our manufacturing subsidiaries and are sold around the world through our sales subsidiaries.

To identify and understand human rights risks in our supply chain, we ask suppliers to complete a CSR self-assessment questionnaire (SAQ).

Meanwhile, we have also identified human rights risks related to things such as child labor, forced labor, and other exploitative labor, workers' rights, labor conditions, discrimination, and harassment within the Epson Group. Accordingly, we directed our overseas manufacturing companies to complete a CSR self-assessment questionnaire in FY2017 and have subsequently required all Epson Group plants, offices, and companies around the world to complete an annual CSR self-assessment. Sites that have identified risks and issues are directed to take action to mitigate them.

CSR Self-assessments by Epson Group Companies

Epson has its all Epson Group plants, offices, and companies around the world to complete a self-assessment questionnaire to evaluate their performance with respect to CSR requirements. The purpose of the SAQ is to identify and address risks and potential threats in areas such as human rights.

Epson joined the Responsible Business Alliance (RBA) as a regular member in April 2019 and, in 2020, evaluated the situation in the Epson Group using the RBA self-assessment questionnaire. The questionnaire is based on the RBA Code of Conduct and consists of 400 questions concerning human rights, labor, safety and health, environmental issues, ethics, and management systems. The RBA mandates that manufacturing sites complete a self-assessment. However, Epson uses the same SAQ to also evaluate its sales sites and other plants, offices, and subsidiaries so that all are held to the same standard.

Questionnaire Content

Major category	Minor category examples
A: Labor	Freely chosen employment, young workers, working hours, wage and benefits, humane treatment, non-discrimination, freedom of association
B: Health and safety	Occupational safety, occupational injury and illness, dormitory & canteen, etc.
C: Environmental	Environmental permits & reporting, pollution prevention & resource reduction, hazardous materials, wastewater & solid waste, air pollution, energy consumption & greenhouse gas emissions, etc.
D: Ethics	Business integrity, intellectual property, fair business, advertising & competition, responsible sourcing of minerals, privacy, etc.
E: Management system	Company commitment, management accountability & responsibility, risk assessment & risk management, training, supplier responsibility, etc.

SAQ Overview

Items	Details
Survey period	April - June, 2020
Surver coverage	12 Seiko Epson facilities 8 domestic affiliated companies (6 manufacturing companies and 2 sales companies) 54 overseas subsidiaries (18 manufacturing companies and 36 sales companies)
Questionnaire	RBA Self-Assessment Questionnaire (SAQ)
Analysis	August - September, 2020
Corrective action	October, 2020 -　Companies will begin taking corrective action
Status check	The status of corrective action will be checked by having companies complete another SAQ

Rankings Based on SAQ Scores

Risk rank	Assessed points	Explanation
Low risk	86-100 pts.	It basically meets the requirements of the RBA Code of Conduct. Is able to independently correct weaknesses.
Medium risk	66-85 pts.	It does not meet all the requirements of the RBA Code of Conduct but is able to independently correct weaknesses.
High risk	65 pts. or less	It needs to be monitored based on an improvement plan to meet the requirements of the RBA Code of Conduct.

2020 SAQ Results

Risk rank	Total score	Seiko Epson		Japanese affiliated companies						Overseas subsidiaries						Grand total	
				Manufacturing		Sales and others		total		Manufacturing		Sales and others		total			
		Number of facilities	%	Number of companies	%	Number of companies	%	Number of companies	%	Number of companies	%	Number of companies	%	Number of companies	%	Number of sites	%
Low risk	86-100 pts.	12	100	4	67	0	0	4	50	9	50	12	33	21	39	37	50
Medium risk	66-85 pts.	0	0	2	33	2	100	4	50	9	50	24	67	33	61	37	50
High risk	65 pts. or less	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		12	100	6	100	2	100	8	100	18	100	36	100	54	100	74	100

Summary

All Epson plants, offices, and Group companies were found to be either middle risk or low risk as a result of the CSR self-assessment questionnaire. No serious human rights, compliance or ethics problems were found.

The one overseas affiliate (a newly established company) that was found to be high-risk based on last year's CSR self-assessment received support from the regional headquarters and training in the Epson Group's basic policies, rules, guidelines and so forth. It improved to middle risk this year.

A detailed analysis will be conducted, but there was still some sites that had not communicated the Epson Group's basic policies, rules, and guidelines to their employees or had not established their own objectives or action plans. The Head Office supervisory department will provide instruction and support to these sites and promote action across the Epson Group.

Security Personnel Trained in Human Rights

Seiko Epson outsources security operations to security companies and asks them to train those employees in human rights policies or procedures. In FY2019 we conducted a CSR self-assessment questionnaire to confirm that thoses suppliers, as well as other suppliers of indirect materials, provided human rights training to those people.

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.

Childcare Leave Trends

FY	Childcare Leave				Employees using parental reduced hours
	Total[*1]	Women	Ratio of women granted leave[*2]	Men[*3]	
2019	102	41	100%	61 (42)	147
2018	75	35	100%	40 (33)	160
2017	64	44	98%	20 (14)	170
2016	60	42	100%	18 (16)	
2015	52	40	98%	12 (11)	
2014	67	49	100%	18 (13)	
2013	71	66	98%	5 (4)	
2012	80	66	100%	14 (12)	
2011	66	55	98%	11 (10)	

* Data for Seiko Epson Corporation employees as of March 20, 2020.
[*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.

Caregiver Leave Trends

FY	Caregiver Leave	Employees using caregiver reduced hours
2019	6 (Men 4, Women 2)	4
2018	2	5
2017	2	2
2016	2	
2015	6	
2014	4	
2013	4	
2012	1	
2011	2	

* Data for Seiko Epson Corporation employees as of March 20, 2020.

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. We are working to provide an environment that makes it easier for working parents to raise children. For example, in April 2018, we introduced a telecommuting program for employees who are caring for dependent family members, and in April 2020 revised our family allowance policy to provide more generous financial assistance to employees with children.

Responding to Employee Caregiver Needs

With advancing population aging, the number of people requiring care is on the rise. Consequently, the number of employees acting as caregivers for their families is also on the rise. Aiming to eliminate turnover due to caregiver needs, Epson provides the following types of support to caregivers.

- Launched a website related to caregiving to provide information related to in-house programs and nursing care insurance systems.
- Conducting nursing care preparation seminars to equip employees with the knowledge that will enable them to respond calmly to sudden nursing care needs.
- Enable the use of the following programs to support balance between work and caregiving.

Caregiving Program

Name	Overview
Caregiver leave	May take up to 1 year and 6 months per applicable family member
Caregiver reduced hours	Available for up to 3 years from start of use
Caregiver overtime exemption	Exempt employees from overtime exceeding nominal hours
Caregiver overtime restriction	Restricts employee overtime to less than 24 hours per month or 150 hours per year
Caregiver night shift restriction	Restricts night shift assignments for employee
Caregiver telecommuting program	Enables telecommuting up to limited time specific for each work shift
Caregiver leave	Allows employee to take 5 days/year for 1 applicable family member or 10 days/year for 2 applicable family members as caregiver leave (unpaid)

Family Tours

Seiko Epson conducts family tours every August. Children of employees visit the company, see our products, make fans using paper printed from an Epson printer, assemble watches, use the employee cafeteria, and participate in other events that show them what Epson is like.

Babysitters

Employees can use babysitters at company expense.

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.

Selected for "Nadeshiko Brand" and "Semi-Nadeshiko Brand" for Three Consecutive Years

Since FY2012, the Ministry of Economy, Trade and Industry working in collaboration with the Tokyo Stock Exchange names companies serving as examples of enterprises that encourage women's success as Nadeshiko Brands and Semi-Nadeshiko Brands. Nadeshiko-Brands and Semi-Nadeshiko Brands are promoted to investors focused on medium- to long-term corporate value growth as appealing listed companies that encourage women's success. This encourages investment in Nadeshiko Brands, which in turn accelerate the initiatives of these companies.

Seiko Epson has been selected for inclusion to the list of Nadeshiko Brands and Semi-Nadeshiko Brands, an honor bestowed on companies that demonstrate excellence in encouraging the empowerment of women in the workplace for the third consecutive year since FY2017. Seiko Epson was recognized for implementing higher quality initiatives to empower women in order to produce greater business success. These actions include work reforms and initiatives to change the thinking with regard to the role of women in the workplace. They, along with changes in the system of tests for promotion, are designed to facilitate the advancement of women and to encourage more women to seek management positions.

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.

We have put in place numerous actions to track and control working hours. In addition to ensuring reasonable working hours and legal compliance by familiarizing employees with an operations manual for managing working hours, we have installed automated systems to track time and attendance to assure that employees do not exceed set limits on working hours. We also frequently remind them in various ways of the importance of maintaining reasonable working hours.

Work Reform Actions

From fiscal 2017, we have been taking comprehensive work reform actions. The goals are to revise our approach to work and seek to improve the productivity of executives, managerial staff, and general staff in their respective positions, thereby achieving an appropriate work-life balance and a state in which our diverse employees can work with enthusiasm to realize the Epson 25 Corporate Vision.

Promoting Work Reform

Seiko Epson has been promoting work reform since the FY2017 under a program called "WILL BE."[1] All aspects of the way we work are examined to look for opportunities for improvement. Ultimately, our goal is to achieve the Epson 25 Corporate Vision by changing the way we approach work and raising personnel productivity, from top to bottom, thereby achieving a healthy work-life balance and a vibrant workplace environment in which our diverse employees can excel. As a result, we are seeing total working hours decrease each year, fostering mindfulness about working efficiently, and reducing the risk of health impairments.

[1] Work-Life Balance, Innovation, Liveliness, Enjoyment

General Work Reform Actions

Top management commitment and encouragement of employee awareness

Organizing working environment

- Main actions
- Visualize working hours
- Establish and enforce an eight-hour workday
- Encourage workers to take scheduled leaves

Improving input and increasing output

Increasing work productivity

- Main actions
- Transfer and hire personnel to reinforce businesses
- Use IT tools such as Skype for conferences
- Establish rules for meetings, e-mail, and telephones

General work reform actions

Encourage and enable diversity

- Main actions
- Promote diversity
- Introduce work-life balance initiatives

Health and productivity management declaration

- Main actions
- Improvement of the workplace environment
- Passive smoking protection and smoking cessation assistance
- Improvement of lifestyle habits

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Work Reform Targets

We have set the following work reform targets:

Annual Total Working Hours per Employee

FY2016 actual: 2,001 hours
FY2017 actual: 1,971 hours
FY2018 actual: 1,943 hours
FY2019 actual: 1,879 hours

Number of Paid Leave Used

FY2016 actual: 12.6 days (use rate of 63.0%)
FY2017 actual: 14.0 days (70.0%)
FY2018 actual: 13.9 days (69.5%)
FY2019 actual: 15.6 days (78.0%)

* The FY2020 targets will be set once we have a clearer picture of the effect of the new coronavirus.

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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 staff members among non-management employees, we have introduced a qualified grade-based system wherein compensation is determined by the employee's job and competencies. For senior staff members, we have a system wherein the compensation is determined by their job, which is given based on their competencies, and the level of roles they are fulfilling. We have a role-based grade system for managers wherein compensation is determined by the size of the person's role. The wage system does not discriminate by gender. 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.

In every country and region outside Japan, we establish rules that are compliant with all local wage-related regulations governing things such as minimum wages, legal benefits, and overtime. Wages, deductions, and so forth are calculated based on these rules, and employees receive an electronic or printed pay stub showing the details of each pay period. Payment is made on directly to employees on the appointed date.

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.[*1]

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, the safety and health committee, as well as some other committees, to discuss and solve issues related to things such as working styles, family support, and benefits and wages.

Informal discussions are also held on the division and department level to provide a venue for bidirectional communication between employees and managers. Management communicates its thoughts and wishes to employees as well as get direct feedback from them.

[*1] Rate of joining the labor union among all regular employees: 85.9%

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, care insurance
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, etc.
Commuting	Commuting expenses (commuter passes, gasoline costs, highway tolls, etc.)
Insurance	Group life insurance, corporate group insurance, income insurance
Other	Employee cafeterias, employee stock ownership plan, long-term service award, etc.

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.

Employee Survey Cycle

Survey — Conduct survey (December)

Results

Analysis
- Provide feedback
- Analyze company-wide trends
- Analyze division results (December - March)

Problems/Issues & solutions

Plan execution
- Annual plan for each organization Consistent with objectives for improving the culture and strengthening organization. (April - November)
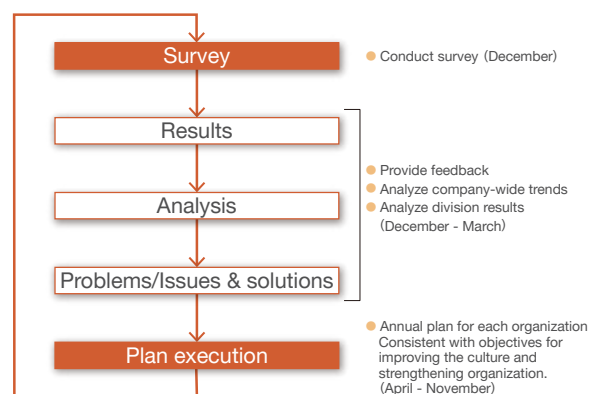
Result of Employee Survey

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
% of engaged employees	87.1%	90.7%	89.9%	92.1%	92.2%	91.2%

* Data for Seiko Epson Corporation employees. Participation 97.4% (FY2019)

Our People

Health and Productivity Management

Health and Productivity Management Initiatives

Epson believes that providing and maintaining a safe and healthy work environment and promoting physical and mental well-being are the foundation of a healthy company. Accordingly, understanding that safety and health are the lifeblood of the company, we have instituted NESP[1] activities at our sites around the world, so that our employees and partners can enjoy working as part of a team in a healthy environment and in the knowledge that they are safe and secure. Health and productivity management is a priority of these activities, and initiatives in this area support the improvement and maintenance of employee health.

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

Meanwhile, there are also areas where we need to step up our initiatives to address issues such as protection against passive smoking and the increase in lifestyle-related diseases associated with aging. At the same time, given the need as a society to increase healthy life expectancy, we are expected as a good corporate citizen to maintain and promote the health of our employees. In line with this, Epson management announced, in April 2020, its commitment to building a strong culture of health across the global Epson Group by issuing the Epson Group Health and Productivity Management Declaration.

[1] The New Epson Safety & Health Program (NESP), established in FY2000, is an original Epson program that covers safety, health, fire and disaster prevention and management, and facilities. It is based on an occupational safety and health management system (OSHMS) that conforms to International Labour Organization (ILO) guidelines.

📖 Basic NESP Policy (Please refer to page 268 of "Appendices")

The Health and Productivity Management Declaration, Executive Organization, and Key Issues

Epson declares that it will work to manage the health and productivity of all employees and external stakeholders.

Health and Productivity Management Declaration

At Epson, the health of our employees is our top priority.
The company and its employees will work together to create an enjoyable and dynamic workplace environment to ensure the physical and mental wellness of all.
Our goal is to energize all employees with a vital workplace, produce results that surprise and delight the world, and make the world a better place.

Yasunori Ogawa
President and CEO
Seiko Epson Corporation

On April 1, 2020, Seiko Epson established the Health Management Office, an organization that reports directly to the president. This office works closely with Epson's health insurance association to drive actions that will maintain and improve health. The office is focusing particularly on:

- Creating an enjoyable and dynamic workplace environment;
- Introducing measures to protect people against passive smoking and that help people quit smoking; and
- Improving lifestyle habits by increasing health literacy.

"Health Action 2020"

In Japan, Epson has instituted a mid-term health plan every five years since FY2001. The current plan, Health Action 2020, was instituted in April 2016. The objective of this plan is to promote better employee health, increase productivity, and enhance corporate value. The plan basically seeks to ensure safety and improve the working environment while also fostering employee and workplace independence and autonomy. In addition to physical and mental health, the plan addresses workplace health[1] and includes actions to energize and build a sense of unity between individuals and the organization and to increase productivity through work reforms and personnel measures.

Health Action 2020 was examined by executive management at meetings of the General Safety and Health Controllers Committee and approved by the director in charge of health management. It was then rolled out to all sites and Group companies in Japan. Workplace health, physical health, and mental health achievements and issues are reported at meetings of the General Safety and Health Controllers Committee. And Seiko Epson's supervisory departments, health insurance association, and occupational physicians work together on a Health and Productivity Management Committee to discuss with executive management not only the issues that were reported but also health management policies and actions so that further improvements can be driven systematically by continuously implementing the PDCA management cycle.

[1] Epson coined and has used the term "workplace health" since FY2016. It is based on the World Health Organization's definition of health as "a state of complete physical, mental and social well-being" but also incorporates the idea of health and productivity management, which has elements of both mental and physical well-being coupled with how we work. It is creating a safe, dynamic, communicative workplace in which everyone feels energized and enjoys job satisfaction.

Health Action 2020: Three Key Areas and Actions
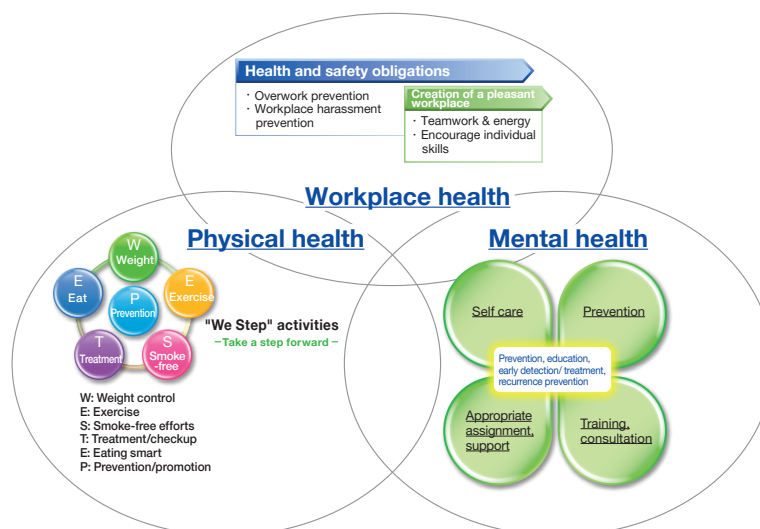
Seiko Epson Recognized Under the Certified Health and Productivity Management Organization Recognition Program (White 500)

In March 2020, Seiko Epson was recognized for the fourth consecutive year under the Certified Health and Productivity Management Organization Recognition Program (White 500), in the large enterprise category. The program, which is jointly administered by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi, honors enterprises who work with insurers to promote good health and productivity.

Under the recognition program, companies are evaluated in 25 areas related to health and productivity management. Epson satisfied the criteria for all of them. Epson earned among the highest marks in the sector in items concerning the involvement of executive management, scheme building and employee education, measures specifically targeting at-risk individuals, and the verification and improvement of measures effectiveness.

The Origin of Health and Productivity Management at Epson, and Work Reforms

Health and productivity management at Epson originated with "Epson's Work Goals and Work Culture," a statement of goals set forth in 2004 in a labor-management agreement regarding overtime work and work on days off. Initiatives designed to increase workplace health, which are described in Health Action 2020, preserve the spirit of "Epson's Work Goals and Work Culture."

Since FY2017, Epson has been carrying out work reforms under the "WILL BE Program"[2] to achieve our work and work culture goals. This program is driving the improvement of workplace health.

[2] "WILL BE" signifies work-life balance, innovation, liveliness, and enjoyment.

Introductory Statement to "Epson's 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.

We aim to achieve this beneficial working style and work culture both for the individual and the company.

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 and management 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 course is for employees who are around 35, an age at which their role in the company tends to change and when there are often important changes in their personal lives. The course helps them to better understand themselves, deal with stress, and maintain their own personal mental health. Between the 2012 and 2019 fiscal years, 2,414 employees have taken this course, which has been run a total of 194 times.

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 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.

Since December 2015, Japan's Industrial Safety and Health Act has required 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. We have conducted stress checks in line with this standard since 2016 and, since 2017, have provided a stress analysis report to each department and supported efforts to improve the workplace environment.

Recurrence Prevention

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

Providing a Clean, Smoke-Free Work Environment

We have been stepping up actions to protect employees from harm caused by tobacco smoke. In 2016, we began to gradually reduce the number of smoking areas at our sites in Japan and to move them outdoors. Furthermore, in April 2018, we banned smoking during working hours, except for during the lunch break.

We have also been promoting smoking cessation among employees by drawing their attention to associated risks on World No Tobacco Day, offering professional counseling, and fully subsidizing the cost of treatment at a smoking cessation outpatient clinic. These actions have accelerated the rate at which employees in the domestic Epson Group have quit smoking. Whereas the percentage of smokers declined by 2.6% over the five years from FY2011, it declined by 4.1% over the three years since FY2016. In FY2019, the percentage of smokers dropped to 21.5%. For additional protection against passive smoking, Epson will completely ban smoking on the premises, effective October 1, 2020.

Percentage of Smokers (Japan)

(%)

FY	Percentage
2011	28.2
2012	26.9
2013	26.2
2014	25.5
2015	25.9
2016	25.6
2017	24.1
2018	22.4
2019	21.5
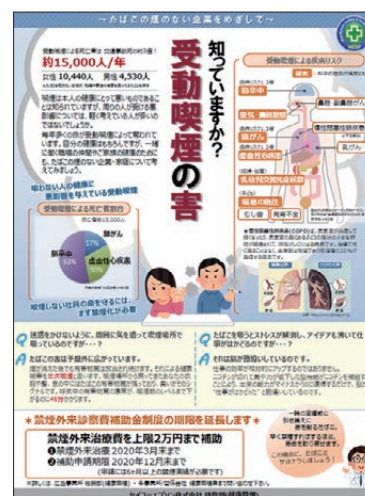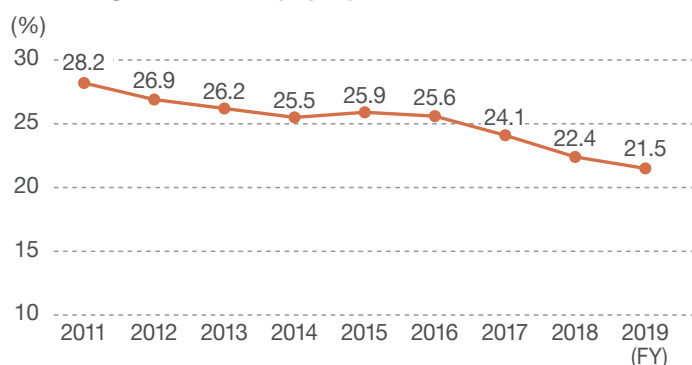
Poster (Japanese)

Epidemic Prevention and Life-Saving Initiatives

Emerging Infectious Diseases Prevention

Epson considers infectious diseases to be a serious business risk. To eliminate infectious disease-related plant closures, we have been taking action since 2009 to ensure that our people are alert to infectious diseases and that they practice measures to prevent their spread in the workplace. In 2017, we stepped up our inspection and improvement programs at our overseas manufacturing companies to prevent the spread of infectious diseases such as tuberculosis, malaria, and Middle East respiratory syndrome (MERS).

Epson Group companies around the world maintain their own business continuity plans (BCP) to control risks associated with emerging infectious diseases. These BCP are tailored to their specific needs and serve not only to protect their employees but to minimize harm and ensure the continuity of business operations.

Life-Saving Training

Seiko Epson provides first aid training in Group companies in Japan to prepare personnel to provide effective first aid and care in a medical emergency involving cardiopulmonary arrest. Executives and other personnel have been given hands-on training in cardiopulmonary resuscitation (CPR) and the use of automated external defibrillators (AEDs). As of the end of March 2020, approximately 13,700 employees had received training.

Our People

Occupational Safety and Health

Approach to Occupational Safety and Health

Epson believes that providing and maintaining a safe and healthy work environment and promoting physical and mental well-being are the foundation of a healthy company. Accordingly, understanding that safety and health are the lifeblood of the company, we have instituted safety and health activities at our sites around the world, so that our employees and partners can enjoy working as part of a team in a healthy environment and 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 enforced 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 268 of "Appendices")

Basic Concept of NESP

- Deploy unique activities
- Horizontally deploy preventative measures for accidents that occurred in the past and that are similar
- Conduct safety patrols to keep workplaces staying safe
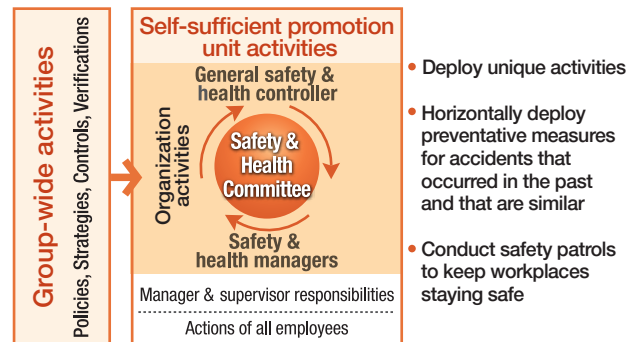
Epson amended the Management Philosophy earlier this year to reflect our commitment to making Epson an indispensable company and the world a better place. As part of these efforts, we ensure that all legal, regulatory, and internal requirements are observed at all sites around the world. We also endeavor to provide safe, secure, healthy workplaces to maintain and promote the mental and physical wellbeing of our people. Understanding that safety, security, and health are lifelines of the company, we are working together under the leadership of management to eliminate occupational accidents, injuries, and illnesses and to continuously meet the needs of our customers.

Motonori Okumura
Managing Executive Officer
Production Planning Division General Administrative Manager
and Overall Safety and Health Controller

Occupational Accidents

We had no serious occupational accidents (accidents resulting in fatalities or permanent disabilities) in the FY2019.

The frequency and severity of occupational accidents in the Epson Group were also far lower than the national average. Although the frequency rose compared to the previous fiscal year, the severity of accidents was lower.

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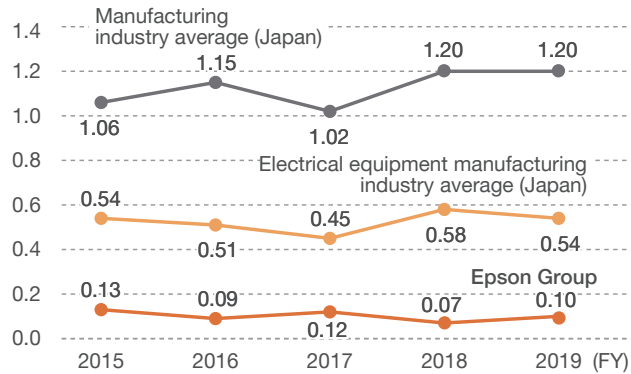
$$\text{Occupational injury accident frequency} = \frac{\text{Number of injury accidents}}{\text{Total actual working hours}} \times 1{,}000{,}000$$

* 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

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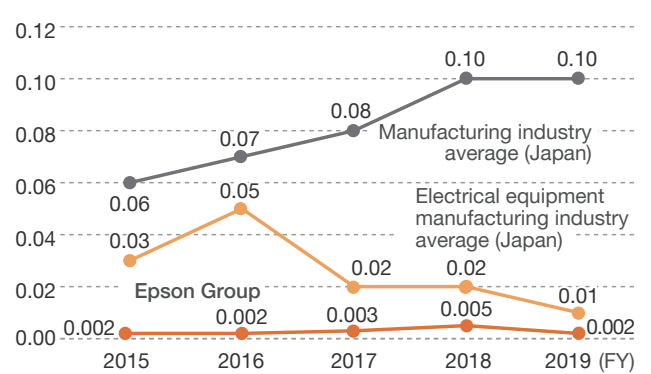
$$\text{Occupational injury accident seriousness} = \frac{\text{Number of working days missed}}{\text{Total actual working hours}} \times 1{,}000$$

* 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

Workdays lost are calculated based on the criteria below.

- Fatality: 7,500 days
- Permanent total disability: days of disability level 1-3 (7,500 days)
- Permanent partial disability: 50 to 5,500 days depending on disability level from 4-14
- Temporary disability: the total number of lost days, including scheduled day off, multiplied by 300/365

Safety Management Initiatives

Epson's FY2020 safety targets are as follows.

- Zero serious occupational or industrial accidents
- Frequency & severity: Less than last fiscal year

Global Sharing of Information on Safety and Health

Epson seeks to improve its safety and health programs around the world by holding regular meetings at our production sites in Japan and overseas to share information and discuss issues at different management echelons.

At the executive management level, the chief operating officers and presidents of Epson companies and sites in Japan and overseas separately gather twice a year for meetings of the General Safety and Health Controllers Committee to update one another about actions being taken and discuss issues to identify opportunities for improvement.

At the operational level, managers and health and safety personnel also meet regularly to share information. In Japan, they meet every other month to discuss important topics and issues. Overseas, in China and Southeast Asia, representatives from each manufacturing affiliate meet regularly to get on the same page with respect to shared issues, discuss key actions to ensure compliance with applicable local legal and regulatory requirements, and drive improvement.

November 2019 information sharing meeting in Shenzhen, China

Raising Employee Awareness with Accident Reports

Epson analyzes all occupational injuries and accidents in the Epson Group, identifies causes, and makes plans for preventing similar incidents. Occupational accidents are reported in the form of Safety News bulletins that describe accident causes, countermeasures, and actions that all sites are to take to prevent similar accidents in the future. These reports are placed on the intranet and discussed with employees.

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.

In the FY2019, we offered an online safety course in Japan that was taken by 100% of managers and supervisors (1,681 people) and by 98.34% of non-management employees (19,412 people). We also planned and implemented basic education courses for managers and supervisors overseas. The course was taken by 100% of managers and supervisors in Greater China (594 people) and by 99% in the Southeast Asia territory (1,029 people). In FY2020, we will provide training to all eligible people, including new managers and supervisors, with a goal of a 100% course completion rate.

Safety and health training in Greater China (Shenzhen) in 2019

Fire and Disaster Prevention

Epson is committed to fire safety and disaster management. Our independent fire brigades help to protect lives and property. Epson Disaster Prevention Day falls on the last work day of each August. We hold fire and disaster drills and practice extinguishing small fires to help minimize damage in the event of a wide-scale disaster. The actions both increase our preparedness and heighten employee awareness.

Formation of Independent Fire Brigades

Epson has had independent fire brigades in place for 65 years. The first brigade was formed in 1955, with 15 employees dedicated to protecting their factory from fire. As our business has grown, so has the number of fire brigades. There are now approximately 900 employee firefighters active at business sites in Japan and at facilities around the world. Fire brigades train year-round 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 a fire brigade competition annually in September that gives brigade members around the world a chance to demonstrate how quickly they are able to take the proper action in an emergency and to demonstrate their skills in extinguishing a small fire.

About 700 people in 43 teams, including 15 from overseas, took part in the 2019 Competition. The 43 teams consisted of 23 in the small pump division, 12 in the indoor fire hydrant division, and eight in the bugle band division. The high level of fire safety awareness was evident from the seriousness with which the teams competed in bad weather, showing that the spirit to protect lives and property under which the brigades were first formed is alive and well. The entire Epson Group will continue to improve our fire and disaster prevention and management programs.

A men's small pump team preparing for spraying water

Members of a ladies' indoor fire hydrant team spraying water while maintaining the trajectory

Drum and bugle corps performing

Facility Safety Maintenance

Epson maintains safe facilities in line with the NESP program to prevent accidents caused by faulty buildings, equipment, and facilities.

Facility safety maintenance covers all domestic and foreign Epson Group buildings and building equipment, including but not limited to electrical equipment, air conditioning and sanitary equipment, drainage equipment, disaster management equipment, communication equipment, and equipment for supplying gas and chemicals to production machinery. Maintaining the soundness of buildings and building equipment, preventing damage from fires and earthquakes, and ensuring the safety of employees and others will help Epson to ensure business continuity and deliver products and services on time. Epson thus has in place a variety of facility safety measures.

For example, before a new building or new building equipment is constructed, installed, refurbished, or removed, a safety assessment is conducted to identify potential problems and improve designs. In addition to managing safety during construction, we also conduct post-construction safety assessments where we check whether buildings and building equipment were constructed or installed as designed. If there is a problem, we have it fixed, and if it is not fixed, the building or equipment cannot be used until the problem is resolved.

In addition to ensuring compliance with applicable laws, regulations, and codes when conducting safety assessments, we are also working to build safer buildings and building equipment by establishing our own standards and preventing the recurrence of past accidents and problems.

In many cases, we hire outside contractors to do the actual construction work. When we hire a contractor, we carefully manage safety by communicating the construction rules, controlling access to the site, ensuring that confidentiality is maintained, and providing instructions for working safely. We also try to raise safety awareness among contractors by holding safety conferences.

To encourage employees to acquire the licenses and qualifications needed for facility management and to maintain and raise the level of facility management, Epson provides employees with ongoing professional education. To help ensure electrical safety, Epson created its own program for training and qualifying electrical equipment technicians. Only qualified technicians are allowed to perform electrical work and maintenance on machinery used at Epson sites worldwide.

We at Epson will continue to try to eliminate occupational accidents through activities like these.

Building safety assessment

Contractor safety conference

Electrical equipment technician training

Organizational Governance

Corporate Governance

To achieve our goals, promote sustainable growth, and increase long-term corporate value, Seiko Epson continuously improves corporate governance to ensure transparent, fair, and fast decision-making, including by ensuring that independent outside directors comprise at least one-third of the board, and by establishing committees to nominate officers and determine compensation.

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

The general principles of corporate governance at Epson are as follows:
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

Seiko Epson ("the Company") has established itself as a company with an Audit & Supervisory Committee with the aim of strengthening the supervision and monitoring of management and of speeding up decision-making by separating the management supervision and execution of operations.

The main corporate management bodies and their aims are described below.

Board of Directors

The Board of Directors, with a mandate from shareholders, is responsible for realizing efficient and effective corporate governance, through which the Company will accomplish its social mission, sustain growth, and maximize corporate value over the medium and long terms. To fulfill its responsibilities, the Board of Directors supervises general operations to ensure that operations are fair and transparent. The Board of Directors also makes decisions on important business affairs of the Company, such as decisions on the formulation of important business matters, such as the establishment of management plans and business plans and decision on investment projects that exceed a certain fixed amount of money.

The Board of Directors is composed of 12 directors[1], including five Outside Directors. Meetings of the Board of Directors are, as a rule, held once per month and as needed. Meetings of the Board of Directors are chaired by the Chairperson of the Board per the Board of Directors Regulation. The Board of Directors makes decisions on basic business policies, important business affairs, and other matters that the Board of Directors is responsible for deciding as provided for in internal regulations. Business affairs that the Board of Directors is not responsible for deciding are delegated to executive management, and the Board monitors these. Under the company with an Audit & Supervisory Committee structure, the scope of business affairs delegated by the Board of Directors to executive management, such as making decisions on investment projects that are less than a certain fixed amount of money, has been expanded. As such, matters discussed by the Board of Directors are limited to motions of the highest importance (e.g., governance, capital policy, compliance, risk management, deliberations on megatrends and mid- to long-term strategies), thereby speeding up business decision-making and increasing the agility of business. The Company has specified in the Corporate Governance Policy that at least one-third of the members of the Board of Directors shall be Outside Directors.

[1] As of June 30, 2020

Audit & Supervisory Committee

The Audit & Supervisory Committee, with a mandate from shareholders, is responsible for independently and objectively auditing and monitoring the execution of Director duties and for ensuring the sound and sustained growth of the Company. The Audit & Supervisory Committee establishes criteria for properly evaluating potential External Financial Auditors. After selecting External Financial Auditors, the Audit & Supervisory Committee verifies whether External Financial Auditors possess the necessary independence and expertise. In addition, the Audit & Supervisory Committee conducts audits in cooperation with internal audit departments and Financial Auditors.

The Audit & Supervisory Committee is composed of four Audit & Supervisory Committee members[2], three of whom are Outside Directors. It is chaired by a full-time member of the Audit & Supervisory Committee. Meetings are generally held once per month and as needed.

[2] As of June 30, 2020

Compliance Committee

The Compliance Committee hears and discusses important matters concerning the Company's compliance program in order to supervise whether the compliance program is being properly implemented along the executive line. It reports its findings and offers opinions to the Board of Directors.

As an advisory body to the Board of Directors, the Compliance Committee is composed of Outside Directors and Directors who are Audit & Supervisory Committee members. It is chaired by the full-time member of the Audit & Supervisory Committee, and meetings are held once every six months and as needed.

A Chief Compliance Officer ("CCO") is chosen by the Board of Directors to oversee and monitor the execution of all compliance operations. The CCO periodically reports the state of compliance affairs to the Compliance Committee.

Director Nomination Committee & Director Compensation Committee

A Director Nomination Committee and a Director Compensation Committee have been established as advisory bodies to the Board of Directors, with the aim of ensuring the transparency and objectivity regarding selections for and compensation of Directors, Executive Officers and Special Audit & Supervisory Officers. Outside Directors are the main members and the human resources department is the secretariat.

The outline of each Committee is as follows:

Composition

Based on the internal rules established by the Board of Directors, in each of the Committees, the chairman is the President and the other members are all Outside Directors and the Director in charge of human resources. The current members[1] are as follows:

Chairman: Yasunori Ogawa, President

Members: Outside Directors Hideaki Omiya, Mari Matsunaga, Yoshio Shirai, Susumu Murakoshi, Michiko Ohtsuka Masayuki Kawana, director in charge of human resources

Directors who are full-time members of the Audit & Supervisory Committee can attend either meeting as observers.

[1] As of June 30, 2020

Activities of the Director Nomination Committee

The committee met four times from April 2019 to the June 2020 Ordinary General Meeting of Shareholders to deliberate things such as Officer (Director, Executive Officer, and Special Audit & Supervisory Officer) selection policies and candidate proposals, succession plans, bylaws concerning the Chairperson of the Board, and areas where there are particularly high expectations for Directors. Most notably, the committee went through the process of selecting a new President and Representative Director in advance of the April 2020 succession date, with the Outside Directors, who make up the majority of the Director Nomination Committee, interviewing multiple succession candidates and holding exhaustive discussions at meetings of the Director Nomination Committee before tendering the Committee's recommendation to the Board of Directors.

Activities of the Director Compensation Committee

The committee met five times from April 2019 to the June 2020 Ordinary General Meeting of Shareholders to deliberate things such as base compensation, individual bonuses, the extension of the performance-linked stock compensation plan, and the performance-based coefficient.

Corporate Strategy Council

The Corporate Strategy Council is an advisory body to the President. It was created to help ensure that the right decisions are made based on the advice and views of executive management. Meetings of the Corporate Strategy Council are held to discuss important matters that affect the entire Epson Group and matters brought up before the Board of Directors. The Corporate Strategy Council is composed of Directors, Executive Officers, and Special Audit & Supervisory Officers.

Organizational chart

General Shareholders' Meeting

Elect/Dismiss | Elect/Dismiss | Report/Statements of opinions | Elect/Dismiss | Submit/Report

Financial Auditor — Dismiss — Audit & Supervisory Committee

[Deliberative/Advisory Bodies]
Director Nomination Committee
Director Compensation Committee

Audit & Supervisory Committee
Instruction | Support
Special Audit & Supervisory Officer
Audit & Supervisory Committee Office

Audit/Super-vision

Board of Directors

Propose

Financial audit

Audit instructions | Audit Report | Investigation

Report

[Deliberative/Advisory Bodies]
Compliance Committee — Propose

Supervise | Report

Appoint/Dismiss/Supervise

Submit/Report
Basic management policies and most important business affairs

Internal Control Structure

Internal Audit Departments
Whistleblowing system

Report

Internal audit

Crisis Management Committee

Report/Initial response

SEC President

Propose

[Deliberative/Advisory Bodies]
Corporate Strategy Council
CSR Executive Council
HR Development Strategy Council

Executive Officers
Executive Organizations
(Divisions, operations divisions, affiliated companies)

Submit
Execution of important business

Nomination of Officers

With an aim to ensure transparency and objectivity, Director candidates who are submitted for their appointments to the General Meeting of Shareholders are determined by the Board of Directors after going through a fair, transparent, and rigorous screening and reporting by the Director Nomination Committee in which Outside Directors make significant contributions.

Policies

1. Officers must be impartial and possess high integrity and ethical standards
2. Outside Directors must satisfy criteria concerning the independence of Outside Directors in order to guarantee their independence. The Board of Directors established "Criteria for Independence of Outside Directors."

* Epson's Board of Directors is well-balanced and composed of persons who combine a broad spectrum of knowledge, experience, and skill in their respective areas of expertise, without regard to things such as gender, race, ethnicity, country of origin, nationality, cultural background, or age.
* As a general rule, Outside Directors shall not concurrently serve as either a Director or a Kansayaku of more than three publicly listed companies other than Epson per the bylaws established by resolution of the Board of Directors.
* Per Epson policy, Directors shall attend at least 75% of the meetings of the Board of Directors per year.

Procedures

1. After passing a fair, transparent, and rigorous screening and reporting by the Director Nomination Committee, Executive Director candidates and Executive Officers are selected by the Board of Directors in addition to the foregoing policy and on nomination criteria, such as broadness of insight, extensiveness of experience, sense of mission, sense of responsibility, leadership, and the ability to drive change.
2. The Director Nomination Committee screens Non-Executive Director candidates and Special Audit & Supervisory Officers in a fair, transparent, and rigorous screening in line with the foregoing policy and on the basis of nomination criteria, including but not limited to broadness of insight, extensiveness of experience, sense of mission, sense of responsibility, management knowledge and specialized knowledge. The Director Nomination Committee reports its opinions to the Board of Directors, which finalizes the selections. The consent of the Audit & Supervisory Committee is required for nominating Director candidates who are Audit & Supervisory Committee Members and for appointing Special Audit & Supervisory Officers.

Criteria for Independence of Outside Directors

The Company has established the criteria below to objectively determine whether potential Outside Directors are independent.

1. A person is not independent if:
    1. The person considers the Company to be a major business partner[1], or has served as an executive[2] within the past five years in an entity for which the Company is a major business partner;
    2. The person is a major business partner[3] of the Company or has served as an executive within the past five years in an entity that is a major business partner of the Company.
    3. The person is a business consultant, certified public accountant, or lawyer who has received a large sum of money or other forms of compensation[4] (other than remuneration as an officer) from the Company or has, within the past three years, performed duties equivalent to those of an executive as an employee of a corporation or group, such as a union, that has received a large sum of money or other forms of compensation from the Company;
    4. The person is a major shareholder[5] of the Company or has, within the past five years, been an executive or Audit & Supervisory Board Member of an entity that is a major shareholder of the Company;
    5. The person is an executive or Audit & Supervisory Board Member of an entity in which the Company is currently a major shareholder;
    6. The person is a major lender[6] to the Company or has been an executive of a major lender to the Company within the past five years;
    7. The person has been employed by an auditing firm that has conducted a legal accounting audit of the Company within the past five years;
    8. The person has been employed by a leading managing underwriter of the Company within the past five years;
    9. The person has received a large donation[7] from the Company or, within the past three years, has performed duties equivalent to those of an executive as an employee of a corporation or a group, such as a union, that has received a large donation from the Company;
    10. The person came from an entity that employs someone from the Company as an Outside Director; or
    11. A spouse or relative within the second degree of kinship of a person having the interests listed in (1) through (9) above.

2. Even if any of the foregoing criteria apply to a potential Outside Director, the Company can elect that person as an Outside Director if that person satisfies the requirements for Outside Directors set forth in the Companies Act, and the Company deems the person suitable as an Outside Director of the Company in light of his or her personality, knowledge, experience, or other qualifications upon explaining and announcing the reasons thereof.

Notes
1. A person (usually a supplier) considers the Company to be a major business partner if 2% or more of its consolidated net sales (consolidated revenue) has come from the Company in any fiscal year within the past three years.
2. "Executive" means an executive officer, executive director or operating officer, or an employee occupying a senior management position of department manager or higher.
3. A person (usually a buyer) is a major business partner if 2% or more of the Company's consolidated revenue has come from that partner in any fiscal year within the past three years.
4. "A large sum of money or other forms of compensation" means an average annual amount for the past three years that is:
    I. no less than 10 million yen for an individual; or
    II. no less than 2% of the annual revenues in any fiscal year for a group.
5. "Major shareholder" means a shareholder who directly or indirectly holds 10% or more of the voting rights.
6. "A major lender" means a financial institution or other major creditor that is indispensable for the Company's financing and on which the Company depends to the extent that it is irreplaceable in any fiscal year within the past three years.
7. "Large donation" means a donation whose annual average amount for the past three years exceeds either:
    I. 10 million yen or
    II. 30% of the annual expense of the group, whichever is higher.

Reason for Appointed as Outside Directors, and Attendance at Meetings of the Board of Directors

Name	Reason for Appointment	Attendance at meetings of the Board of Directors
Hideaki Omiya	Mr. Omiya has served as the President and a Chairman of the Board of Mitsubishi Heavy Industries, Ltd. and has considerable experience and insight as a chief executive and engineer. He has monitored corporate management by expressing opinions actively including findings and proposals regarding overall managerial issues from a perspective of a corporate manager well-versed in the global corporate management in the heavy industry, a different business field. We have nominated him as a candidate for independent Outside Director with the expectation that he will monitor corporate management appropriately aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.	13/13 meetings (100%)
Mari Matsunaga	Ms. Matsunaga has created new business models and served as an Outside Officer in multiple companies, has a wealth of experience and considerable insight. As an Outside Director of the Company, she has appropriately monitored management, actively pointing out business issues and offering recommendations particularly from the viewpoint of promoting open innovation. We have nominated her as a candidate for independent Outside Director with the expectation that she will monitor corporate management appropriately aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.	12/13 meetings (92.3%)
Yoshio Shirai	Mr. Shirai has served as Directors at Toyota Motor Corporation, Hino Motors, Ltd. and Toyota Tsusho Corporation, and has considerable insight and a wealth of experience as a corporate manager, and achievements as an Outside Director who is Audit & Supervisory Committee member of the Company. We have nominated him as a candidate for Outside Director who is an Audit & Supervisory Committee member with the expectation that he will appropriately supervise and contribute to the soundness of the Company's management aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.	13/13 meetings (100%)
Susumu Murakoshi	Mr. Murakoshi possesses a high level of professional knowledge and insight as an attorney. Given his extensive experience in the legal community, which has included stints as the Chairman of the Japan Federation of Bar Associations and the Chairman of the Political Federation of Japan Patent Attorneys, the Company believes that Mr. Murakoshi can be expected to contribute to the effective supervision and soundness of management so as to help ensure sustained growth and enhance long-term corporate value.	New appointment
Michiko Ohtsuka	Ms. Ohtsuka possesses a high level of professional knowledge and insight as a certified public accountant. Given that she has experience and considerable insight as an Outside Officer in a public company, the Company believes that Ms. Ohtsuka can be expected to contribute to the effective supervision and soundness of management so as to help ensure sustained growth and enhance long-term corporate value.	New appointment

Succession Plans

The Company's Director Nomination Committee, which is composed primarily of Outside Directors, discusses enhancements to succession plans and the Director appointment process, reviews the roadmap, selects Director candidates, establishes and implements development plans, and reviews the process for evaluating, narrowing down, and replacing candidates.

The Company selects candidates for senior management positions in order to systematically develop these individual as future executives. After their development is assessed, the HR Development Strategy Council, an advisory body to the President, devises and implements a concrete development plan. The state of development and issues are reported to the Director Nomination Committee, and development activities are further enhanced under the supervision and advice of the Outside Directors. Candidates to succeed the President are identified through the aforesaid process and developed by appointing them to key management roles and by providing them with other essential training opportunities.

Matrix of Areas of Expertise Particularly Expected for Directors

Epson clarifies a management system toward achieving the Management Philosophy and Corporate Vision by utilizing a matrix as below.

Name	Title	Areas of expertise particularly expected by the Company							Diversity
		Corporate management	Collaboration Open innovation	IT Digital	Finance Accounting	HR Personnel development	Legal affairs Compliance	Global (Internationality)	Gender
Minoru Usui	Chairman and Director	✓	✓	✓	✓	✓	✓	✓	Male
Yasunori Ogawa	President and Representative Director	✓	✓	✓	✓	✓	✓	✓	Male
Koichi Kubota	Representative Director, Senior Managing Executive Officer	✓	✓				✓	✓	Male
Tatsuaki Seki	Director, Managing Executive Officer	✓		✓	✓		✓	✓	Male
Masayuki Kawana	Director, Executive Officer	✓				✓	✓	✓	Male
Toshiya Takahata	Director, Executive Officer	✓	✓	✓			✓	✓	Male
Hideaki Omiya	Outside Director	✓	✓	✓	✓	✓	✓	✓	Male
Mari Matsunaga	Outside Director	✓	✓	✓		✓	✓	✓	Female

| Name | Title | Areas of expertise particularly expected by the Company | | | | | | | Diversity |
		Corporate management	Collaboration Open innovation	IT Digital	Finance Accounting	HR Personnel development	Legal affairs Compliance	Global (Internationality)	Gender
Taro Shigemoto	Director, Full-Time Audit & Supervisory Committee Member	✓			✓		✓	✓	Male
Yoshio Shirai	Outside Director, Audit & Supervisory Committee Member	✓	✓		✓	✓	✓	✓	Male
Susumu Murakoshi	Outside Director, Audit & Supervisory Committee Member	✓			✓	✓	✓	✓	Male
Michiko Ohtsuka	Outside Director, Audit & Supervisory Committee Member	✓	✓		✓	✓	✓	✓	Female

Compensation of Officers

With an aim to ensure transparency and objectivity, compensation of officers is determined by the General Meeting of Shareholders, the Board of Directors or Audit & Supervisory Committee after going through a fair, transparent, and rigorous reporting by the Director Compensation Committee in which Outside Directors make significant contributions.

Policies

The Company has established the basic policies regarding the Officer compensation in its internal rules decided by the Board of Directors.

Compensation of Officers Who Have Executive Duties

1. Compensation shall provide incentive to improve business performance in order to increase corporate value in the near, medium, and long terms.
2. Compensation shall be sufficient to attract qualified persons both from within the Company and from outside.
3. Compensation shall be commensurate with period performance so that Directors and Executive Officers can demonstrate their management capabilities to the fullest during their tenure.

Compensation Policies for Officers Who Do Not Have Executive Duties

1. The composition of compensation shall guarantee independence so that these Officers can suitably exert their general management supervisory function, etc.
2. Compensation shall be sufficient to attract qualified persons both from within the Company and from outside.

Compensation System

The Officer compensation system consists of the following components: base compensation, bonuses, and stock compensation. Non-Executive Officers receive base compensation only, a fixed amount, because their role is to supervise general management. They do not receive bonuses and stock compensation, which are forms of compensation that are linked to performance and share price.

Base Compensation (fixed and variable)

Base compensation is a monthly monetary amount that is determined by taking into account factors such as the individual's position and responsibilities. The variable compensation component of base compensation for Officers who have executive duties reflects the results of annual performance evaluations based on criteria set according to the individual's role. (Variable range: 20%)

Bonuses (variable)

Monetary compensation is paid as a bonus once per year to Officers who have executive duties in an amount determined in accordance with considerations such as the level of achievement with respect to annual operating performance targets. It is possible that bonuses may not be paid if business profit does not reach a certain amount. Bonuses reflect the results of annual performance evaluations based on criteria set according to the individual's role. (Variable range of bonuses in months' worth of salary: ±1.2 months)

Bonuses are calculated based on a calculation standard that the Board of Directors has determined in advance. However, due to the nature of the short-term incentive bonus, non-recurring losses and other factors are taken into account based on the business profit of a single fiscal year. The final payment amount is decided at the Ordinary General Meeting of Shareholders to ensure transparency.

Stock Compensation (variable)

Officers who have executive duties are compensated with Seiko Epson shares under a trust scheme. The number of shares issued is dependent on the level of achievement with respect to medium-term financial performance targets, such as ROS and ROE. (Variable range: 20%)

The ratio of stock compensation to base compensation increases or decreases from 10% to 22% depending on position, while the number of shares delivered is linked to the achievement level of the performance indicators during the target period (3 years).

The Company has introduced provisions (malus and clawback provisions) under this stock compensation system that will cause Officers to lose their right to receive stock and require them to pay back an amount equal to the value of the stock already issued if they are found to have violated any laws, ordinances, or company regulations, standards, or other policies.

Compensation to Directors (Fiscal year ended March 2020)

(Millions of yen)

Category	Number of individuals (Persons)	Fixed compensation	Variable compensation			Total
		Base compensation	Base compensation	Bonuses	Stock compensation	
Directors who are not Audit & Supervisory Committee members (of which, Outside Directors)	8 (2)	250 (28)	17 (-)	85 (-)	37 (-)	389 (28)
Directors who are Audit & Supervisory Committee members (of which, Outside Directors)	4 (3)	81 (48)	- (-)	- (-)	- (-)	81 (48)
Total	12	331	17	85	37	471

Notes
1. The base compensation for Directors who are not Audit & Supervisory Committee members (excluding Outside Directors) consists of fixed compensation and variable compensation. Variable compensation refers to the monetary compensation that reflects the results of annual performance evaluations based on criteria set according to their respective roles.
2. The Company has introduced an officer stock ownership plan to link compensation more closely to shareholders' value. A portion of the base compensation is discretionally allotted for the acquisition of the Company's shares. Epson has established the criteria for shareholding by its officers based on internal regulations defined by the Board of Directors to demonstrate its commitment to and responsibilities for business operations to all shareholders.
3. Upon the resolution at the Ordinary General Meeting of Shareholders held on June 28, 2016, the maximum base compensation was set to at 62 million yen per month for Directors who are not Audit & Supervisory Committee members (Outside Directors account for 10 million yen of this amount) and at 20 million yen per month for Directors who are Audit & Supervisory Committee members.
4. The amount above includes 85 million yen in bonuses to be paid to six Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee members), as resolved at the Ordinary General Meeting of Shareholders held on June 25, 2020.
5. The Company introduced a performance-linked stock compensation plan (stock compensation) by employing a framework referred to as the officer compensation BIP (Board Incentive Plan) trust, for the purpose of showing its commitment to promoting sustainable growth and increasing its medium- to long-term corporate value, in addition to strengthening the sense of sharing common interests with its shareholders. The stock compensation stated above represents the amount recorded for the current fiscal year based on Japanese Generally Accepted Accounting Principles (JGAAP).
6. Stock options are not granted.

Actions to Ensure Board Effectiveness

The Board of Directors of Epson analyzes and evaluates the effectiveness of the entire Board of Directors every year based on Article 28 of the Corporate Governance Policy.

FY2018 Evaluation Results

In the FY2018, the Company analyzed and evaluated the effectiveness of its Board of Directors by asking all Board Members to complete a questionnaire that covered the topics listed below. The results showed that the Board of Directors as a whole is functioning effectively.

1. Board composition, functioning, and operation
2. The function of the Audit & Supervisory Committee
3. The function and operation of advisory bodies to the Board
4. Management team evaluation, compensation, succession planning, and training
5. Dialogue with shareholders
6. Other

The Company identified and addressed the issues below to improve Board effectiveness in the future.

I. Improvement of succession plans and further improvement of the Officer selection process
   a. The Director Nomination Committee, which is composed primarily of Outside Directors, discussed further enhancements to succession plans and the director appointment process, reviewed the roadmap, selected director candidates, established and implemented development plans, and reviewed the process for evaluating, narrowing down, and replacing candidates.
   After going through these procedures, the Company replaced the President and Representative Director, effective April 1, 2020.
   In anticipation of the replacement in the future of the current President and Representative Director, the Director Nomination Committee has begun working on a new succession plan to ensure that there is ample time for examination.
II. Clarification of the management framework for realizing the Management Philosophy and long-term corporate vision
   a. The Company clarified the management framework for realizing the Management Philosophy and long-term corporate vision chiefly by identifying the areas where there are particularly high expectations for Directors.
   For details, please see "Matrix of Areas of Expertise Particularly Expected for Directors" under "Nomination of Officers" in this website.
III. Sharing of the effectiveness evaluation results of the Audit & Supervisory Committee in the Board of Directors meetings, and implementation of recommendations from the Audit & Supervisory Committee to the Board of Directors based on the audit results
   a. It has been made standard practice for the Audit & Supervisory Committee to share the results of effectiveness evaluations of the Audit & Supervisory Committee with the Board of Directors.
   In the FY2019, the evaluation results, which showed that the Audit & Supervisory Committee is operating effectively, were shared with the Board of Directors, and recommendations were made on issues found in the effectiveness evaluation regarding improvements to the Company's internal controls and governance system.

FY2019 Evaluation Results

The questionnaires conducted in the 2017 and 2018 fiscal years were comprehensive. The questionnaire conducted in the FY2019 was likewise comprehensive and showed that the Board of Directors as a whole is functioning effectively.

In addition, the Company dug deeper based on recent corporate governance trends (such as the interests of institutional investors) and identified the following issues in order to improve effectiveness in the future:

1. further improving the organization and disclosure of business strategy risks and opportunities; and
2. further improving the organization and disclosure of the thinking with regard to business portfolio management.

* A third-party evaluation such as that conducted in fiscal 2017 was not conducted in fiscal 2019, because it is the Company's policy to implement it once every three years.

In the future, we will work to further improve effectiveness by addressing these issues.

Responding to Large-Scale Acquisitions of Seiko Epson Shares

Epson's Corporate Governance Policy stipulates the following:

1. Whether to accept a bid to purchase a number of shares that would give the acquirer control over the Company's financial and business policies ("large-scale acquisition" hereafter) should ultimately be decided by the shareholders.
2. Epson shall ask persons who attempt to make large-scale acquisitions of Company shares to provide a sufficient amount of the information needed to determine the desirability of the large-scale acquisition from the perspective of ensuring and enhancing corporate value and the common interests of shareholders, after which Epson shall disclose the opinions of the Company's Board of Directors regarding the proposed large-scale acquisition, thereby doing its due diligence to provide shareholders with the time and information they need to consider the desirability of the large-scale acquisition. The Company shall also take appropriate actions based on the Financial Instruments and Exchange Act, the Companies Act, and other applicable laws and regulations.

Organizational Governance

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 has established the basic concept of internal control of the entire group in the Basic Internal Control System Policy, and Epson takes actions to steadily improve that across the entire Epson Group.

Group Governance

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

Compliance and Risk Management

Epson's goal is to continuously create value that exceeds customer expectations while building trust with all stakeholders based on the company's Management Philosophy. To maintain and strengthen this trust, Epson seeks to increase management transparency and fairness, ensure effective management through faster decision-making, and appropriately manage compliance and risk. Because of that, we conduct various types of monitoring and supervise activities under the following organization. There were no compliance-related issues that are subject to timely disclosure in the FY2019.

Compliance Organization

Seiko Epson 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 current 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 monitor compliance in general, making corrections and adjustments as needed.

These compliance organization are defined in the Epson Group Compliance Basic Regulation.

Compliance Organization Chart
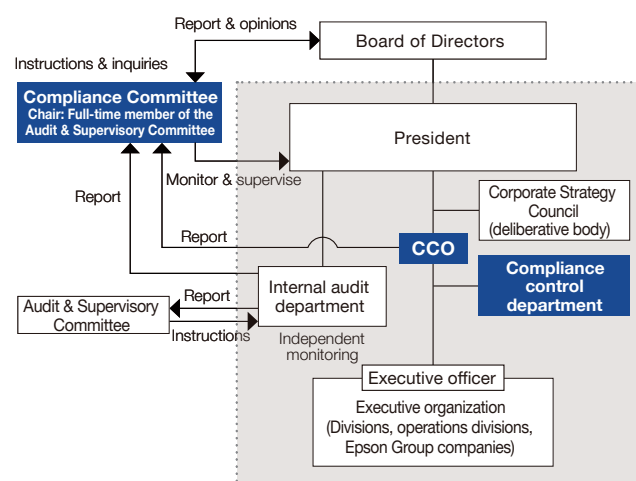
Whistleblowing Systems and Reporting Channels

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. We have also provided reporting channels for use by our business partners, to quickly catch any potential compliance problems that could go undetected internally. The identity of whistleblowers is rigorously protected and reprisals of any type are strictly forbidden.

Counseling and Support Services in Japan

- Epson helplines
- Harassment counseling
- Counseling related to overwork and long working hours
- Counseling for persons with disabilities
- Insider trading advisory service
- Antitrust (antimonopoly) advisory service
- Corruption (bribery) regulations advisory service
- Employee counseling
- Reporting contact for business partners

Whistleblowing systems have been installed in all Epson Group companies worldwide. The use of these systems is monitored, and usage data are reported to a corporate management body and to Group companies in an effort to increase system effectiveness.

Epson has taken steps to improve the comprehensiveness and effectiveness of the Epson Group's whistleblowing systems. As part of this, we have put in place an Epson Executive Compliance Hotline (a global whistleblowing system). This hotline can be used to report directly to Seiko Epson potential compliance problems involving individuals in executive management at Epson's overseas subsidiaries.

Risk Management Organization

The Chief Risk Management Officer in the Epson Group, including subsidiaries, is the president of Seiko Epson. Group-wide risks are managed globally by Head Office supervisory departments with the cooperation of the operations divisions and subsidiaries. Risks unique to an individual business are managed by the Chief Operating Officer of that business, including at subsidiaries consolidated under them. The SEC risk management department monitors overall risk management in the Group, makes corrections and adjustments thereto, and ensures the efficacy of risk management programs.

The Epson Group Risk Management Basic Regulation specifies the company's risk management organization.

Risk Management Organization Chart
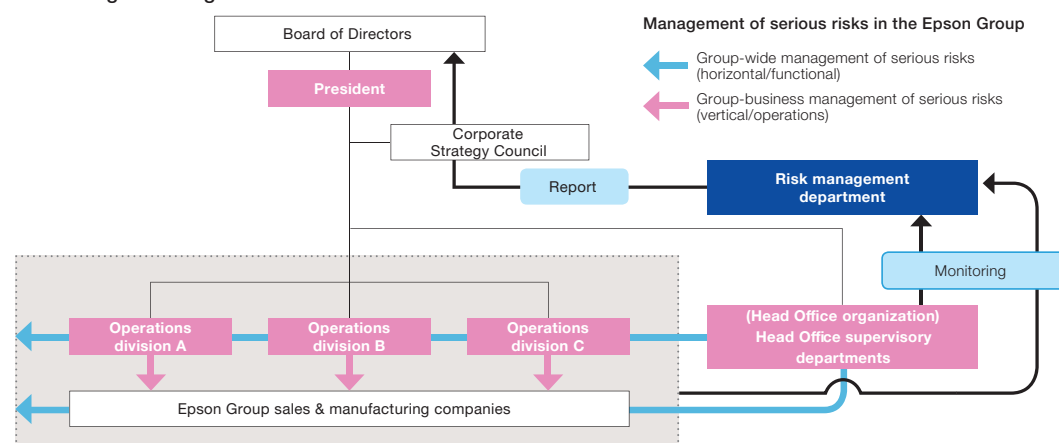
Epson identifies serious risks that could have significant consequences on the company.
- Risks that could have serious adverse effects on Epson Group management are considered "serious Group-wide risks."
- Risks that could have serious adverse effects on business operations are considered "serious business risks."

Epson drafts and executes plans to control both types of serious risks and monitors their progress. The company also strives to ensure control plan effectiveness by evaluating serious Group-wide risks and serious business risks on a quarterly and half-yearly basis, respectively, and by revising the plans as needed. The president of Seiko Epson reports important risk management affairs to the Board of Directors periodically.

Risk Management Cycle
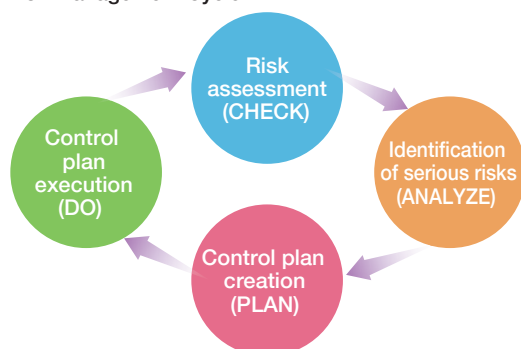
Crisis Management

Epson has a standing Crisis Management Committee. The committee is chaired by the president. The general administrative manager in charge of risk management serves as vice-chair. The rest of the committee is made up of the general managers of supervisory departments at the Head Office. An organization and a predetermined crisis management program are in place to enable us to rapidly mount a Group-wide initial response in the event of a crisis.

Internal Audits

Epson's internal audit departments audit a total of 96 business units around the world, including operations divisions in Japan, 51 overseas subsidiaries, and 14 domestic subsidiaries. Audits are used to check compliance, 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 about once every three years based on the Audit Office's mid-range audit plan. In the FY2019, the Audit Office performed 22 operational audits, and provided them with advice on correcting 69 items that required improvements.

Internal Controls over Financial Reporting

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

Organizational Governance

Initiatives of Internal Control

Anti-Bribery/Anti-Corruption

Basic Principles

Epson's Principles of Corporate Behavior include Principle 5: "Ensuring effective governance and compliance." In Principle 5, Epson commits itself to eliminating all improper transactions, including those that involve bribery, corruption, cartels, and insider trading, and to pursuing fair, transparent, and free competition and appropriate transactions.

In respect to employees, the Epson Group Global Code of Conduct breaks down the actions of the Principles of Corporate Behavior and describes the conduct expected of us as Epson employees. This document likewise affirms that we do not seek profit by improper means and urges employees to immediately report it to relevant departments if there is any conduct that presents a risk of violation.

In respect to business partners, Principle 7 of the Principles of Corporate Behavior is "Working with business partners for mutual benefit." This principle strictly forbids acts of bribery and collusion in our relationships with business partners and demands that our business partners also eliminate any illegal or unethical business practices. In addition, our Anti-Bribery and Competition Law Guidelines for Business Partners demand that business partners avoid the practice of business bribery and that they promptly notify concerned Epson companies if they discover any such act by an Epson employee.

Epson Group Anti-Bribery Regulation

The Epson Board of Directors is committed to preventing any bribery on the part of Epson. To that end, in 2014 we established a system to prevent bribery, along with rules to be followed. These make up the Group regulations that apply to all Group companies.

The regulations state that Epson employees must not offer bribes to public servants and the like. Moreover, we establish a bribery prevention system, for which the President is ultimately responsible. Under this system, supervisory departments take various measures to prevent bribery.

Anti-Bribery Activities

One of our designated priority company-wide serious risks is a violation of Anti-Bribery Regulation. As a prevention initiative, we draw up and execute plans to suppress the risk of bribery and corruption. We monitor the progress of this work and evaluate the effectiveness of bribery suppressing efforts.

Epson's department responsible for compliance conducts our bribery prevention activities as based on Epson Group Anti-Bribery Regulation. The wide-ranging activities cover 12 areas, including entertainment and gifts, donations, hiring and internships, penalty, education by external experts, agent management, sponsorships, and procurement management. The various supervisory departments work together to tackle the risk of bribery.

Compliance Permeation Activities

To ensure that compliance awareness permeates the Group, Epson provides online courses, training, and more on a regular basis to both general administrative managers and employees, in keeping with the Epson Group Global Code of Conduct.

We invite outside experts to give instruction in compliance training courses for executive management. We also provide compliance online courses and compliance training by internal instructors for all employees. At our affiliates outside Japan, our efforts include giving compliance trainings that reflect local conditions.

Every October is "Compliance Month" at Epson and this is to help each employee recall the importance of compliance to the realization of the Management Philosophy. During this period each year, we run events for the entire Group, including subsidiaries outside Japan, to raise compliance awareness based on our Management Philosophy and Principles of Corporate Behavior. Specific activities include: 1) the release of Compliance Messages by the Chief Compliance Officer and persons in charge of each business divisions/group companies, 2) the publishing of feature stories on compliance in the company newsletter, 3) initiatives to spread information about the Epson Group Global Code of Conduct, and 4) giving compliance training. These and other activities are meant to raise compliance awareness.

When the "Compliance Month" is over, we conduct a survey about these initiatives. We total and analyze survey responses as to participants' opinions and suggestions on each company's or organization's efforts and initiatives. This helps us check employees' compliance awareness and collect feedback for the next year's activities.

Global Compliance Activities

Epson has built and is operating an RCCO (Regional-CCO) organizational system centered on the CCO in order to expand compliance activities globally. Since different regions of the world have their own languages and cultural norms, the sales company that supervises a region leads the compliance activities in that region, and Group companies cooperate to carry out the activities. We have established a vision of compliance management to which Epson aspires and are implementing a Global Compliance Program to continuously raise the compliance level and realize this vision. We have introduced these policies to Group companies in Japan and overseas, and are working to achieve our goals by spreading compliance policies, issues and measures throughout the company.

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.	Customs-Trade Partnership Against Terrorism (C-TPAT) (US Customs)	The program is designed to strengthen security of goods imported to the US and security of import channels to the US.
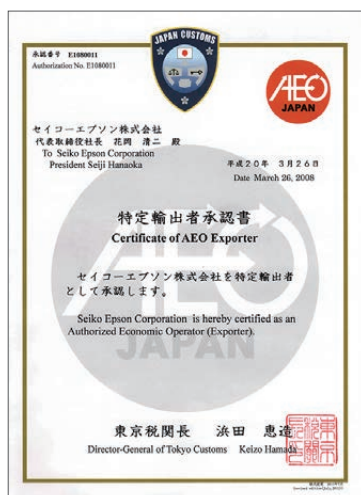
Certificate of AEO Exporter
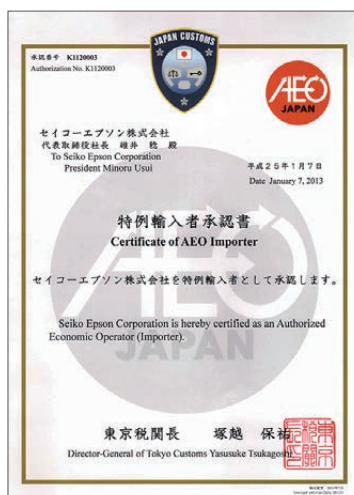
Certificate of AEO Importer

Business Continuity Management

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

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

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

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

Tabletop exercise for earthquake

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

Tax Compliance Policy

Epson seeks to fulfill its corporate social responsibility by paying appropriate taxes in compliance with the spirit as well as the letter of the tax laws and regulations 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

- The Board of Directors is responsible for overseeing tax risk, and Epson's Chief Financial Officer is the responsible official of 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 and region.

3. Tax planning and Tax avoidance

- Around the globe, we strive to effectively use preferential taxation systems where possible in our normal business activities to ensure a suitable tax burden.
- We do not transfer value created to low tax jurisdictions, and do not use tax structures intended for tax avoidance without the spirit of the law.

4. Dealing with uncertainty

- Tax risk uncertainty is expected to increase as countries and regions 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 in "tax haven" jurisdictions 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

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 reflect the importance and principles of good information security practices.

📖 Basic Information Security Policy (Please refer to page 270 of "Appendices")

Epson's various business units build and maintain their own information security systems based on Group-wide rules. The senior executive of the company serves as the Group Chief Information Security Officer and promotes the information security governance. Under this organization, the systems and controls of each business unit are internally assessed to check whether information security risks are being managed effectively. A maturity indicator has also been established for information security actions to gauge the maturity level of each business unit. The business units improve their own activities based on the indicator. The department that supervises the information security activities of the Epson Group monitors the activities of the business units and instructs them to make improvements where needed.

In addition to these internal assessments, the Seiko Epson Printing Solutions Operations Division, Wearable Products Operations Division, and DX Division, along with Epson Avasys, have earned and maintain ISO 27001-compliant Information Security Management System (ISMS) certification. They have also earned ISMS Cloud Security Certification (ISO/IEC 27017) so that customers can use services with greater peace of mind. In addition, to raise employee awareness of the importance of information security, we provide online courses in information security, conduct targeted email attack drills across Epson subsidiaries in Asia and Oceania along with sites in Japan, and train managers to assess information security risks. These and similar actions are taken across the global Epson Group.

Information Security Organization

Head Office	
	President
	Internal Audit Depts.
	Group CISO[1]
	Information Security Supervisory Dept.
Information Security Council	

Business Unit	
	Business Unit Chief Executive
	CISO
	Senior Info. Security Manager
	Business Unit Information Security Dept.
	Departments
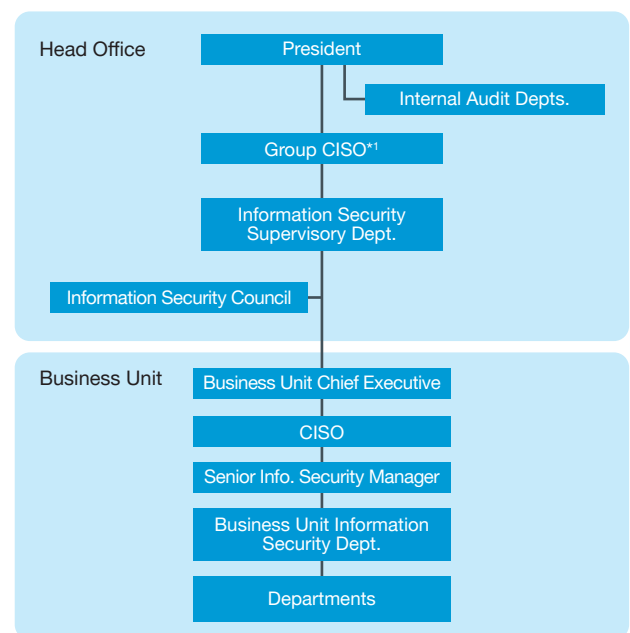
[1] Chief Information Security Officer

Cyber Security

We have established a grand design that specifies policies concerning cyber security measures to enable us to contend with cyber security threats and respond to attacks, which are becoming increasingly sophisticated and insidious. As references, we used the Cybersecurity Management Guidelines issued by the Ministry of Economy, Trade and Industry and the Cyber Security Framework set up by the US National Institute of Standards and Technology. As part of this effort, we created a Security Operation Center that covers Asia, Europe, and the Americas. The center successfully prevented an incident from materializing by quickly responding to an alert issued in relation to Emotet malware, which circulated heavily in FY2019. We have also installed a new type of anti-virus software on PCs that detects malicious behavior and shuts down attacks of all types before PCs can be exposed to danger. We will continue improving and reinforcing our readiness to the ever-changing threats.

Risk assessment education for managers

Personal Data Protection

We at Epson are acting to protect the personal data of our customers, business partners, and employees to reward their trust and fulfill our social responsibility. Countries and regions around the world are establishing and amending laws and regulations governing personal data protection and privacy protection. The E.U.'s General Data Protection Regulation (GDPR) is a prominent example. To accurately understand the nature of changes being made, Epson participates in an international privacy protection association and ascertains whether internal rules need to be revised. In addition, Epson Sales Japan and Epson Direct, domestic subsidiaries that handle personal data belonging to customers, manage personal data protection based on the PrivacyMark System. In FY2019, we offered three online courses in personal data protection:
- A course in information security that all officers and employees are required to complete,
- A course for employees who handle personal data on the job, and
- A course concerning the GDPR

Epson has also installed a system that temporarily halts email before it is sent to external recipients. The system asks the sender to confirm whether the mail contains personal data or confidential information that can be sent to external recipients. PCs that store personal identification numbers are also equipped with a tool that records their operations.

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.

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.

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

Educating customs officials about real and counterfeit goods in Japan

Supply Chain CSR

Supply Chain CSR Vision

Supply Chain CSR Vision

Epson aspires to be an indispensable company, one that seeks to build mutually beneficial relationships with all its business partners, including suppliers, by asking them to uphold the highest standards of integrity and ethics while, at the same time, respecting their autonomy and independence.

We are particularly adamant that our business partners meet the following requirements:
(1) Strictly forbid acts of bribery and collusion with their business partners and refuse to engage themselves in illegal or unethical business practices.
(2) Hold their 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, and support improvements to any of these areas as needed.
(3) Develop and maintain open relationships with their business partners and work with them to increase the competitiveness of the entire supply chain, based on mutual trust and mutual benefit.

These supply chain ethics requirements are based on the Code of Conduct of the Responsible Business Alliance (RBA), of which Epson is a member. Epson, which has mapped each of its supply chain initiatives to one or more of the Sustainable Development Goals (SDGs) of the United Nations, will help to achieve the SDGs by taking action throughout the supply chain.

Sustainable Procurement Policy

Maintaining mutually beneficial relationships with suppliers is one of the keys to attaining the goals outlined in Epson's Management Philosophy. This is why Epson's Principles of Corporate Behavior states that Epson seeks to maintain mutually beneficial relationships with its suppliers, sales channels, collaborators, and other business partners, whom Epson asks to live up to the highest standards of ethical conduct while respecting their autonomy and independence.

In addition to good partnerships with suppliers, the Epson's Basic Procurement Policy requires adherence to high ethical standards and strict compliance in all supply chain operations. Further, it states that we will strive to reduce the environmental impacts of our procurement activities and always seek stable and reasonable QCD (quality, price and delivery) from suppliers.

CSR Procurement Policies
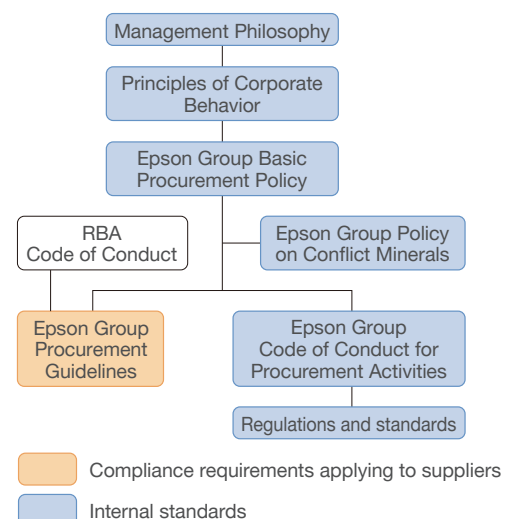
Epson Group Procurement Guidelines includes a Code of Conduct pertaining to labor, health, safety, environment, ethics, and management systems. This Code of Conduct is based on the Responsible Business Alliance (RBA) Code of Conduct. Epson uses the Epson Group Procurement Guidelines to inform all suppliers about our requirements and to request their adherence to them.

Supply Chain Strategy

1. Providing products and services that create customer value
   - Meet customers' quality, delivery and price requirements, and position Epson to sustainably create products and services that will delight customers around the world and earn their trust.

2. Contributing to environmental conservation
   - Minimize the negative impacts of our production processes on society, environment, and natural resources.
   - Reduce environmental impacts over the life cycle of products and services.

3. Complying with laws, engaging in proper business practices, and operating with high ethical standards
   - Implement systems to ensure compliance with local laws, internal rules, and corporate ethics.
   - Maintain fairness, honesty, and promises.
   - Act with integrity and avoid any association with bribery, corruption, and extortion.
   - Maintain open and honest communication with stakeholders with appropriate information disclosures.

4. Respecting basic human rights
   - Eliminate all forms of discrimination based on race, gender, nationality, physical abilities, religion, and so on.
   - Prohibit any type of inhumane treatment, including forced labor, slave labor, and child labor.

5. Ensuring safe, healthy, and fair working environments
   - Maintain a safe and secure work environment.
   - Ensure that evaluations, work hours, and wages are fair.

6. Implementing business continuity management (BCM)
   - Establish systems to prevent occupational and industrial accidents and to restore operations promptly in the event of an interruption.

Organization

The Epson Group's global supply chain is managed to ensure sustainability and the responsible sourcing of minerals.

The Sustainable Procurement Committee is made up of personnel from all of Epson's divisions and manufacturing companies, with the Seiko Epson CSR procurement department providing administrative oversight. The committee discusses targets and action plans to address supply chain issues. After they are approved by the chief officer of supply chain management (SCM), the targets and action plans are communicated throughout the Epson Group. The chief officer of SCM monitors the progress of action plans.

Organization of CSR Procurement

President

Chief Officer of supply chain management

Sustainable Procurement Supervisory Department

Sustainable Procurement Committee

Divisions ⇕ Manufacturing companies

Sales companies

Business unit

Seiko Epson Corporation

Epson Group companies
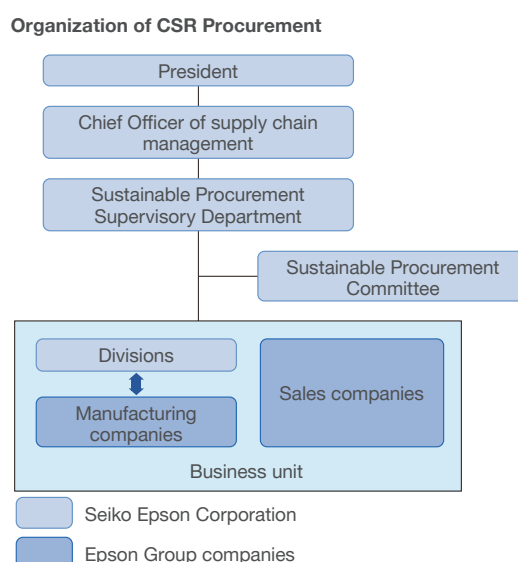
Mid-term Target (KGI) and KPI

Epson has set mid-term targets and major action items for each year.

Mid-term targets (achieve by 2020)

Sustainable procurement: All critical suppliers earn no less than a medium-risk rank.
Conflict minerals: Ensure that minerals are sourced only from smelters certified by the RMI's Responsible Mineral Assurance Process.

FY2019 Major Action Items, Plans, and Results

	Description	Result
1	Ask suppliers to complete a CSR SAQ KPI: 100%	- Key direct material suppliers asked to complete a CSR SAQ: 100% - HR agencies and onsite vendors at major Epson Group manufacturing sites asked to complete a CSR SAQ: 100%
2	Provide high-risk suppliers with feedback on their CSR SAQ results and support corrective action KPI: 100%	High-risk suppliers provided with their score, rank and feedback: 100%
3	Complete corrective action plans by high-risk suppliers KPI: 100%	- High-risk suppliers audited by a 3rd party in FY2019 that completed their corrective action plans: 100% - Percentage of suppliers rated high risk based on the SAQ that completed their corrective action plans: 70% (5/7 suppliers)
4	Ask suppliers to complete a conflict mineral survey KPI: Targeted suppliers 100%	Targeted suppliers surveyed: 100%

FY2020 Major Action Items

	Action items, KPIs
1	Ask major suppliers to complete a CSR self-assessment questionnaire (SAQ) to check compliance 1) Major suppliers provided with feedback on CSR SAQ results 　KPI: 100% 2) High-risk suppliers that completed their corrective action plans 　KPI: 100% (No high-risk suppliers)
2	Customers that responded to CSR survey requests (including conflict free mineral survey requests) KPI: 100%
3	Smelters certified by the RMI's Responsible Mineral Assurance Process per the conflict mineral survey KPI: 100%

Supply Chain CSR

Procurement Guidelines

Procurement Guidelines/Epson Supplier Code of Conduct

To achieve the goals stated in its Management Philosophy, Epson believes that it is essential for suppliers to understand the Management Philosophy and to comply with the Epson Supplier Code of Conduct.

The Epson Group Procurement Guidelines were created in 2005 to inform suppliers about Epson's procurement policies and requirements. In 2008, the Epson Supplier Code of Conduct was added as an appendix to the Epson Group Supplier Guidelines. Epson's Code of Conduct was based on the code of conduct created by the Electronic Industry Citizenship Coalition (EICC), now called the Responsible Business Alliance (RBA).

The Epson Group Procurement Guidelines reflect international requirements. They are intended to help ensure that our suppliers work with us as partners to meet quality, cost, and delivery (QCD) obligations and maintain compliance with requirements in areas such as human rights, labor, health and safety, environment, ethics, and trade control and security, as well as information security. Rev. 6.0, released in January 2020, is the latest version of the Epson Group Procurement Guidelines. The content was revised to maintain consistency with the latest RBA Code of Conduct. The Epson Supplier Code of Conduct is now a major part of the Procurement Guidelines and will be available in multiple languages.

Over the 15-year history of the Guidelines, we have asked all suppliers to comply with the requirements and have asked our major direct suppliers of production materials to sign a formal agreement.

Requirements Under the Supplier Code of Conduct

The Epson Supplier Code of Conduct, which is part of the Epson Group Procurement Guidelines, is based on the RBA Code of Conduct. It specifies supply chain requirements in the areas of labor, health and safety, environmental, ethics, and management systems.

RBA Code of Conduct Overview

A Labor (Human Rights)

Freely Chosen Employment
Young Workers
Working Hours
Wages and Benefits
Humane Treatment
Non-Discrimination
Freedom of Association

B Health & Safety

Occupational Safety
Emergency Preparedness
Occupational Injury and Illness
Industrial Hygiene
Physically Demanding Work
Machine Safeguarding
Sanitation, Food, and Housing
Health and Safety Communication

D Ethics

Business Integrity
No Improper Advantage
Disclosure of Information
Intellectual Property
Fair Business, Advertising and Competition
Protection of Identity and Non-Retaliation
Responsible Sourcing of Minerals
Privacy

E Management System

Company Commitment
Management Accountability and Responsibility
Legal and Customer Requirements
Risk Assessment and Risk Management
Improvement Objectives
Training
Communication
Worker Feedback, Participation and Grievance
Audits and Assessments
Corrective Action Process
Documentation and Records
Supplier Responsibility

C Environment

Environmental Permits and Reporting
Pollution Prevention and Resource Reduction
Hazardous Substances
Solid Waste
Air Emissions
Materials Restrictions
Water Management
Energy Consumption and Greenhouse Gas Emissions

Supply Chain CSR

Supply Chain Initiatives

Supply Chain Overview

Epson considers suppliers to be important partners in its business activities. As such, our procurement activities are designed to develop mutually beneficial trusting relationships with our business partners based on fairness, transparency, and respect.

Epson procures goods and services from all over the world. Domestic Japanese procurement accounts for about 39% of our total procurement spend. Asia accounts for the large majority of the remaining 61%.

Our procurement spend for direct materials (production materials and outsourced manufacturing) for about 63% and indirect materials (including factory consumables, machinery, public relations, logistics, and staffing) for 37%. Epson has business with 1,700 direct material suppliers and mainly in Asia where our main manufacturing site located, and about an half of indirect materials spend in Japan.

Procurement Over View
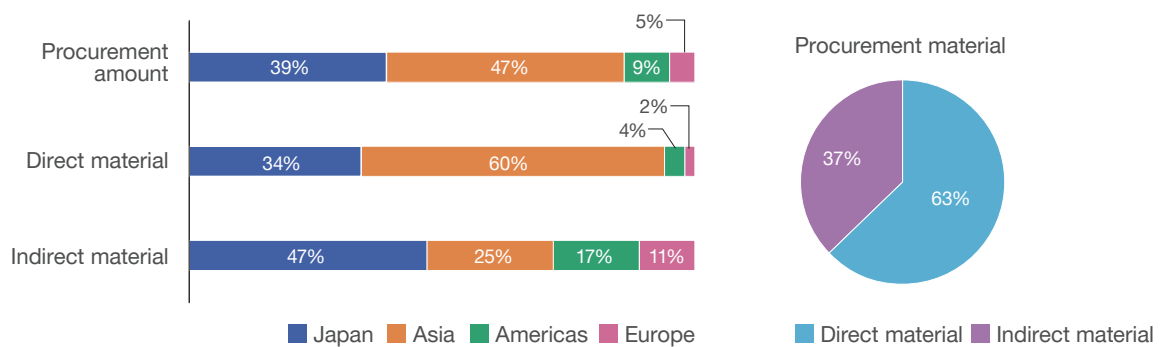
Supplier Evaluation Program

Epson evaluates all suppliers, both direct materials suppliers and indirect materials suppliers. Suppliers are evaluated from multiple angles on the basis of a supplier evaluation program. The program consists primarily of an indirect evaluation and a direct evaluation (periodic evaluation). The indirect evaluation is based on information from a credit investigation service. The direct evaluation is a self-check that suppliers do to evaluate their own QCD and other performance metrics.

Epson Group Supplier Evaluation Program
Indirect evaluation Evaluation based on information from a third-party credit investigation Evaluation items: Credit score, business history, capital composition, business size, profit/loss, financing status, management, etc.
Direct evaluation (Annual evaluation) Self-assessment of QCDEM Evaluation items: Quality management (Q), cost management (C), delivery management (D), environmental management (E) and business management (M) A green purchasing agreement is required.
Detailed CSR evaluation (CSR-SAQ) Self-assessment of compliance with the Epson Supplier Code of Conduct (RBA Code of Conduct) Evaluation items: Labor, safety and health, environmental, ethics, management systems
Evaluation of emergency response capabilities Self-assessment of ability to respond in the event of a natural disaster, fire, or other emergency. Evaluation items: Management attitudes, risk countermeasures, ability to respond to emergencies, recover from disasters, continue supplying goods, maintain procurement, and manage inventory, etc.
Safety management evaluation Self-assessment of response to fires and other emergency risks Evaluation items: Management of electrical hazards, hazardous materials, fire prevention, etc.

Socially Responsible Procurement Program

Epson's sustainable procurement program is an annual cyclical activity. It consists of steps in which we ask suppliers to comply with Epson's procurement guidelines and complete self-assessment questionnaires (SAQ). Epson then analyzes and evaluates risks, verifies the facts on site or audits certain high-risk suppliers, and supports and works with suppliers on corrective actions.

Socially Responsible Procurement Program

Direct Evaluation (Annual Evaluation)

All suppliers are required to perform an annual self-assessment. They are asked questions in the categories of quality, cost, delivery, environment, and management systems. Among other things, the management system questions are designed to check the management of hazardous substances in products, the handling of personal data, and compliance with legal requirements concerning things such as international trade and bribery. Suppliers that receive a score of 60 points or less in the evaluation are considered to be high risk. Epson engages these suppliers to help resolve incidents of noncompliance. Suppliers that do not demonstrate improvement are excluded.

Section	Number of questions
Q. Quality	12
C. Cost	5
D. Delivery	5
E. Environment	5
M. Management system	15
Total	42

Prospective new suppliers are also required to complete the self-assessment. Transactions with those that receive a score of 70 points or less are permitted on the condition that corrective action is taken to remedy noncompliance.

Direct Evaluation Results

		FY2017	FY2018	FY2019
Target (KPI)	% of suppliers completing the self-assessment	100%		
Result	% of completed the self-assessment	100%	100%	100%
	Number of suppliers	880	994	942
	Number of accounts	1,413	1,481	1,525

Detailed CSR Evaluation (SAQ)

Epson evaluates supplier compliance with the Epson Supplier Code of Conduct (RBA Code of Conduct) based on a detailed self-assessment questionnaire (SAQ). We work with suppliers to make improvements as appropriate depending on their score and the gravity of noncompliance incidents.

The SAQ is based on site audit standards of the Responsible Business Alliance (RBA). Major direct material suppliers (those representing 80% of the Group-wide spend and selected by a business unit), on-site service vendors, and HR agencies are required to complete an SAQ as Epson critical suppliers. Suppliers deemed high risk based on their SAQ scores are asked to undergo an RBA VAP audit under the RBA's Validated Audit Program to foster improvement. Epson evaluates supply chain CSR annually.

Self-assessment Questionnaire (SAQ) Contents

Section	Scope & Number of questions	
	Direct supplier	On-site service vendor HR agent/Contractor
A. Labor (human rights)	27	26
B. Health and safety	24	12
C. Environment	12	-
D. Ethics	12	10
E. Management system	17	15
Total	92	63

Risk Rank by SAQ

Risk rank	Score	Remarks
Low risk	86-100 pts.	> Suppliers who comply the requirements of RBA Code of Conduct.
Medium risk	66-85 pts.	> Suppliers who do not meet some of the requirements of RBA Code of Conduct but are expected to take corrective action themselves if needed.
High risk	65 pts. or less	> Suppliers who do not meet many of the requirements of RBA Code of Conduct, and need to be monitored based on an improvement plan for corrective action. > To be asked to receive RBA (VAP) audit.

Results of Detailed CSR Evaluation

In 2019, we evaluated direct material suppliers as well as on-site service vendors and HR agencies at major production sites. We asked 233 critical Tier 1 direct material suppliers to complete the SAQ. We received completed questionnaires from 222 of them (391 facilities). We also asked Tier 2 suppliers to complete the SAQ when the Tier 1 supplier was a trading company.

For critical Tier 1 direct material suppliers that were deemed to be high risk, we verified the facts on-site (including third party CSR audit) and supported corrective actions to help them improve to medium risk or better. As a result of these actions, the average score of suppliers who fell into the high-risk rank on the 2018 SAQ improved by 24 points on the 2019 SAQ to attain middle risk or better.

We asked on-site service vendors and HR agencies at 10 key production sites to complete an SAQ and received completed SAQs from 124 of them. Service vendors are essential business partners for running our production operations, so Epson requires them to understand and follow the RBA code requirements.

Epson provides suppliers and vendors with their SAQ score and with feedback, including advice for corrective actions.

SAQ Evaluation Results (Direct material suppliers)

	FY2016	FY2018	FY2019	
			Epson SAQ	RBA SAQ
Number of evaluated suppliers	274 Suppliers	312 Suppliers (358 sites)	207 Suppliers (354 sites)	15 Suppliers (37 sites)
Mid-term target (by FY2020)	% of high-risk suppliers: 0%			
Low-risk (> 85 pts.)	60%	58%	84%	
Medium-risk (66-85 pts.)	32%	37%	16%	0%
High-risk (=< 65 pts.)	8%	5%	0%	0%

[1] 2018 SAQ includes 29 of HR agents and on-site service providers.

SAQ Evaluation Result (FY2016-2019)

	Low risk	Midium risk	High risk
FY2016	60%	32%	8%
FY2018	58%	37%	5%
FY2019	84%	16%	

■ Low risk ■ Midium risk ■ High risk
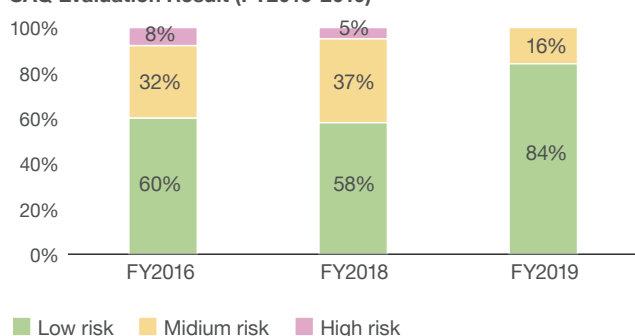
SAQ Evaluation Result by Section (FY2019)

	Low risk	Midium risk	High risk
Labor (human rights)	83%	17%	
Health and safety	93%	6%	1%
Environment	87%	11%	2%
Ethics	76%	18%	6%
Management system	63%	25%	12%

■ Low risk ■ Midium risk ■ High risk
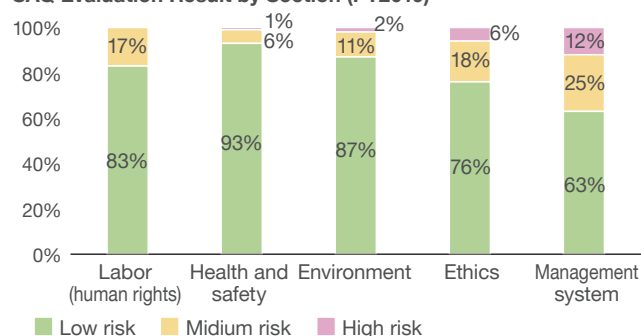
SAQ Evaluation Result of HR Agency and On-site Service Vendor

Type		FY2019	
		Number of vendors	SAQ average score
Recruitment agency/HR contractor		45	82
On site service vendor	Security	7	85
	Canteen	12	71
	Cleaning	10	78
	Facility maintenance	6	84
	Others	44	78
	Total	79	78

Audit and Corrective Action

Epson supports the corrective action efforts of high-risk and medium-risk suppliers.

Audit

In 2019, Seiko Epson retained an experienced and qualified organization to audit a key supplier in Japan. (This third-party audit conformed to the Validated Audit Program of the RBA.) The auditors found the supplier to be high risk. The supplier responded by establishing a corrective action plan and have completed improvement actions.

On-site Verification and Support for Corrective Action

For suppliers that are not asked to receive a third-party audit, Epson manufacturing company staff members visit their sites to verify conditions on-site and help them improve. Through these activities, we not only help them address CSR issues but also support them when they struggle in other areas, such as in introducing fire prevention measures or establishing business continuity plans. In 2019, we conducted two third party audit including one follow up audit to verify supplier condition which were received third party audit in 2017, and 323 on site verification.

Audit/Verification		FY2018		FY2019	
		Japan	Other area	Japan	Other area
3rd party audit	Initial audit	0	1	1	0
	Follow up audit	-	-	-	1
On site verification		38	210	9	314

Evaluation of Emergency Response Capabilities

Epson is working to improve its ability to effectively respond to threats and to ensure business continuity. When a natural disaster or other unforeseen event strikes an Epson production site, the first thing we do after securing the safety of personnel is to act to restore the supply of products to our customers. It is essential for the entire supply chain to be able to effectively respond to emergencies so that we can fulfill our responsibility to customers by restoring the supply of goods within the target period if the supply should be interrupted by a disaster, accident, or epidemic. Epson therefore evaluates the emergency response capabilities of suppliers every year and helps them remedy issues as needed.

Supply Chain Business Continuity Management

To help manage business continuity and improve resilience throughout the supply chain, Epson operates in line with supply chain BCM guidelines. These guidelines are consisted of the five function, which are supplier, production, sales, logistics, and procurement.

Supply Chain BCM
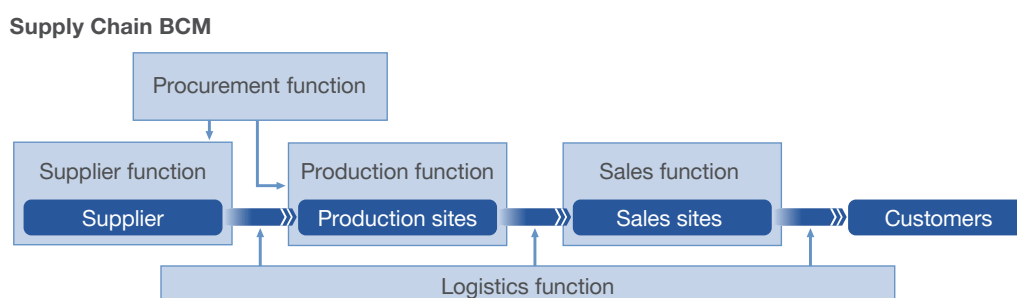
Epson is working with suppliers to ensure that they establish their own BCM systems so that the supply of parts to Epson is not disrupted. We ask Tier 1 suppliers to evaluate their own BCM capabilities every year, provide feedback, and help them remedy issues as needed.

	FY2017	FY2018	FY2019
Target	319 companies	250 companies	1,136 companies
Result	490[1] companies 154%	228 companies 91%	945[2] companies 71%

[1] In FY2017, as a special action, self-assessment was conducted by Tier 1 and critical Tier 2 suppliers.
[2] In FY2019, self- assessment was conducted by direct material suppliers, but, some of them have not answered due to the novel coronavirus pandemic.

Safety Management Evaluation

Epson also conducts an annual safety management evaluation to evaluate the ability of suppliers to respond in the event of a fire or other emergency. After suppliers conduct a self-assessment covering things such as electrical hazards, hazardous materials, and fire prevention, members of Epson's safety management staff verify their answers on-site and discuss corrective actions.

Safety Management Evaluation Result

	FY2017	FY2018	FY2019
Target	1,353 companies	481 companies	1,384 companies
Result	1,906[1] companies 141%	449 companies 93%	1,025[2] companies 74%

[1] In FY2017, as a special action, self-assessment was conducted by Tier 1 and critical Tier 2 suppliers.
[2] In FY2019, self- assessment was conducted by direct material suppliers, but, some of them have not answered due to the novel coronavirus pandemic.

Supply Chain Environmental Initiatives

As declared in the Epson 25 Environmental Statement, Epson seeks to contribute to the development of a sustainable society by leveraging its technologies to reduce the environmental impact of products and services across their life cycles. Reducing the environmental impact early in the life cycle, at the procurement stage, is a particularly important issue, and one that Epson is addressing in cooperation with suppliers.

GHG Emissions Targets

Epson has set greenhouse gas (GHG) emissions targets in line with an approach championed by the Science Based Targets initiative (SBTi). The SBTi has validated Epson's 2025 targets for scopes 1, 2, and 3 GHG emissions measured in accordance with the GHG Protocol. Epson's validated target for scope 3 emissions, which are emissions from an organization's value chain, is to reduce GHG emissions as a percentage of business profit out to 2025.

Response to Climate Risk

There is a shared global awareness that climate change poses serious and urgent business risks that must be addressed. Epson has suppliers across Asia, including in Thailand, where severe floods are a regular occurrence, and in China, where there is high potential water risk. Epson recognizes that interrupted or delayed deliveries from suppliers due to floods and droughts, two typical climate risks, could seriously impact the manufacture and sale of Epson products and need to be addressed to avoid inconveniencing customers.

Supplier Support Initiative

Under its supplier engagement program, Epson asks suppliers to complete a self-assessment questionnaire (SAQ). Suppliers are sorted by risk level based on their SAQ score and given feedback on the results. Epson helps high-risk suppliers improve through on-site verification and audits. Moreover, to encourage the pursuit of environmental sustainability, Epson selects the suppliers who account for 80% of the value of Epson's procurement spending and, in conjunction with a detailed CSR evaluation, asks them to report the amount of water and the amount of electricity, gas, and other sources of CO_2 emissions actually consumed for parts they sell to Epson. Epson shares this data with its suppliers and engages them to help drive production line improvements that reduce the amount of electricity and water used and improvements that will reduce the environmental impact of transport.

Partnerships with External Organizations

Epson is a member of the following organizations that promote sustainable procurement through industry cooperation:

- Responsible Business Alliance (RBA)

- The Japan Electronics and Information Technology Industries Association (JEITA), CSR Committee

Supply Chain CSR

Communication and Training

Communications with Suppliers

Annual Supplier Conference

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.

At an annual supplier conference, we explain our procurement policies. The conference is held in Nagano prefecture where many Epson's main facilities are located, we provide a general overview of our business situation and strategies, explain our initiatives and procurement policies, and ask for suppliers' understanding and cooperation in improving quality, reducing costs, keeping strictly to appointed delivery dates, participating in CSR initiatives, promoting business continuity plan, and reducing environmental impacts.

We consider annual supplier conferences to be valuable opportunities to capture supplier feedback. We host a separate social gathering to foster communication between suppliers and the Epson executive team, including the president of Seiko Epson. The 2020 supplier conference has been suspended due to the novel coronavirus (COVID-19) pandemic.
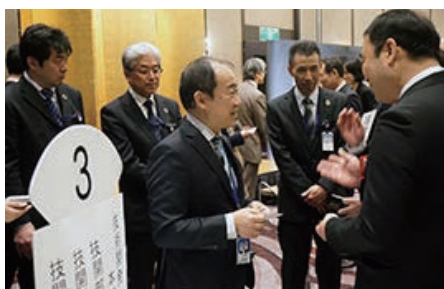
Supplier Conference for CSR

At annual CSR procurement supplier conference (since 2016), we explain CSR trend, our CSR procuring activity and request to the supplier. A lot of suppliers attend the CSR procurement supplier conference in various Epson manufacturing site such as Japan, China, and Indonesia.

In the conference, we request to comply the Sustainable procurement policy and the Epson Procurement Guideline. And we explain the guidance for self-assessment (SAQ) of CSR detail evaluation and emergency response capabilities, and conflict mineral survey. In 2019, we introduce Environment SAQ as a basic supplier evaluation to reduce the environmental impact of products. We also ask to strengthen emergency response capabilities and conduct in each supplier.

	Area				Total number of attended companies	Rate of attendance[1]
	Japan	China	Indonesia	Others		
FY2017	237	113	103	-	453	92% (Japan)
FY2018	447	222	168	295	1,132	67% (Japan)
FY2019	510	58	193	63	824	83% (WW)
Target of critical supplier attendance[2]					FY2020 100% (Worldwide)	

[1] Rate of attendance = Number of attendance/Invited suppliers
[2] Target of critical supplier attendance: Rate = Number of attendance/Critical suppliers

Whistleblowing System for suppliers

Epson has established compliance hotlines for receiving reports and consultations from suppliers regarding violations or potential violations of legislative requirements and the Epson Group Procurement Guidelines. Suppliers are asked to report any real or suspected misconduct or legal, regulatory, or ethical violations relating to Epson's operations or involving Epson officers or employees. By establishing compliance hotlines, Epson will further promote corporate ethics.

Internal Training

The Epson Group's Management Philosophy champions respect for the individual and teamwork. Principles of Corporate Behavior, meanwhile, outlines conduct for creating a corporate culture by fostering employee independence and confidence through professional development. We believe it is particularly important to understand legal and other requirements to ensure compliance and sustainability in procurement. Epson thus provides general procurement training for all employees, as well as courses tailored to the needs of procurement staff.

The achieved rate of FY2019 was down for the reason of the some of the classes were not held to prevent the novel coronavirus (COVID-19) infection.

Basic Procurement Training (Japan)

Procurement compliance seminar

Course	Description	For			FY2017	FY2018	FY2019
Procurement compliance seminar			Achieved rate by persons		92%	92%	71%
Procurement compliance seminar	1. CSR/SDGs and procurement 2. Code of conduct for procurement 3. Laws and regulations 4. Operation process 5. Case studies	New procurement staff	Target				
				Times	26	21	27
				Persons	1,060	885	830
			Result				
				Times	36	33	32
				Persons	1,120	919	719
Procurement compliance seminar (updated)	1. CSR/SDGs and procurement 2. Law and regulations 3. Case studies	Procurement staff, every 5 years	Target				
				Times	30	22	22
				Persons	1,260	850	2,700
			Result				
				Times	33	22	42
				Persons	1,019	674	1,783

Basic online course

Description	For		FY2017	FY2018	FY2019
1. Code of conduct 2. Laws and regulation, case studies	All Epson personnel, staffing agency employees, and other partners	Achieved rate by persons			
		Target	85%	85%	90%
		Result	86%	91%	96%

RBA (supply chain CSR) Professional Training (World Wide)

Epson provides professional training for procurement staff to manage supplier CSR. These programs are based on the RBA Code of Conduct and RBA (VAP) audit standards. Some are conducted by outside consultants.

Course	Description
RBA seminar (101)	General training course regarding the RBA Code of Conduct and RBA system
RBA seminar (Advanced)	Professional training course regarding the RBA Code of Conduct and detailed requirements concerning labor, health and safety, environment, ethics and management system
Workshop for RBA (VAP) audit	Workshop training for implementing RBA requirements and preparing for an RBA (VAP) audit
CSR auditor training for supplier audit	Internal auditor training for supplier onsite audit
Worker interview training for supplier audit	Internal auditor training for supplier onsite audit

Supply Chain CSR

Responsible Sourcing of Minerals

Responsible Minerals Sourcing

Policy for High Risk Minerals

Where minerals such as tin, tantalum, tungsten, gold (3TG) and cobalt are mined in conflict-affected or high-risk areas such as the Democratic Republic of Congo (DRC) and adjoining countries, the revenue from the mining and trading of these minerals is a source of funding for armed groups and anti-government forces carrying out atrocities and human rights abuses. Minerals sourced from such conflict-affected or high-risk areas have the potential to promote conflict, human rights violations and environmental degradation.

Epson considers mining to be an intensive process involving social and environmental risks, and believes the mining of metals and minerals, including conflict minerals (3TG) and cobalt mined in the DRC, as well as other minerals mined in other regions, must be managed.

Epson's policy is that we want no part in any human rights violations or environmental destruction. While sourcing minerals that originate in conflict-affected or high-risk areas, we will not, by any means, tolerate, knowingly profit from, contribute to, assist with or facilitate the commission by any party of any form of human rights violations or abuses, or support operations that result in the degradation of socioeconomic and environmental stability.

As a member of RBA (Responsible business alliance) and RMI (Responsible mineral initiative), Epson requires its suppliers to adhere to this policy and expects them to support and promote compliance within the supply chain.

Epson takes the following actions to responsibly source minerals used in Epson products.
1. Requires its suppliers to comply the Epson Group Procurement Guidelines and the Epson Supplier Code of Conduct (harmonised with the RBA code of conduct).
2. Identify and prioritize minerals for inclusion in our responsible sourcing strategy (currently 3TG for all products, and cobalt for microdevices, as of 2020, cobalt for projectors also).
3. Require suppliers to conduct due diligence on prioritized minerals in accordance with OECD Guidance and provide routine reporting using the tools developed by the Responsible Minerals Initiative (RMI) to enable supply chain transparency.
4. To ensure that minerals are procured only from smelters and refiners verified as compliant with the Responsible Minerals Assurance Program (RMAP) developed by the RMI. Epson requires smelters and refiners to obtain proof of compliance through their supply chains.
5. Continue to collect relevant information regarding industry trends in the US, customer reactions and movements in the EU and other regions to assure continued compliance to future regulations.

Responsible Minerals Survey Program

To conduct practical and appropriate surveys throughout Epson's entire supply chain to check that Epson products contain responsibly sourced minerals, Epson established the Epson Group Responsible Minerals Procedures Standard as an internal survey program. This standard is based on the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas issued by the Organization for Economic Co-operation and Development (OECD).

Epson conducts annual surveys using the Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template (CRT) provided by the RMI to identify upstream suppliers of conflict minerals (tin, tantalum, tungsten, and gold; 3TG) and cobalt, identify the smelters and refiners in the supply chain and assess gathered information to confirm the status of supplier improvement programs related to prioritised minerals. Epson then implements measures based on risk level.

Epson also uses socially responsible procurement supplier briefings and various other opportunities to promote understanding of Epson policies, requests initiatives to improve survey accuracy, and shares information on prioritised minerals response trends, in our production facility sites in the world. Epson will continue working with suppliers to make sure that minerals used in our products fulfill the standards set in our responsible minerals sourcing policy.

Target and Results

3TG Survey Results

	KPI	FY2017	FY2018	FY2019				
				Total	Gold	Tantalum	Tin	Tungsten
Number of identified smelters[1]	-	312	314	344	159	45	93	47
Number of CFS	-	249	256	268	107	40	78	43
Rate of CFS	100% (by March, 2021)	80%	82%	78%	67%	89%	84%	91%
Response rate from suppliers	100% (FY2018)	94%	92%	91%	-	-	-	-

[1] For information regarding the details of the smelters, see List of the Smelters or Rifiners identified in Seiko Epson's supply chain which were known by RMI

Result of Cobalt survey 2019: Two CF smelters out of 20 identified smelters (Rate of CFS: 10%).

Partnerships with External Organizations

Epson is a member of the following organizations that are promoting responsible sourcing minerals, and fostering cooperation to promote the use of conflict mineral surveys in the supply chain:

1. The Responsible Minerals Initiative

2. The Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA).

Supply Chain CSR

Green Purchasing

Green Purchasing

Foreword

The Epson Group 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.

This page discusses efforts by the Epson Group to assure green purchasing of production materials, and specifically addresses the following:
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)

Epson has two kinds of surveys regarding Green Purchasing; an Epson Group-wide survey, and individual surveys for each operations division.

Supply Chain CSR

Paper Products Procurement

Paper Products Procurement

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 thus 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 understand the intent and nature of these initiatives and give us their full support.

Stance on Procurement of Paper Products

Epson has established a procurement policy for paper, the major forest product we procure. Under this policy, we adhere to the practices below that support, the social, economic and environmental sustainability of forests.

1. We make effective use of used paper and other recycled pulp.

2. When virgin is used as a raw material in paper goods we procure, we confirm its
   - legality
   - sustainability
   - chemical safety
   - environmental management

Scope of Application

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

Content of Conforming Procurement Management

Suppliers are asked to provide a Certificate of Conformity to Epson Paper Products Procurement Policy to confirm their compliance with the Procurement Policy.

Corporate Citizenship

Approach to Corporate Citizenship

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.

Total Corporate Citizenship Expenditures   (millions of yen)

Contribution Type	FY2017	FY2018	FY2019
Cash contributions	352	462	438
Employee volunteer activities during work hours (including self-directed program activities)	38	127	124
Provision of products and services	100	79	62
Others[1]	121	154	271
Total	611	822	895

[1] Includes salaries and wages of personnel engaged full-time in corporate citizenship work as well as wages of personnel who engaged in volunteer activities outside work hours

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 the FY2019.

Corporate Citizenship

Education for Young People

Watch Assembly Class (Japan)

Seiko Epson traces its roots to Daiwa Kogyo, a watch factory. Over the decades, we have developed world-class watch manufacturing technology and have master watchmakers (human capital).

Every year, we conduct 15 hands-on watch assembly work-shops for sixth-graders in Suwa, the city in Nagano prefecture where Seiko Epson's Head Office is located. The workshops allow the children to experience the fun of producing a product. In FY2019, a total of 428 students participated in the workshops. Skilled watchmakers from Seiko Epson taught the children how to assemble part of a watch movement, mount the hour, minute, and second hands, and complete a watch so that it actually starts running. The children enjoyed assembling their own one-of-a-kind watch by drawing their own dial pattern with their favorite colors, which gave them a sense of accomplishment and deepened their knowledge about a local industry.

"New Horizons" Training Program for 10,000 Young People (Europe)

In FY2019, Epson Europe B.V. launched a program called "New Horizons" to support the education of 10,000 young people in Europe, the Middle East, and Africa. This program leverages the company's storehouse of technology and expertise to draw out the creative potential of youngsters and elevate their under-standing of environmental issues and sustainability.

In Germany, we conducted environmental education that touch-es on paper recycling and energy conservation for 1,700 el-ementary students. The students learned how to make recycled paper from old newspapers and learned about the history of energy generation by using steam-powered and solar-powered toys.

We also used our printing and projection technologies to teach 400 preschoolers and elementary students in Spain about the conservation of biodiversity around their school. In England we had a long-term partnership with an educational institution where we leveraged our latest printing and scanning technolo-gies to provide support to the fashion, jewelry, and fabric design classes of 1,250 students.

Educational Assistance for Children (India)

Epson India Pvt. Ltd. (EPIL) believes in the importance of future childhood education and has an assistance program that focuses on underprivileged children. Over the past several years, EPIL has been distributing books, notebooks, and backpacks to public schools that serve underprivileged children primarily in the states of Karnataka, in southwest India where EPIL is located, and in the western state of Maharashtra. The number of recipient schools has been increasing by the year. The children were happy with their new gear that helped with their studies.

And in FY2019, we cooperated in and supported a project to increase the literacy rate in India by providing and installing projectors and computers in classrooms. These materials increase the quality of education and increase the students' motivation to learn. Teachers told us that the educational assistance Epson is providing is playing an important role in improving the lives of children.
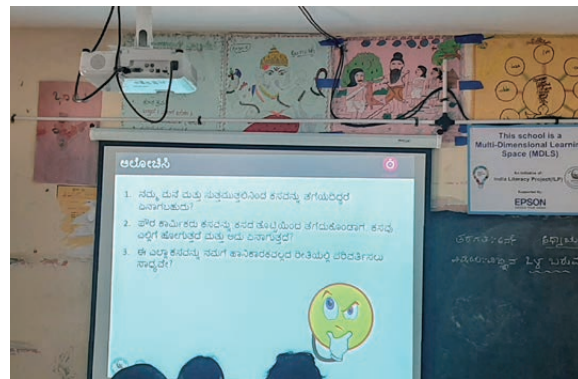
Environmental Lectures for University Students (Japan)

Seiko Epson provides lecturers and accepts student trainees when asked to by schools and communities in Japan.

In February 2020, we hosted practicum students of Shinshu University for a course called the Eco-Mind Program: Experience-Based Training for Environmental Competence. This practicum is designed to give students a chance to learn directly from real-world practitioners about issues and initiatives in the environmental field. The head of Seiko Epson's environmental affairs organization lectured on Epson's environmental stance and initiatives while providing specific examples. He took questions from the students and listened to their ideas.

After the lecture, the students were given a tour of Epson's Manufacturing Museum and a demonstration of how Epson's PaperLab dry process office paper-making system recycles and produces paper. They were also given a tour of Epson Mizube Corporation, an Epson subsidiary that sorts and processes used ink cartridges. They deepened their understanding about a variety of actions that we as a manufacturing company are taking to address social issues.

When addressing environmental concerns, it is important to take local action to solve global issues. That is why we seek to realize a sustainable society, starting from here in Shinshu, and will continue to engage the local community in a wide range of ways.

Environmental Education (China)

In October 2019, Tianjin Epson Co., Ltd. collaborated with the Tianjin Society for the Promotion of Ecological Ethics and Tianjin Nankai Ecology and Environment Bureau to educate 360 first-year middle school students about everyday garbage separation and recycling.

Our employees introduced them to the PaperLab A-8000, a dry process office papermaking system that recycles used paper into new paper. We also shared the know-how on garbage separation and recycling that Epson has accumulated over many years with the children to raise awareness about environmental preservation.

The Private Educational Foundation Epson International Scholarship Foundation (Japan)

The Epson International Scholarship Foundation provides funding for exceptional students from abroad who wish to study in Japan and to students from Japan who wish to study abroad. In August 2019, 15 scholarship students visited the Seiko Epson Head Office and the Toyoshina Plant. With a tour through the Manufacturing Museum and lectures on products such as our projectors and smart glasses, they deepened their understanding of Epson.

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. The school had 2,760 graduates as of March 2020.

Most of the instructors are engineers and developers who have corporate experience, including at Epson. 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, at least 95% of the students in each graduating class over the 30 years since the school first opened its doors have received informal employment offers before graduation.
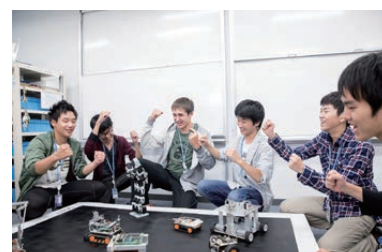
Students have their choice of three disciplines: Information Systems, Information and Electronic Systems, and Information Business. The school is accredited by the Ministry of Education, Culture, Sports, Science and Technology (MEXT). Moreover, MEXT recognizes all three disciplines as Professional Post-Secondary Courses[1]. A special class has also been set up to enable the top students to join Epson on school recommendation after graduation.

In February 2020, we received the Minister of Education, Culture, Sports, Science and Technology Award, an award granted to the highest achieving companies and schools in Japan in a Digital Technology Certification test[2]. Only two organizations, our school and another one, won the group award, meaning that the efforts of our students earned recognition nationwide.

[1] Courses recognized by MEXT have a curriculum designed to impart the latest practical skills and knowledge through close cooperation with enterprise and systematically seek to ensure the quality of more practical vocational training.
[2] This is a certification that tests a wide range of knowledge from ICT and automatic control theory to designing and practical usage skills.

Corporate Citizenship

Culture and the Arts

Supporting Special "Midsummer Night Media Facade" Exhibit at the Savina Museum of Contemporary Art

From July to October 2019, Epson Korea Co., Ltd. (EKL) leveraged the value of Epson laser projectors and large-format inkjet printers in support of a special exhibit of works of art on an endangered species motif. At this exhibition, EKL contributed technology that made possible new productions and expressions that conveyed a message surrounding the co-existence of humans and nature through works such as paintings, photographs, objects, images, and 3D animation. The powerful images of living organisms suffering from marine plastic waste gave many visitors that came to the exhibition a strong incentive to think about the environment.

For details on the Savina Museum's "Media Facade," please click here.
https://www.youtube.com/watch?v=K-7mgracZTc&feature=youtu.be

Supporting the Seiji Ozawa Matsumoto Festival (Japan)

Seiko Epson has been a special corporate sponsor of the annual Seiji Ozawa Matsumoto Festival (originally the Saito Kinen Festival Matsumoto) since its inception, in 1992. The festival, which runs from August through early September in Matsumoto, Japan, was organized to promote music and the arts among the nation's youth.

In addition to regular concerts during the festival's run, there were special concert events, including symphonic tales, geared towards sixth-graders and seventh-graders. In 2019, these events were attended by a total of 12,610 students from 211 schools in Nagano prefecture. This educational program was designed to further the education and development of youth. Performed by young musicians, they are a valuable opportunity for the youth to hear live orchestra music, thus serving as a catalyst for interest in classical music.

Corporate Citizenship

Community Events

Participating in the Establishment of the Cikarang Japanese School (Indonesia)

PT. Indonesia Epson Industry (IEI) helped to establish a Japanese school in the Cikarang region in the eastern part of the Jakarta metropolitan area.

Many Japanese companies operate in the industrial parks around the Cikarang region, but the only Japanese school in Jakarta was the Jakarta Japanese School (JJS). Employees and their accompanying family members lived in central Jakarta out of necessity because the area is close to the Japanese school. It is, however, far from the Epson Indonesia plant. Therefore, in 2017, a community of Japanese industrial leaders established the Japanese School Establishment Committee, chaired by IEI President Eiichi Abe.

The Cikarang Japanese School (CJS) was opened in short order, in April 2019, and a ceremony was held in November. Masafumi Ishii, the Japanese Ambassador to Indonesia, joined the people involved in the school's founding, the faculty, and the students and their guardians to celebrate the opening of a school that Japanese children in the Cikarang area can attend. IEI President Abe served as the Vice Chairman of the JJS Maintenance Association, which is responsible for the CJS, until March 2020, and since April has been a member of the CJS steering committee.

Japanese School, Cikarang

Ambassador Ishii (3rd from left) and IEI President Abe (1st from right) who attended the memorial ceremony

Flood Disaster Relief Volunteer Effort (Japan)

A typhoon caused widespread flooding in Japan in October 2019. Seiko Epson's management and labor union jointly sponsored two groups of 113 employee volunteers to help with the cleanup effort in the Chikuma river area of Nagano Prefecture, where a failed levee resulted in massive flooding. Volunteers were divided into teams of several people each to help restore homes and buildings, both inside and out, by removing mud and cleaning residents' belongings. They also worked in apple orchards to clear away the heavy clay-like mud that had accumulated at the base of the trees to save next season's harvest.

Lake Suwa Fireworks Festival Sponsorship (Japan)

Seiko Epson helps to stimulate the local economy and community by serving, since 1956, as a sponsor of the annual Lake Suwa Fireworks Festival, held in the city of Suwa, Nagano prefecture, where the company is headquartered. An incredible 40,000 fireworks explode over the lake, their sound reverberating off the surrounding hills. The display ends with a cascade of sparkles along a two-kilometer stretch of the lake. This festival, one of the largest in Japan, is a local summer tradition that attracts some 500,000 visitors.

290 Days of Social Commitment (Germany)

Epson Deutschland GmbH (EDG) has been running its "190 Days of Social Commitment" program since 2008. The program began when 190 EDG employees each took one day of paid leave at their own convenience to serve the community by volunteering their time at social welfare facilities or schools in the area around the Meerbusch office.

EDG changed the name of this program to "290 Days of Social Commitment" in FY 2017 because the number of employees had increased to 290. As a part of this activity, EDG provided an opportunity to learn about recycling by making new paper from old newspapers at a local kindergarten in FY2019. It also helped nursing homes with gardening, repairing, painting benches and cleaning up.

Movie Screenings (Taiwan)

Epson Taiwan Technology & Trading Ltd. (ETT) has held movie screenings at elementary schools throughout Taiwan since 2009 to entertain children in the community. ETT provides the projectors and movies used at the venues. In FY2019, ETT showed movies 220 times at 66 schools. They were able to deliver the fun of movies to children in both urban and rural communities.

Response to the Novel Coronavirus ("COVID-19") (Global)

COVID-19 is continuing its spread across the world and the situation remains precarious. Epson mostly focuses its efforts towards the safety of the medical community, and also tries to contribute to your safety and security wherever possible.

Main Supporting Activities (as of the end of July 2020)

(The activities are in alphabetical order)

Month/ Year	Region	Recipient	Details of assistance rendered	Organization
Feb. 2020	China	Zhenjiang City, Jiangsu Province, China	Provided protective clothing	Epson Surface Engineering (Zhenjiang) Co., Ltd.
Jan.- Feb. 2020	China	Leishenshan Hospital and Huoshenshan Hospital through Wuhan city's general charitable organization	Provided 51 printers and the necessary supplies for these printers to enable the operation of a temporary hospital	Epson (China) Co., Ltd.

Month/Year	Region	Recipient	Details of assistance rendered	Organization
Started Feb. 2020	China	Shenzhen City, Nanshan District's COVID-19 Expense Control Department	Provided temporary loan of a part of Epson's warehouse space. The space was used as an office that housed temporary goods and disease control supplies such as disinfectant and alcohol, etc.	Epson Engineering (Shenzhen) Ltd.
Apr. 2020	Indonesia	Batam's hospitals, medical institutes, and healthcare offices that are involved in the fight against COVID-19 pandemic	1,240 medical masks, 800 aprons, 2,000 gloves, 400 shoe covers, 27 sets of protective clothing, 8,000 ml of disinfectant	PT. Epson Batam
May 2020	Indonesia	Jakarta's Yasni (orphanage), Daarul Rahman (orphanage)	Provided breakfast, food, daily necessities, nutritional supplements, and various sanitary items for 150 people living in orphanages	PT. Epson Indonesia
May 2020	Indonesia	Makassar Mardiyah (orphanage)	Provided breakfast, daily necessities, nutritional supplements, and various sanitary items for 55 people living in an orphanage together with financial support for operating the orphanage	
May 2020	Indonesia	Bandung Panti Asuhan Mardiah (nursing home)	Provided nutritional supplements, daily necessities, and various sanitary items for 38 people living in a nursing home together with financial support for operating the nursing home	
May 2020	Indonesia	Surabaya Ar-Rochim (orphanage)	Provided breakfast, daily necessities, nutritional supplements, and various sanitary items for 50 people living in an orphanage together with financial support for operating the orphanage	
May 2020	Indonesia	Business partners	Provided various sanitary items such as masks and disinfectant for 109 people	
May 2020	Indonesia	Members of the media	Provided honey, nutritional supplements, and various sanitary items such as masks, face shields, and disinfectant for 50 people	
Mar.-Jun. 2020	Indonesia	Bekasi regency's Annisa Hospital and West Java, Karawang's Labour Office	Provided 34,000 medical masks, 50,000 ml of disinfectant, 50,000 ml of hand soap, and 42 sets of protective clothing	PT. Indonesia Epson Industry
Jul. 2020	India	PM CARES Fund (The Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund)	Provided financial assistance	Epson India Pvt. Ltd.
Apr. 2020	Japan	Yamagata prefecture, Sakata area's medical association	Provided 1,500 medical masks	Tohoku Epson Corporation

Month/Year	Region	Recipient	Details of assistance rendered	Organization
Apr. 2020	Japan	Osaka city's hospital	Provided temporary loan of projectors that were used inside the hospital to support the increase in meetings on the topic of COVID-19	Epson Sales Japan Corporation
Apr. 2020	Japan	Facilities involved in fighting COVID-19 in Fukuoka prefecture	Provided consumables and a temporary loan of computers and inkjet printers. These were used in communication between infected people and doctors at task forces and hotels that opened their doors to people with a mild infection.	
May 2020	Japan	Independent Administrative Institution: Japan Organization of Occupational Health and Safety	Provided 10 sets of protective clothing, 30 shoe covers, 30 protective masks and 30 protective glasses	Seiko Epson Corporation
Jun. 2020	Japan	The educational field through Nagano's Prefectural Board of Education	Provided 5,000 face shields	
Jun. 2020	Japan	Akita prefecture's Ogachi Central Clinic	Provided 200 foldable medical masks	Akita Epson Corporation
Jun. 2020	Japan	Akita University Hospital	Provided 1,000 foldable medical masks	
Jul. 2020	Japan	Vocational school students	Offered tuition fee exemption under a support system provided by Epson's vocational school for students who have been financially affected by the pandemic	Epson Information Science Vocational School
Started Apr. 2020	Japan	Facilities involved in fighting COVID-19 in Chiba prefecture	Provided a temporary loan of inkjet printers. These were used for communication between infected people and doctors at hotels that opened their doors to people with a mild infection.	Epson Sales Japan Corporation
Started Apr. 2020	Japan	Facilities involved in fighting COVID-19 in Kanagawa prefecture	Provided consumables and a temporary loan of inkjet printers. These were used for communication between infected people and doctors at hotels that opened their doors to people with a mild infection.	

Month/Year	Region	Recipient	Details of assistance rendered	Organization
May-Jun. 2020	Japan	Medical facilities in Nagano prefecture involved in treating people infected with COVID-19	Provided 5,660 face shields and 102,000 medical masks	Seiko Epson Corporation
May-Jun. 2020	Japan	Local food service industry and farmers	Supported local restaurants by offering take-out lunches for employees and supported local fruit farmers (of cherries, blueberries and peaches, etc.) by selling their products at Epson sites in Japan 	Seiko Epson Corporation
Mar. 2020	The Philippines	Batangas's health care workers	Provided 1,000 medical masks, 142 protective glasses, 56 protective caps, 66 protective jackets, 75 protective pants, 800 washable gloves, 53 sets of protective clothing	Epson Precision (Philippines), Inc.
Apr. 2020	The Philippines	Laguna's health care workers	Provided 1,000 medical masks, 40 protective glasses, 2,000 nitrile powdered gloves	Epson Precision (Philippines), Inc.
Apr. 2020	The Philippines	Amang Rodriguez Memorial Medical Center and Quirino Memorial Medical Center	Provided both hospitals with two inkjet printers	Epson Philippines Corporation
Apr. 2020	Singapore	Singapore Economic Development Board	Provided financial assistance to support the medical organizations of Batam, Indonesia	Singapore Epson Industrial Pte. Ltd.
May-Jun. 2020	U.K.	Telford's hospice and welfare facilities	Provided 255 internally manufactured face shields 	Epson Telford Ltd.

Month/Year	Region	Recipient	Details of assistance rendered	Organization
Mar. 2020	U.S.	Oregon Food Bank	Provided financial assistance	Epson Portland Inc.
Mar. 2020	U.S.	Oregon Wheels People (food bank)	Provided financial assistance	
Mar. 2020	U.S.	Tuality Healthcare Foundation	Provided medical gloves and protective clothing	
Jun. 2020	U.S.	Hillsboro Community Foundation	Provided financial assistance	

Corporate Citizenship

Environmental Conservation

Preserving the Ocean (France)

Epson France S.A.S. (EFS) began providing support for the operations of The SeaCleaners, an association that will use the Manta, a catamaran powered by renewable energy, to collect, sort, and compact up to 250 tonnes of oceanic plastic waste before returning to land, where the plastic will be processed in waste treatment or recycling facilities. Since FY2018, EFS has provided the association with hardware support, including printers and projectors, for event and communication operations.

A Computer-Generated Image of the Manta

Video: World Oceans Day with Epson, Ray Collins and Yvan Bourgnan
https://www.youtube.com/watch?v=FWX-csfjReQ&feature=youtu.be

Coral Reef Transplant Project (Indonesia)

PT. Epson Batam (PEB) has been helping to back a coral transplant project on Abang Island since 2015 to preserve biodiversity. The project, which involves people from Indonesia's fishing and tourist industries as well as government and NGOs, is growing coral reefs (coral gardens) by transplanting about 500 coral fragments every year over a gradually larger area. Residents of Abang Island are hopeful that the transplanted coral can improve the environment for fish and increase their numbers.

PEB's environmental conservation programs have earned community recognition for excellence and have garnered environmental awards sponsored by the Indonesian Ministry of Environment and Forestry for 10 consecutive years since 2010 (in 2019 it won the Green Proper Prize).

Beautification Activities (Global)

Epson employees around the world participate in local cleanup activities to keep our communities looking nice and to foster a spirit of community volunteerism and activism.

Started in 1992, employees of Epson Portland Inc. (U.S.) volunteer their time to pick up garbage several times a year along a section of U.S. Highway 26, which runs just north of the company.

PT. Epson Batam (Indonesia) participated in the National Waste Care Activity in March 2019. This activity was conducted in response to a call from administrative agencies such as Batam's Ministry of Environment. At the coast of Tanjung Uma, 13 employees picked up plastics and organic waste, which they then delivered to a recycling facility.

Highway clean-up

The Tanjung Uma coast before

The Tanjung Uma coast after

Donations Tied to Used Cartridge Collection (Worldwide)

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

"Fantas Aquarium" Using Projected Images (Japan)

Seiko Epson has been bringing the Fantas Aquarium to hospitals and special-needs schools around Japan since 2015. In FY2019, the company staged these projection-based productions at 17 locations nationwide, welcoming 7,341 visitors. The shows are set up and run with the help of employee volunteers, a total of 181 in 2019. The company encourages and supports volunteers by providing paid time off.

Hospital and school staff members, as well as members of the children's families, often report that children are stimulated by and respond positively to the Fantas Aquarium. Even children who normally sleep all day will suddenly open their eyes to follow images or will reach out to try to touch them, their faces lit up in wonder. Children who are normally confined to a hospital room will shriek with delight at the prospect of an outing beyond their door.

Seiko Epson will take the Fantas Aquarium on the road once again in 2020.

An undersea world is created within gymnasiums and large conference rooms.

Fantas Cars (mobile carts equipped with a projector) are used to bring the Fantas Aquarium to hospital rooms and ward hallways.

Blood Donations (Worldwide)

Epson employees donate blood every year.

Japan

Indonesia

U.S.

China

Stakeholder Engagement

Stakeholder Engagement

Stakeholder engagement[1] is an important bridge that connects Epson with its stakeholders. Epson is building trusting relationships by providing all stakeholders with the accurate and unbiased information they need and by using feedback from them to help steer Epson's business activities.

Our primary stakeholders are the customers who use Epson products and services, shareholders and investors who directly influence our operations, local communities, suppliers, and our employees.

[1] Communication between companies and their stakeholders. Engagement enables companies to understand the interests of stakeholders and influences the companies' operations and decisions.

Stakeholder Engagement Initiatives

Stakeholder	Engagement objective	Main actions
Customers	To create products and services that delight customers and earn their trust	• Pursuing Customer Satisfaction • Sales/Service & Support • Activities to Improve Quality • Product Safety Initiatives
Shareholders & investors	To build strong communication that leads to effective business operations and helps investors make decisions	• Investor Relations • Dialog with Outside Directors and Institutional Investors • Inclusion in SRI Indices
Local communities	To foster mutually beneficial relationships with local communities in countries and regions where we operate through programs rooted in those communities	• Approach to Corporate Citizenship • Discussions with Local Citizens
Suppliers	To build good partnerships based on mutual trust and the principles of fairness, coexistence and co-prosperity	• Communication and Training • Procurement Guidelines • Socially Responsible Procurement Initiatives • Responsible Sourcing of Minerals
Employees	To create a working environment that contributes to job satisfaction	• Labor-Management Relations • Improving Workplace Communication

Evaluation by External Parties

Inclusion in SRI Indices and Rating

Selected as a Constituent of the FTSE4Good Index Series for the 16th Consecutive Year

Seiko Epson was selected by FTSE Russell, a part of the London Stock Exchange Group, as a constituent of one of the Responsible Investment (RI) indexes in the FTSE-4Good Index series for the 16th consecutive year. (June 2020)

FTSE4Good Index Series
https://www.ftse.com/products/indices/FTSE4Good

Selected as a Constituent of the FTSE Blossom Japan Index for the Fourth Consecutive Year

Seiko Epson was selected for inclusion in the FTSE Blossom Japan index for the fourth consecutive year. This index is one of the ESG indexes selected by the Government Pension Investment Fund (GPIF) in July 2017. (June 2020)

Selected as a Constituent of the Empowering Women Index (WIN) for the Fourth Consecutive Year

Seiko Epson was selected for inclusion in the MSCI Japan Empowering Women Index (WIN) for the third consecutive year. WIN is one of the ESG indexes selected by the Government Pension Investment Fund (GPIF) in July 2017. (June 2020)

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Selected as Global Leader for Engaging its Supply Chain on Climate Change

Seiko Epson has been identified as a global leader for engaging with its suppliers on climate change, being awarded a position on the Supplier Engagement Leaderboard by global environmental impact non-profit CDP. (February 2020)

Received EcoVadis Gold Rating for Overall Sustainability for Third Consecutive Year

Seiko Epson has been awarded a Gold rating for overall sustainability by independent platform EcoVadis (France) for the third consecutive year. Epson was placed in top 2 percent in manufacture of computers and peripheral equipment industry. (December 2019)

Selected as a Constituent of the Sompo Sustainability Index for the Ninth Consecutive Year

Seiko Epson was selected by Sompo Asset Management Co., Ltd. (Japan), as a constituent of one of the Sompo Sustainability Index for the ninth consecutive year.

The index is used in SRI (socially responsible investment) fund for pension funds or institutional investors to invest widely in companies with the high ESG (environment, society, governance) evaluation ratings. (June 2020)

2020

Sompo Sustainability Index

Selected as a Semi-Nadeshiko Brand

Seiko Epson was selected as a "Semi-Nadeshiko Brand" by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange. This designation is granted to companies that encourage women to play an active role in the workplace. (March 2020)

NADE SHI KO semi 2020

Recognition

Recognized for Health Management Excellence for Fourth Consecutive Year

Seiko Epson was recognized for the Fourth consecutive year under the Certified Health and Productivity Management Organization Recognition Program (White 500), in the large enterprise category. The program, which is jointly administered by the Japanese Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi, honors enterprises who work with insurers to promote good health and productivity. (March 2020)

2020
健康経営優良法人
Health and productivity
ホワイト500

SBTi Approved Epson's GHG Reduction Targets

Science Based Targets initiative (SBTi) has approved Epson's global greenhouse gas (GHG) reduction targets. SBTi recognized Epson's targets as being science-based and in line with keeping a global temperature rise this century to well below 2 degrees Celsius, a central aim of the Paris Agreement. (November 2018)

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Earned the Highest (Grade 3) Eruboshi

In 2016, the Japanese Minister of Health, Labour and Welfare granted Seiko Epson the top "Eruboshi" mark in recognition of its efforts to promote the active participation and advancement of women in the workplace. (July 2016)

Earned Platinum Kurumin Certification

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 employees who are raising families, in accordance with the Act on Measures to Support the Development of the Next Generation. (May 2016)

Certification as an Employer of Persons with Disabilities

Epson Mizube Corporation, a special subsidiary of Seiko Epson, received certification as an "Employer of Persons with Disabilities" in recognition of its initiatives to expand employment opportunities for persons with mental disorders and intellectual disabilities and to promote the active participation in society and independence of persons with physical disabilities. (January 2020)

Award

Epson Subsidiary in Thailand Awarded Gold for its Zero Accident Record

Epson Precision (Thailand) Ltd. (EPTH) was awarded the Gold Level Award under the Zero Accident Campaign certified by the Thai Ministry of Labor.

This award recognizes companies that have operated without an occupational accident for 10,000,000 consecutive hours or more. EPTH recorded 13,150,385 hours of accident-free operations between March 19, 2017 and December 31, 2019. In the FY2019, 75 companies were recognized with the Gold Level Award, 16 of which were Japanese companies. (August 2020) Winners include subsidiaries of blue-chip Japanese companies such as Toyota Motors, Oki Electric Industry, Panasonic, and Mitsubishi Motors.

Epson Korea Wins the Environmental Preservation Prize at the Chosun CSR Awards

Epson Korea Co., Ltd. won the Environmental Preservation Prize for the second consecutive year at the Chosun Corporate Social Responsibility Awards. These prestigious awards are operated by Chosun Media and sponsored by multiple ministries within the Korean government. Reviewers analyzed and evaluated approximately 750 companies in South Korea by looking at their SDG, CSR, and environmental reports for the past three years. The field was narrowed down finally to 12 winners. Epson was the only winner in the Environment Preservation award category. The other 11 companies received awards for excellence or contributions in areas such as social welfare, the environment, culture, and the economy. (March 2020)

Received Minister of Economy, Trade and Industry Award at the 29th Grand Prize for Global Environment Awards

Seiko Epson won the Japanese Minister of Economy, Trade and Industry Award at the 29th Grand Prize for Global Environment Awards. The award recognizes Epson's inkjet innovation efforts to minimize environmental impact. (February 2020)

Winner of the METI Minister's Prize

Akita Epson Corporation received the METI Minister's Prize at the eighth Monodzukuri Grand Awards for its role in helping to develop, in partnership with the Akita University Graduate School of Medicine, Akita University Hospital, and the Akita Industrial Technology Center, the world's first rapid cancer diagnosis support system using AC electric field mixing. (January 2020)

The Fantas Aquarium won the Global Corporate Sustainability Best Practice Award

The Fantas Aquarium won the Global Corporate Sustainability Best Practice Award at the Global Corporate Sustainability Forum, which is sponsored by the Alliance for Sustainable Developments Goals, an organization made up of groups from Taiwan's industry, government, academia and NGOs. (November 2019)

Received PEZA Outstanding Environmental Performance Award

Epson Precision (Philippines), Inc. received its 3rd PEZA[1] Outstanding Environmental Performance award. This award recognizes the efforts of companies for sustained compliance and innovative systems for the period of 3 years (2016-2018) as they strive for continuous improvement in environmental management. (May 2019)

[1] Philippine Economic Zone Authority (PEZA)

Received the PROPER Rating

PT. Epson Batam, which is the one of Epson's manufacturing plants in Indonesia, received the Green PROPER rating from the Ministry of Environment and Forestry, Indonesia. Additionally, PT. Indonesia Epson Industry received the Blue PROPER rating. (2018-2019)

ESG Data

Environment

Global Environmental Data

Energy

- Use of energy

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Japan	Gas/oil	MWh	306,088	318,002	330,257	332,795	331,509
	Electricity/steam	MWh	431,430	448,513	467,629	357,552	360,543
Overseas	Gas/oil	MWh	14,970	16,044	19,592	14,450	15,804
	Electricity/steam	MWh	321,491	331,305	341,322	341,566	343,183
	Total	MWh	1,073,979	1,113,864	1,158,800	1,046,364	1,051,039
Per unit of business profit (include renewable energy)		GWh/100 million yen	1.3	1.7	1.6	1.7	2.9

* Totals do not add up in some cases due to rounding off of fractions.

- Use of renewable electricity

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Japan	MWh	102	168	257	118,504	119,302
Overseas	MWh	5,756	5,777	9,215	18,901	18,695

Greenhouse gas (GHG)

- Greenhouse gas emission (scopes 1, 2)

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Scope 1	t-CO_2e	116,826	132,885	136,734	127,737	122,263
Japan	t-CO_2e	101,296	115,972	122,479	108,210	104,470
Overseas	t-CO_2e	15,530	16,913	14,255	19,527	17,793
Scope 2	t-CO_2e	426,797	438,555	455,110	374,347	363,490
Japan	t-CO_2e	231,073	235,726	246,022	185,520	184,748
Overseas	t-CO_2e	195,724	202,829	209,088	188,827	178,743
Total	t-CO_2e	543,623	571,440	591,844	502,084	485,753
Per unit of business profit	thousand t/100 million yen	0.64	0.87	0.79	0.71	1.19
FY2025 target (science-based): reduce 19% total emissions from FY2017						-18%

Scope 1: Direct GHG emissions (LPG, LNG, natural gas, kerosene, heavy fuel oil, gasoline, PFCs, etc.)
Scope 2: Indirect GHG emissions (electricity and steam, etc.)
* CO_2 conversion factor of greenhouse gas emissions
- Electric power: In Japan, we use the adjusted emissions factors for the load serving entities (i.e., utilities) from which our sites purchase electricity, pursuant to Load Serving Entity Emission Factors announced by the Ministry of Environment and the Ministry of Economy, Trade and Industry.
  Overseas, we use the country emission factors listed in IEA (International Energy Agency) or from the load serving entities from which our sites purchase electricity.
- Fuel: The factors announced by the IPCC in 2006 were used for both domestic and overseas data.
- GHGs other than CO_2: Equivalents were calculated based on 100-year GWP values in the Fifth Assessment Report of the IPCC.

* Totals do not add up in some cases due to rounding off of fractions.

- Greenhouse gas emission (scope 3)

			Unit	FY2018	FY2019	Calculation method
Scope 3			thousand t-CO_2e	3,263	3,024	
	Category 1	Purchased goods and services[1]	thousand t-CO_2e	1,141	1,064	Multiplied the mass of materials that comprise sold products by their emission factors
	Category 2	Capital goods	thousand t-CO_2e	248	217	Multiplied the capital expenditure in each investment account by emission factors
	Category 3	Fuel- and energy-related activities not included in scope 1 or scope 2	thousand t-CO_2e	36	36	Multiplied the amount of each type of energy used at each site by their emission factors
	Category 4	Upstream transportation and distribution	thousand t-CO_2e	201	181	Emissions from transportation to Epson of products and services purchased from suppliers, and emissions from the transport of goods by Epson, were calculated by multiplying the mass of transported goods and the distance transported by emissions factors

		Unit	FY2018	FY2019	Calculation method
Category 5	Waste generated in operations	thousand t-CO$_2$e	5	4	Multiplied the amount of each type of waste generated at each site by their emission factors
Category 6	Business travel	thousand t-CO$_2$e	19	32	Multiplied the transportation expenses for each transportation mode and lodging expenses by their emission factors
Category 7	Employee commuting	thousand t-CO$_2$e	35	45	Multiplied the transportation expenses for each transportation mode by their emission factors
Category 8	Upstream leased assets	thousand t-CO$_2$e	5	5	For emissions from the operation of leased assets (excluding those not already included in scope 1 or scope 2 inventories), the floor area of leased buildings was multiplied by emission factors
Category 9	Downstream transportation and distribution	thousand t-CO$_2$e	7	7	Multiplied the sold product not shipped by Epson and the average distances of transported volumes by their emission factors per unit
Category 10	Processing of sold products	thousand t-CO$_2$e	68	61	Multiplied the electricity consumed in the processing of intermediate products into finished products by emission factors
Category 11	Use of sold products[1]	thousand t-CO$_2$e	1,413	1,297	Multiplied the estimated electricity consumption over the lifetime of sold products by an emission factor
Category 12	End-of-life treatment of sold products	thousand t-CO$_2$e	85	75	Multiplied the mass of each type of waste treated by the emission factor for each type of waste treatment
Category 13	Downstream leased assets	thousand t-CO$_2$e	N/A	N/A	Not applicable
Category 14	Franchises	thousand t-CO$_2$e	N/A	N/A	Not applicable
Category 15	Investments	thousand t-CO$_2$e	N/A	N/A	Not applicable
FY2025 target (science-based): reduce 44% per unit of business profit from FY2017 (categories 1 and 11)			Increased	Increased[2]	

Scope 3: Indirect GHG emissions of the entire value chain
[1] Data verified by a third party
[2] Due to a significant decrease in business profit

Third-party verification of greenhouse gas (GHG) emissions

We have a third party verify our calculations to ensure reliability. Our FY2019 GHG emissions (scopes 1, 2 and 3) and energy use data were verified as having been measured and calculated accurately, and a independent verification report was obtained.

Third-party verification report
https://global.epson.com/SR/esg_data/pdf/verification_report.pdf

Chemical substance

- PRTR[*1] substance emissions

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Japan	t	1.4	1.5	1.7	1.7	1.9
Overseas	t	5.2	7.3	4.1	1.6	0.5
Total	t	6.6	8.8	5.7	3.3	2.3
Per unit of business profit	kg/100 million yen	7.8	13.4	7.7	4.6	5.7
Target: amount of emissions previous year or less						-29%

* Totals do not add up in some cases due to rounding off of fractions.
[*1] Pollutant Release and Transfer Register.

- VOC[*2] emissions

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Japan	t	74	80	86	85	81
Overseas	t	118	117	99	83	62
Total	t	192	197	184	168	142
Per unit of business profit	t/100 million yen	0.23	0.30	0.25	0.24	0.34
Target: amount of emissions previous year or less						-15%

[*2] Volatile Organic Compounds

Industrial waste

- Industrial waste emissions

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Japan	Waste generated	thousand t	12.8	13.8	14.3	14.7	14.3
	Recycled	thousand t	12.4	13.4	13.9	14.1	13.7
	Waste (disposed of)	thousand t	0.4	0.4	0.4	0.6	0.6
	Landfilled	thousand t	0.5	0.4	0.4	0.6	0.6
Overseas	Waste generated	thousand t	15.3	17.0	20.2	18.6	18.3
	Recycled	thousand t	13.1	14.2	17.3	15.6	15.3
	Waste (disposed of)	thousand t	2.2	2.7	2.9	3.0	3.0
	Landfilled	thousand t	1.7	2.4	2.5	2.3	2.1
Total waste generated		thousand t	28.1	30.7	34.4	33.3	32.6
Per unit of business profit		t/100 million yen	33	47	46	47	79
Target: amount of emissions (waste generated) previous year or less							-2.0%

* Totals do not add up in some cases due to rounding off of fractions.
* Amounts of FY2018 differ from those in Sustainability Report 2018.

Water

- Water withdrawal by source

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Japan	Municipal water	thousand m³	4,611	4,814	5,016	4,990	5,031
	Ground water	thousand m³	757	685	742	773	692
	(Returned water to the source)	thousand m³	(376)	(315)	(419)	(465)	(415)
	Subtotal	thousand m³	5,368	5,499	5,758	5,763	5,724
Overseas	Municipal water	thousand m³	2,349	2,408	2,566	2,588	2,407
	Ground water	thousand m³	0	0	0	0	0
	(Returned water to the source)	thousand m³	(0)	(0)	(0)	(0)	(0)
	Subtotal	thousand m³	2,349	2,408	2,566	2,588	2,407
	Total	thousand m³	7,717	7,906	8,324	8,351	8,131
Per unit of business profit		thousand m³/100 million yen	9.1	12.0	11.1	11.9	19.9
Target: amount of usage (water withdrawal) previous year or less							-2.6%

* Industrial water is included in municipal water.
* No water was withdrawn from other sources.

- Recycling water

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Recycled water	thousand m³	1,344	1,504	1,526	1,548	1,527
Recycled ratio	%	15	16	15	16	16

* Recycled ratio=recycled water/(water usage + recycled water)
* Past data was revised due to changing the calculation method of recycling ratio.

- Water discharge by destination

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Japan	Sewerage	thousand m³	2,056	2,111	2,348	2,082	2,021
	Rivers	thousand m³	2,898	3,013	2,899	3,012	2,779
	Subtotal	thousand m³	4,954	5,125	5,247	5,095	4,800
Overseas	Sewerage	thousand m³	2,049	2,096	2,285	2,361	2,178
	Rivers	thousand m³	0	0	0	0	0
	Subtotal	thousand m³	2,049	2,096	2,285	2,361	2,178
	Total	thousand m³	7,003	7,221	7,532	7,455	6,977

* Totals do not add up in some cases due to rounding off of fractions.
* Water consumption=Total water withdrawal-Total water discharge
* No water was discharged into other destinations.

Third-party verification of water

We have a third party verify our FY2019 data.

ISO 14001 Certification List

- Japan: Development divisions/Operations divisions/Group companies

Region	Certified sites

Japan	Seiko Epson Corporation
	  Production Planning Division
	  Technology Development Division
	  Visual Products Operations Division
	  Microdevices Operations Division
	  Robotics Solutions Operations Division
	Tohoku Epson Corporation
	Akita Epson Corporation
	Miyazaki Epson Corporation
	Epson Direct Corporation
	Epson Logistics Corporation
	Epson Swan Corporation

	Seiko Epson Corporation Printing Solutions Operations Division
	Epson Atmix Corporation

- Overseas: Regional headquarters/Sales/Service subsidiaries and affiliates

Region	Certified sites
Asia/Oceania	Epson (China) Co., Ltd.
	Seiko Epson Corporation, Hong Kong Office
	Epson Taiwan Technology & Trading Ltd.
	Epson Australia Pty. Ltd.
Europe	Epson Europe B.V.
	Epson Deutschland GmbH
	Epson Europe Electronics GmbH
	Epson France S.A.S.
	Epson Italia S.p.A.
	Epson Iberica S.A.U.
	Epson Iberica S.A.U., Portugal Office
	Epson (U.K.) Ltd.
Americas	Epson America, Inc.

- Overseas: Manufacturing industry

Region	Certified sites
Asia/Oceania	Tianjin Epson Co., Ltd.
	Epson Precision Suzhou Co., Ltd.
	Epson Engineering (Shenzhen) Ltd.
	Epson Precision (Philippines) Inc.
	Epson Precision (Johor) Sdn. Bhd.
	Singapore Epson Industrial Pte. Ltd.
	PT. Epson Batam
	PT. Indonesia Epson Industry
	Epson Precision Malaysia Sdn. Bhd.
	Epson Precision (Thailand) Ltd.
	Epson Wuxi Co., Ltd.
	Epson Precision (Shenzhen) Ltd.
Europe	Epson Telford Ltd.
Americas	Epson Portland Inc.
	Epson Portland Inc., Longview Office
	Epson Paulista Ltda.

Product Recycling

- Collection

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Finished products[1]	thousand t	14.4	13.2	23.0	19.2	20.9
Cartridges	thousand t	2.0	2.0	1.7	1.8	1.8

[1] Collected either voluntarily or as mandated by local law. Sum of amount actually collected and amount expected to be collected.

Education

- Environmental education (Japan)

Training		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Basic environmental training II[1]	Participants	Persons	16,513	16,552	16,991	17,379	17,008
ISO 14001 environmental auditor training[2]	Participants	Persons	0	26	444	182	175
	Certification recipients	Persons	1,956	1,944	697	869	1,012

* Figures of Certification Recipients show the number of certified persons as of the end of fiscal year.
[1] This is the number of persons who took Basic Environmental Training II during the period it was offered.
[2] Started using ISO14001: 2015 from FY2017.

Social

HR Development

- Main online courses (Japan)

Course	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Fundamentals of security export control	Persons	14,406	14,487	14,092	16,072	16,204
Import/Export control	Persons	13,985	14,342	13,968	15,986	16,149
Epson's compliance (code of conduct etc.)	Persons	16,828	18,125	18,821	18,331	19,347
Basic information security	Persons	18,786	18,519	18,658	19,924	19,550
Basic environmental training II	Persons	16,513	16,552	16,991	17,379	17,008
Introduction to procurement (Subcontract Act.)	Persons	-	16,302	-	16,801	-
Introduction to procurement (Ethics and code of conduct)	Persons	14,759	-	15,302	-	15,974
J-SOX	Persons	15,645	17,371	17,770	18,497	18,642

* The number of person completing the course by March 31 of that year

- Training by employee level

Training	Who	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
New employee orientation	New hires	Persons	256	293	293	298	311
		%	100	100	100	100	100
C-level employee training	New C-level staff	Persons	133	191	236	182	285
		%	91.7	95.0	93.4	96.3	95
Senior staff training	New senior staff	Persons	186	293	266	247	206
		%	96.3	95.8	93.3	91.1	95.8
Section manager training	New section manager	Persons	100	174	138	130	90
		%	98.0	95.6	97.2	93.5	91.8
General manager training	New general manager	Persons	-	28	33	31	30
		%	-	96.6	92.7	86.9	85.7

* The number of person completing the course by March 31 of that year (Seiko Epson Corporation)

- Quality control training (Japan)

Course		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
QC introduction	People trained	Persons	247	314	414	457	413
	% trained	%	92	90	90	91	88
QC-ABC	People trained	Persons	175	257	266	194	168
	% trained	%	82	79	80	76	75

- Licensed quality control training trainers

Region		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Southeast Asia	Number of production sites with licensed trainers	Companies	7	7	7	7	7
	Licensed trainers	Persons	260	119	89	97	80
China	Number of production sites with licensed trainers	Companies	8	8	8	7	6
	Licensed trainers	Persons	78	79	71	79	61

* Number of licensed trainers as of March 31 of that year

Promotion of Diversity

- Employees with disabilities (Japan)

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees	Persons	253	272	284	295	308
Employment ratio	%	2.27	2.43	2.48	2.55	2.62
Target: Employment ratio of disable employees by FY2020 (%)						2.5

* Figures for fiscal year as of Jun 1 of that year

- Workforce composition

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Female/Male ratio	Female	%	17	17	16	16	16
	Male	%	83	83	84	84	84
Management diversity[1]	Female	%	2	2	3	2	3
	Male	%	98	98	97	98	97
Target: Female management position ratio by FY2022 (%)							5
Junior management diversity[2]	Female	%	-	6	6	6	6
	Male	%	-	94	94	94	94
Target: Female junior management position ratio by FY2022 (%)							7

* Data for Seiko Epson Corporation employees as of March 20 of that year
[1] Section managers and higher
[2] Team leader

- Employees by age group

Age	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Less than 20	Persons	-	-	41	49	42
20-29	Persons	-	-	1,319	1,533	1,671
30-39	Persons	-	-	2,357	2,208	2,080
40-49	Persons	-	-	3,804	3,714	3,650
50-59	Persons	-	-	3,637	3,724	3,777
60-69	Persons	-	-	1	0	0
70 and over	Persons	-	-	0	0	0

* Data for Seiko Epson Corporation regular employees as of March 31 of that year

- Employees by age and by gender (Global)

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Less than 20	Female	%	-	-	2.0	2.4	1.2
	Male	%	-	-	1.3	1.0	0.7
	S. Total	%	-	-	3.3	3.4	1.9
20-29	Female	%	-	-	20.9	20.4	21.6
	Male	%	-	-	18.5	18.2	17.6
	S. Total	%	-	-	39.4	38.6	38.6
30-39	Female	%	-	-	12.1	12.0	12.0
	Male	%	-	-	13.2	13.5	13.4
	S. Total	%	-	-	25.3	25.5	25.4
40-49	Female	%	-	-	7.2	7.7	8.2
	Male	%	-	-	12.9	12.7	12.9
	S. Total	%	-	-	20.1	20.4	21.1
50-59	Female	%	-	-	2.6	2.6	2.9
	Male	%	-	-	8.7	8.9	9.4
	S. Total	%	-	-	11.3	11.5	12.2
60 and over	Female	%	-	-	0.2	0.2	0.3
	Male	%	-	-	0.4	0.4	0.4
	S. Total	%	-	-	0.6	0.6	0.7
Total	Female	%	-	-	45.0	45.3	45.5
	Male	%	-	-	55.0	54.7	54.5
	G. Total	%	-	-	100.0	100.0	100.0

* Data for all Epson group companies regular employees as of March 31 of that year

- Length of employment

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total	Years	19.4	19.4	19.5	19.4	19.2
Female	Years	22.2	22.2	22.1	21.5	20.9
Male	Years	18.9	18.9	19.0	18.9	18.9

* Data for Seiko Epson Corporation employees as of March 20 of that year

- Average age

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total	Years old	43.6	43.7	43.8	43.6	43.6
Female	Years old	44.1	44.3	44.4	43.9	43.6
Male	Years old	43.4	43.6	43.7	43.6	43.6

* Data for Seiko Epson Corporation employees as of March 20 of that year

- Turnover rate

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total turnover rate	%	3.2	3.6	3.6	4.5	4.1
Voluntary turnover rate	%	1.6	1.6	1.5	1.8	1.5

* Data for Seiko Epson Corporation as of March 20 of that year (Including retired worker)

Fostering a Better Workplace

- Workforce composition by employment type and by gender (Global)

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Full-time employment	Female	%	-	-	34.6	36.1	35.5
	Male	%	-	-	41.7	43.0	43.0
	S. Total	%	-	-	76.3	79.1	78.5
Part-time employment	Female	%	-	-	11.6	10.8	12.0
	Male	%	-	-	4.9	5.2	6.4
	S. Total	%	-	-	16.5	16.0	18.4
Temporary	Female	%	-	-	2.7	2.1	1.4
	Male	%	-	-	4.6	2.8	1.6
	S. Total	%	-	-	7.3	4.9	3.0
Total	Female	%	-	-	48.8	49.0	48.9
	Male	%	-	-	51.2	51.0	51.1
	G. Total	%	-	-	100.0	100.0	100.0

* Data for all Epson group companies as of March 31 of that year

- Composition of all managerial positions by gender (Global)

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Junior management positions	Female	%	-	-	18.6	18.8	18.8
	Male	%	-	-	81.4	81.2	81.2
	S. Total	%	-	-	100.0	100.0	100.0
Top management positions	Female	%	-	-	14.9	13.4	14.7
	Male	%	-	-	85.1	86.6	85.3
	S. Total	%	-	-	100.0	100.0	100.0
Total	Female	%	-	-	16.3	16.2	16.7
	Male	%	-	-	83.7	83.8	83.3
	G. Total	%	-	-	100.0	100.0	100.0

* Data for all Epson group companies as of March 31 of that year

- Composition of managerial positions in revenue-generating functions by gender (Global)

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Management positions in revenue-generating functions	Female	%	-	-	14.8	14.7	14.6
	Male	%	-	-	85.2	85.3	85.4
	S. Total	%	-	-	100.0	100.0	100.0
Management positions in non-revenue generating functions	Female	%	-	-	23.7	24.5	25.6
	Male	%	-	-	76.3	75.5	74.4
	S. Total	%	-	-	100.0	100.0	100.0
Total	Female	%	-	-	16.3	16.2	16.7
	Male	%	-	-	83.7	83.8	83.3
	G. Total	%	-	-	100.0	100.0	100.0

* Data for all Epson group companies as of March 31 of that year
* "Management positions in revenue-generating functions" means those functions including R&D, design, manufacturing, procurement, sales, customer service, etc. but excluding back-office functions such as general affairs, HR, accounting, legal, administration, etc.

- Annual total working hours per employee

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total working hours	Hours	-	2,001	1,971	1,943	1,879

* Data for Seiko Epson Corporation employees as of March 31 of that year

- Paid leave

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of paid leave used	Days	-	12.6	14.0	13.9	15.6
	%	-	63.0	70.0	69.5	78

* Data for Seiko Epson Corporation employees as of March 31 of that year

- Childcare leave trends

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Childcare leave	Total	Persons	52	60	64	75	102
	Female	Persons	40	42	44	35	41
	Ratio of female granted leave[1]	%	98	100	98	100	100
	Male	Persons	12	18	20	40	61
Employees using parental reduced hours		Persons	-	-	170	160	147

* Data for Seiko Epson Corporation employees as of March 20 of that year
[1] Number of individuals childcare leave/eligible individuals

- Caregiver leave trends

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Care giver Leave	Persons	6	2	2	2	6
Employee using caregiver reduced hours	Persons	-	-	2	5	4

* Data for Seiko Epson Corporation employees as of March 20 of that year

- Result of employee survey

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Participation ratio	%	-	-	95.1	96.7	97.4
% of engaged employees	%	90.7	89.9	92.1	92.2	91.2

* Data for Seiko Epson Corporation regular employees and employees after retirement age.

- Labor Union membership

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Ratio of Union membership	%	-	-	85.5	85.8	85.9

* Data for Seiko Epson Corporation employees as of March 20 of that year

- Collective bargaining agreements

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Employees covered by collective bargaining agreements	%	-	-	-	69.1	66.9

* Data for Epson overseas subsidiaries employees as of March 31 of that year

- Employee coverage of the individual performance appraisals by MBO (Manegement by Objectives)

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Performance appraisals by MBO	Female	%	-	-	-	47.8	59.3
	Male	%	-	-	-	31.0	46.9
	Total	%	-	-	-	44.9	53.8

* Data for Epson overseas subsidiaries employees as of March 31 of that year
* In Japan, MBO is in principle implemented for 100% of employees

Minimum Wage

- Ratios of standard entry level wage by gender compared to local minimum wage

	Unit	Amount	Local min. wage	% to local min. wage
Epson Precision (Philippines), Inc. Philippine Peso (as of March 2019 by the day)	Femail	373	373	100%
	Male	373	373	100%
	Average	373	373	100%
Epson Engineering (Shenzhen) Ltd. Chinese Yuan (as of March 2019 by the month)	Femail	3,300	2,200	150%
	Male	3,300	2,200	150%
	Average	3,300	2,200	150%
PT. Indonesia Epson Industry Indonesian Rupiah (as of January 2019 by the month)	Femail	6,261,438	5,027,252	125%
	Male	6,261,438	5,027,252	125%
	Average	6,261,438	5,027,252	125%

Occupational Safety and Health

- Occupational injury accident frequency (Global)

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Occupational accident rate	-	0.13	0.09	0.12	0.07	0.10

* 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

- Occupational injury accident seriousness (Global)

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Injuries severity rate	-	0.002	0.002	0.003	0.005	0.002

* 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

Supply Chain Management

- Supplier conference for CSR

Area		Unit	FY2016	FY2017	FY2018	FY2019
Japan	Number of companies	Companies	489	237	447	510
China	Number of companies	Companies	135	113	222	58
Indonesia	Number of companies	Companies	-	103	168	193
Others	Number of companies	Companies	-	-	295	63
Total	Number of companies	Companies	624	453	1,132	824
Rate of attendance[1]	Japan / WW	%	76 (Japan)	92 (Japan)	67 (Japan)	83 (WW)

[1] Number of attendance per invited suppliers

- CSR evaluation

Evaluation		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Direct evaluation (Annual evaluation)	Number of accounts	Accounts	1,266	1,422	1,413	1,481	1,525
	Ratio of evaluation suppliers	%	100	100	100	100	100
Detailed evaluation[1] Direct suppliers (Production material)	Number of companies	Companies	-	274	-	312	222
	Ratio of high risk rank	%	-	8	-	5	0
Detailed evaluation[1] Indirect suppliers (Non-production material)	Number of companies	Companies	-	-	66	-	124
	Ratio of high risk rank	%	-	-	9	-	16
Evaluation of emergency response capabilities (BCP self assessment questionnaire)	Number of companies	Companies	320	436	319[2]	250	1,336
	Target achievement rate	%	-	95	154	91	71
Safety management evaluation (BCP self assessment questionnaire)	Number of companies	Companies	422	357	1,353[2]	481	1,384
	Target achievement rate	%	-	92	141	93	74

* Including 2nd tier supplier
[1] Each attribute evaluation is executed at the every other year.
[2] In FY2017, as a special action, self-assessment was conducted by Tier 1 and non-Tier 1 suppliers.

Conflict Minerals

- Conflict minerals survey

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Survey sheet recovery rate	%	99	95	94	92	91
Number of identified smelters	-	298	314	312	314	344
Number of CFS[1]-certified smelters	-	211	243	249	256	268
CFS as a % of identified smelters	%	71	77	80	82	78

[1] Cnflict-free smelter

- Each mineral data

		Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Gold	Number of identified smelters	-	126	138	146	150	159
	Number of CFS-certified smelters	-	78	94	100	102	107
	CFS as a % of identified smelters	%	62	68	68	68	67
Tantalum	Number of identified smelters	-	47	48	41	40	45
	Number of CFS-certified smelters	-	45	43	39	40	40
	CFS as a % of identified smelters	%	96	90	95	100	89
Tin	Number of identified smelters	-	82	93	79	81	93
	Number of CFS-certified smelters	-	58	67	70	74	78
	CFS as a % of identified smelters	%	71	72	89	91	84
Tungusten	Number of identified smelters	-	43	52	46	43	47
	Number of CFS-certified smelters	-	30	39	40	40	43
	CFS as a % of identified smelters	%	70	75	87	93	91

Corporate Citizenship

- Corporate citizenship

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Corporate citizenship expenditures	Billion yen	0.40	0.61	0.61	0.82	0.90

* The monetary equivalent of donations and grants, as well as human, material, and other assistances

Governance

Corporate Governance

- Board of directors

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Independent outside directors	Female	Persons	2	2	2	2	2
	Male	Persons	3	3	3	3	3
	S. Total	Persons	5	5	5	5	5
Inside directors	Female	Persons	0	0	0	0	0
	Male	Persons	7	6	7	7	7
	S. Total	Persons	7	6	7	7	7
Total	Female	Persons	2	2	2	2	2
	Male	Persons	10	9	10	10	10
	G. Total	Persons	12	11	12	12	12

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.

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.

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

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 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 July 1, 2020

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

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.

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.

Epson Slavery & Human Trafficking Statement for Financial Year 2019

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chain or in any part of our business. We will respect fundamental human rights and facilitate a fair, safe, healthy and pleasant work environment.
This statement is made pursuant to section 54(1) of the UK's Modern Slavery Act 2015, the Australian Modern Slavery Act 2018 and the U.S. California Transparency in Supply Chain ACT 2010 (SB 657).

Our organisation

Seiko Epson Corporation and Epson Group companies are primarily engaged in the development, manufacturing, and sakes of products and services in the areas of printing, visual communications, wearables and robotics.
We use the word Epson to describe all companies in the Epson Group.
Epson is organized into operational divisions that come under consolidated management. The majority of advanced R&D and product development is conducted in Japan, while manufacturing and sales activities are conducted around the world by 85 Epson Group manufacturing and sales companies, in 56 countries and regions, with 75,608 employees and over 1 trillion yen in net revenue for FY2019.
Epson is vertically integrated and develops and manufactures the majority of its components in-house and then sells through its global network of wholly owned sales subsidiaries.
Epson's printing solutions business provides home and office inkjet printers, serial impact dot matrix (SIDM) printers, page printers, colour image scanners, dry process office papermaking systems, large-format inkjet printers, industrial inkjet printing systems, printers for use in POS systems, label printers, related consumables, and, in the Japanese market, PCs.
Epson's visual communications business provides 3LCD projectors mainly for business, education, the home, and events; high-temperature polysilicon TFT LCD panels for 3LCD projectors; and augmented reality smart glasses.
Its wearables & industrial products business provides wristwatches and watch movements; sensing equipment; industrial robots; IC handlers; crystal units, crystal oscillators, and quartz sensors for consumer, automotive, industrial equipment applications; CMOS LSIs and other semiconductor chips; high-performance metal powders, and high-value-added surface finishing.

Supply Chain

In manufacturing and selling the many Epson products mentioned above, currently, Epson procures goods and services from about 1,700 direct material suppliers around the world. Domestic Japanese procurement accounts for about 39% of its total procurement spend. Asia accounts for the large majority of the remaining 61%.
Epson considers suppliers to be important partners in its business activities. As such, its procurement activities are designed to develop mutually beneficial trusting relationships with its business partners based on fairness, transparency, and respect.
Epson believes its responsibility for products and services goes beyond just ensuring high-quality products for the market. It also believes it is responsible for ensuring that its entire supply chain upholds appropriate standards in respect to human rights, labour, and the environment. Therefore, Epson recognizes the importance of taking CSR initiatives hand in hand with its suppliers. Ensuring that the products and services it provides to customers continue to be outstanding in every respect including quality, price, and eco-friendliness requires having suppliers it can trust. For that reason, Epson practices fair and transparent trade with its suppliers and thereby building trusting relationships. Epson believes that it is only with such partnerships that it can enjoy "harmonious development" supported by rapport with international and local communities.

Epson standards

Epson is serious about keeping all forms of discrimination and unfair practices out of its global operations. As stated in its management philosophy, Epson aspires to be an indispensable company which is trusted throughout the world. In 2005, Seiko Epson Corporation established the Principles of Corporate Behavior (Corporate Social Responsibility Guidelines) which are adhered to by all companies ultimately owned by Seiko Epson Corporation. In 2017, Epson updated the Principles of Corporate Behaviour in response to the latest societal requirements. These guidelines were established to clarify the foundations for implementing trust-based management, which is aimed at building stakeholder trust and is the fundamental principle of Epson management, and which are shared across the Group.

Epson's stance on Corporate Social Responsibility is reflected in its participation in the United Nations Global Compact since 2004. Epson also used ISO 26000 (Guidance on Social Responsibility) and OECD Guidelines for Multinational Enterprises as references. In 2005, Epson documented its policies regarding Human Rights and Labour Standards that outline its 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 labour, and maintenance of positive labour relations.

In April 2019, Epson joined the Responsible Business Alliance (RBA), a global coalition dedicated to CSR in global supply chains. Epson has committed to complying with the RBA Code of Conduct, progressively implementing the RBA approach and tools in the spirit of the industry's common goals.

Epson's policy requires it to hold its business partners to the same standards as Epson with regards to legal compliance, ethics, quality, the environment, human rights and labour conditions.

Epson aspires to be an indispensable company, one that seeks to build mutually beneficial relationships with all its business partners, including suppliers, by asking them to uphold the highest standards of integrity and ethics while, at the same time, respecting their autonomy and independence.

Epson is particularly adamant that its business partners meet the following requirements:

(1) Strictly forbid acts of bribery and collusion with their business partners and refuse to engage in illegal or unethical business practices.

(2) Hold its business partners to the same strict standards that Epson upholds with regards to compliance with laws and maintenance of human rights, suitable labour conditions, the environment, ethics, quality, and information security, and support improvements to any of these areas as needed.

(3) Develop and maintain open relationships with their business partners and work with them to increase the competitiveness of the entire supply chain, based on mutual trust and mutual benefit.

These supply chain ethics requirements are based on the code of conduct of RBA. Epson, which has mapped each of its supply chain initiatives to one or more of the Sustainable Development Goals (SDGs) of the United Nations, will help to achieve the SDGs by taking action throughout the supply chain.

The Epson Group Procurement Guidelines were established in 2005 to inform suppliers about Epson's procurement policies and requirements. In 2008, the Epson Supplier Code of Conduct was added as an appendix to the Epson Group Supplier Guidelines. Epson's Code of Conduct was based on the code of conduct created by the Electronic Industry Citizenship Coalition (EICC), now called the Responsible Business Alliance (RBA).

The Epson Group Procurement Guidelines reflect international requirements. They are intended to help ensure that Epson's suppliers work with the company as partners to meet quality, cost, and delivery (QCD) obligations and maintain compliance with requirements in areas such as human rights, labour, health and safety, environment, ethics, and trade control and security, as well as information security. Epson revised and released the Epson Group Procurement Guidelines Rev. 6.0 in January 2020, to maintain consistency with the latest RBA Code of Conduct. The Epson Supplier Code of Conduct is now a major part of the Procurement Guidelines and is available in multiple languages.

The labour standards specified in the Guidelines includes freely chosen employment, child labour avoidance, working hours, wages & benefits, humane treatment, non-discrimination, and freedom of association. The Code provides that suppliers are to be committed to upholding the human rights of their employees and that they treat them with dignity and respect as understood by the international community.

The Guidelines require that suppliers' management systems contain certain elements including processes (i) to identify the environmental, health and safety, and labour practice risks associated with suppliers' operations and (ii) for communicating Code requirements to suppliers and for monitoring suppliers' compliance to the Code.

Over the 15-year history of the Guidelines, we have asked all suppliers to comply with the requirements and have asked our major direct suppliers of production materials to sign a formal agreement.

To enforce the Supplier Code of Conduct, Epson requires suppliers to sign a written consent form and return it to the company. In 2019, the consent form was signed and returned by 94% of suppliers of major manufacturing subsidiaries.

Going forward, Epson will further observe the RBA Code of Conduct and work with its suppliers to strengthen CSR supply chain initiatives.

Due diligence processes for slavery and human trafficking

Epson strives to identify human rights risks throughout its operations but particularly at its production sites in Southeast Asia, where the risk of human rights violations is generally considered to be higher. So, since FY2017, Epson conducted the CSR Self-assessment to assess human rights risks within its own group. The results allowed it to identify risks, which it then instructed its facilities and group companies to take steps to mitigate.

In FY2019, Epson had its own facilities, domestic affiliates and overseas group companies complete a self-assessment questionnaire (SAQ) to evaluate their performance with respect to CSR requirements. We created the SAQ based on the basic requirements of the Responsible Business Alliance (RBA). The SAQ consisted of 100 questions concerning things such as human rights, labour, safety and health, the environment, ethics, and the management system.

The SAQ survey results showed that there were no serious human rights, compliance or ethics problems at any facilities and group companies. The CSR self-assessment will be performed yearly, and we will encourage companies to understand where the issues are and to address them.

Epson evaluates supplier compliance with the Epson Supplier Code of Conduct (RBA Code of Conduct) based on a detailed SAQ. Epson works with suppliers to make improvements as appropriate depending on their score and the gravity of noncompliance incidents.

The SAQ is based on site audit standards of RBA. Major direct material suppliers (those representing 80% of the Group-wide spend and selected by a business unit), on-site service vendors, and HR agencies are required to complete an SAQ as Epson critical suppliers. Direct material suppliers deemed high risk based on their SAQ scores are asked to undergo an RBA VAP audit under the RBA's Validated Audit Program to foster improvement. Epson evaluates supply chain CSR annually.

Assessing and managing risk

In 2017 Epson created "Key CSR Themes," a materiality matrix that identifies important initiatives for addressing social issues such as respect for human rights and supply chain management. Epson examined the relationship between its initiatives and the 169 targets of the 17 SDGs to identify the SDGs that intersect with Epson's initiatives. To help ensure that its activities are effective, Epson specified action items and targets (KPI) for each key CSR theme. Epson will periodically revise the key CSR themes and action items based on feedback from stakeholders and will systematically drive continuous improvements.

Since FY2016, Epson has held an annual CSR procurement supplier conference. At the conference, Epson explains CSR trends, its CSR procuring activity and makes requests to suppliers. Hundreds of suppliers attend the conferences in various Epson manufacturing sites such as Japan, China, and Indonesia.

In the conference, Epson requests suppliers to comply with the Sustainable procurement policy and the Epson Procurement Guideline. And Epson explains the guidance for self-assessment (SAQ) of CSR detail evaluation and emergency response capabilities, and conflict mineral survey.

As part of its initiatives to identify and mitigate risk Epson audits suppliers to ensure they are compliant with Epson's policies. Epson has in place systems to:
• Identify and assess potential risk areas in its supply chains.
• Mitigate the risk of slavery and human trafficking in its supply chains.
• Monitor potential risk areas in its supply chains.
• Protect whistle-blowers.

In 2019, Epson evaluated direct material suppliers as well as on-site service vendors and HR agencies at major production sites. Epson asked 233 critical Tier 1 direct material suppliers to complete the SAQ. It received completed questionnaires from 222 suppliers. It also asked Tier 2 suppliers to complete the SAQ when the Tier 1 supplier was a trading company.

For critical Tier 1 direct material suppliers that were deemed to be high risk, Epson verified the facts on-site (including third party CSR audit) and supported corrective actions to help them improve to medium risk or better. As a result of these actions, the average score of suppliers who fell into the high-risk rank on the 2018 SAQ improved by 24 points on the 2019 SAQ to attain middle risk or better.

Epson asked on-site service vendors and HR agencies at 10 key production sites to complete an SAQ and received completed SAQs from 124 of them. Service vendors are essential business partners for running our production operations, so Epson requires them to understand and follow the RBA code requirements.

Epson provided suppliers and vendors with their SAQ score and with feedback, including advice for corrective actions.

Performance indicators

Epson sets and acts upon medium-range targets, major action items, and key performance indicators (KPIs) for achieving its supply chain CSR vision.

Mid-term targets (achieve by 2020)
• Sustainable procurement: All critical suppliers earn no less than a medium-risk rank
• Conflict minerals: Ensures that minerals are sourced only from smelters certified by the RMI's Responsible Mineral Assurance Process.

FY2019 Major Action Items and KPIs	Results
1. Ask suppliers to complete a CSR SAQ. KPI: 100%	Key direct material suppliers asked to complete a CSR SAQ: 100% HR agencies and onsite vendors at major Epson Group manufacturing sites asked to complete a CSR SAQ: 100%
2. Provide high-risk suppliers with feedback on their CSR SAQ results and support corrective action. KPI: 100%	High-risk suppliers provided with their score, rank and feedback: 100%
3. Complete corrective action plans by high-risk suppliers. KPI: 100%	High-risk suppliers audited by a 3rd party in FY2019 that completed their corrective action plans: 100% Percentage of suppliers rated high risk based on the SAQ that completed their corrective action plans: 70% (5/7 suppliers)
4. Ask suppliers to complete a conflict mineral survey. KPI: Targeted suppliers 100%	Targeted suppliers surveyed: 100%

FY2020 Major Action Items and KPIs
1. Ask major suppliers to complete a CSR self-assessment questionnaire (SAQ) to check compliance.   (1) Major suppliers provided with feedback on CSR SAQ results   KPI: 100%   (2) High-risk suppliers that completed their corrective action plans   KPI: 100% (No high-risk suppliers)
2. Customers that responded to CSR survey requests (including conflict free mineral survey requests)   KPI: 100%
3. Smelters certified by the RMI's Responsible Mineral Assurance Process per the conflict mineral survey   KPI: 100%

Training and whistleblowing systems

Epson is committed to exercising high ethical standards and a social conscience, and It has declared that it will conduct our procurement activities in strict compliance with both the letter and spirit of laws and regulations in regions where it operates. Employee training is an important part of this commitment.

All employees in Japan are required to take the Introduction to Procurement (Ethics & Code of Conduct) and the Introduction to Procurement (Subcontract Act) online training courses. Employees directly involved in procurement must successfully complete procurement and compliance management training based on an in-house certification system. Renewal training is conducted every five years to ensure that employees acquire the latest information and knowledge. Moving forward, Epson will expand the scope of these initiatives to include overseas Group companies as it further elevates the level of its compliance and procurement initiatives.

Epson believes that it is vital to understand the Epson Supplier Code of Conduct (RBA compliant), SAQ, and other initiatives in addition to international CSR trends when promoting socially responsible procurement. Epson therefore invites external instructors to provide education in socially responsible procurement. In FY2019, global procurement department staff members received training on topics including CSR issues, the RBA framework, and the SAQ.

Epson provided professional training for procurement staff to manage supplier CSR. These programs are based on the RBA Code of Conduct and RBA (VAP) audit standards. Some are conducted by outside consultants.

Epson has established compliance hotlines for receiving reports and consultations from suppliers regarding violations or potential violations of legislative requirements and the Epson Group Procurement Guidelines. Suppliers are asked to report any real or suspected misconduct or legal, regulatory, or ethical violations relating to Epson's operations or involving Epson officers or employees. In FY2019 Epson has established contact points for business partners at overseas manufacturing companies. Epson will further ensure corporate ethics compliance by installing a hotline.

Further steps

Epson will continue to review the effectiveness of the steps it has taken to ensure that there is no slavery or human trafficking in its supply chains. To further improve its policies and procedures, it will refer directly to the UK's Modern Slavery Act 2015, the Australian Modern Slavery Act 2018, the U.S. California Transparency in Supply Chain ACT 2010 (SB 657) and other legal requirements to ensure complete compliance.

This Statement was approved at the Seiko Epson Corporation's board of directors meeting on 31 July 2020 and signed by the President of Seiko Epson Corporation.

Yasunori Ogawa
President, Board of Directors
Seiko Epson Corporation

Date: 4 August 2020

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement of Epson (UK) Limited for the financial year ending 31 March 2020.

Epson (UK) Limited is a wholly owned subsidiary of Epson Europe B.V. of Amsterdam, The Netherlands. Our ultimate parent company is Seiko Epson Corporation, headquartered in Japan.

Epson (UK) Limited sells printers, business imaging, visual instruments, consumables and other products manufactured by Seiko Epson Corporation and purchased from Epson Europe B.V., which purchases products and consumables from Seiko Epson Corporation. This is our supply chain for products sold in the UK and these entities are a part of the Epson Group.

Epson Europe has a term of Corporate Social Responsibility specialists with responsibility for ensuring the company maintains the highest standards across Epson businesses in Europe, the Middle East, Africa and Russia.

As the supplier of its products, Seiko Epson Corporation and Epson Europe B.V. has assured Epson (UK) Limited that it is committed to combatting slavery and human trafficking in all its businesses and supply chains. Seiko Epson Corporation, in turn, confirms that it is committed to the same.

This Statement was approved at the Epson (UK) Limited's board of directors meeting on 18 August 2020 and a resolution made for this document to be signed by the Managing Director.

Robert Clark
Managing Director
Epson (UK) Limited

Date: 21 August 2020

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement of Epson Telford Limited for the financial year ending 31 March 2020.

Epson Telford Limited is a wholly owned subsidiary of Epson Europe B.V. of Amsterdam, The Netherlands. Our ultimate parent company is Seiko Epson Corporation, headquartered in Japan.

Epson Telford Limited manufactures and packs ink cartridges for consumer use and ink products and textile inks for industrial use. These products are shipped to other Epson affiliates, where they are then distributed worldwide.

This Statement was approved at the Epson Telford Limited's board of directors meeting on 6 August 2020 and signed by the Managing Director.

Kevin Browne
Managing Director
Epson Telford Limited

Date: 17 August 2020

This statement is made pursuant to the Modern Slavery Act 2018 and constitutes the slavery and human trafficking statement of Epson Australia Pty. Ltd. for the financial year ending 31 March 2020.

Epson Australia Pty. Ltd. is a wholly owned subsidiary of Seiko Epson Corporation, headquartered in Japan. Epson Australia Pty. Ltd. sells printers, business imaging, visual instruments, consumables and other products manufactured by Seiko Epson Corporation. This is our supply chain for products sold in Australia and New Zealand.

This Statement was approved at the Epson Australia Ltd. Pty.'s board of directors meeting on 12 August 2020 and signed by the Managing Director.

Craig Heckenberg
Managing Director
Epson Australia Pty. Ltd.

Date: 12 August 2020

EPSON
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