

Supply Chain

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Supply Chain

Supply Chain

We are working to build a healthy, high-quality supply chain.

Building Responsible Supply Chains in Partnership With Suppliers

We are building responsible supply chains in partnership with our suppliers. We build trusting relationships with our business partners around the world based on fairness, coexistence, and co-prosperity. We maintain high ethical standards and a social conscience, and we conduct our procurement and production activities in compliance with all laws, regulations, and rules in regions where we operate. In parallel with efforts to ensure appropriate quality, price, and delivery times, we are also working to build supply chains that have a lower environmental impact. As a regular member of the Responsible Business Alliance (RBA), a global coalition dedicated to corporate social responsibility (CSR) in global supply chains, Epson asks its suppliers to adhere to the same high ethical standards as we do.

COVID-19, logistics disruptions, chip and electronic parts shortages, and other challenges have highlighted the need for stronger business continuity programs in supply chains, and we are working closely with our suppliers to strengthen ours.



Junichi Watanabe
Managing Executive Officer
General Administrative Manager,
Production Planning Division

Vision

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. Toward this end, we ask our suppliers to uphold the highest standards of integrity and ethics while, at the same time, respecting their autonomy and independence.

In 2021, Epson identified four materialities (priority issues) that it should address to help solve societal issues and advance toward its aspirational goal of achieving sustainability and enriching communities. Epson selected 12 key sustainability topics that it will act on to achieve these. The key sustainability topics, one of which is “realizing responsible supply chains,” have been mapped to the 169 targets of the 17 Sustainable Development Goals (SDGs) of the United Nations. We will help to achieve the SDGs by strengthening supplier CSR activities across the entire Epson Group.

Epson has joined the Responsible Business Alliance (RBA) and supports RBA's mission and code of conduct, which consists of internationally recognized, ambitious CSR requirements covering human rights, health and safety, the environment, and ethics. The RBA Code of Conduct is regularly reviewed and revised to establish common requirements that the electronics industry should work toward together.

As a Regular Member of the RBA, Epson is expected to observe the RBA Code of Conduct and meet its supply chain due diligence obligations at a high level. Accordingly, in addition to ensuring compliance in our own operations, we ask our suppliers to observe the requirements and promote CSR across the entire supply chain.



Sustainable Procurement Policy

In Principles of Corporate Behavior, Epson describes principles of conduct that must be practiced in order to achieve the goals stated in Epson's Management Philosophy. Building and maintaining mutually beneficial relationships with suppliers is one of these principles, as are CSR-related issues such as respect for human rights, environmental impact mitigation, compliance, and responsible sourcing of minerals.

In addition to the principles of conduct stated in Principles of Corporate Behavior, Epson's Basic Procurement Policy sets forth fundamental practices for optimizing and stabilizing quality, cost, and delivery (QCD).

Under these overarching policies, we have established the Epson Group Supplier Guidelines. We provide our suppliers with the Guidelines to familiarize them with the fundamental procurement requirements to which we ask them to adhere.

The Epson Group Supplier 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.

Supply Chain CSR Strategy

Epson wants to help solve societal issues and achieve sustainable growth through sustainability initiatives that are aligned with the Principles of Corporate Behavior, which is based on the idea of building social trust, the concept that underlies Epson's Management Philosophy. Not only do we comply with local laws and regulations in the countries and regions where we operate, we also respect international sustainability initiatives such as the Sustainable Development Goals (SDGs) and the RBA code of conduct.

Furthermore, as outlined in the United Nations Guiding Principles on Business and Human Rights, Epson's responsibility extends to its supply chain. Aspiring to achieve sustainability and enrich communities, we have established strategic actions in four areas to achieve, by 2030, socially responsible supply chains from the standpoints of human rights and sustainability.

These actions will also lead to the achievement of the SDGs by the 2030 target year.

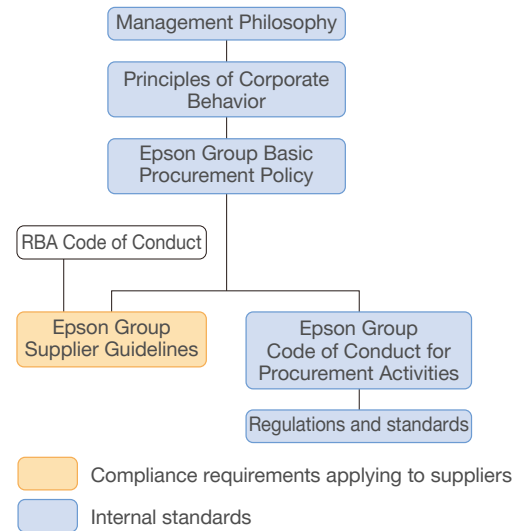
Promoting decent work

Ensuring work safety

Responsible mineral sourcing

Environmental impact mitigation

CSR Procurement Policies



Organization

The chief officer of supply chain management (SCM), a member of Seiko Epson's board of directors, promotes social responsibility in supply chains in conjunction with all entities within the Epson Group.

The Sustainable Procurement Committee is a cross-organizational body made up of personnel from all Epson's operations divisions and from the procurement departments of Epson Group companies, with administrative oversight provided by the Seiko Epson Head Office department that supervises socially responsible procurement. The committee discusses targets and action plans, gets them approved by the chief officer responsible for promotion of supply chain management (SCM), communicates them to the entire Group, and puts those targets and action plans into effect. The chief officer of SCM promotion monitors the progress of action plans, and progress is regularly reported to the Sustainability Strategy Council, a corporate management meeting body that includes members of the board of directors.

Organization of Supply Chain CSR



Key Goal Indicators (KGI) and Key Performance Indicators (KPI)

To realize our vision of socially responsible supply chains, we set mid-term goals and annual targets. Performance and progress against the goals and targets are measured using KGI and KPI, respectively.

Mid-Term Goals (to be achieved by March 31, 2026)

Socially responsible procurement: Ensure that all major suppliers are ranked low risk in terms of CSR.
 Responsible mineral sourcing: Make products conflict-mineral-free¹ and disclose product information.

¹ Use only conflict-free smelters and refiners certified under the RMI's Responsible Minerals Assurance Program (RMAP).

FY2022 Action Items and Results

	Action Items and KPI	Result
1	Strengthen the CSR self-assessment questionnaire (due diligence): 1) CSR SAQ results: high risk 0%, medium risk: 6% or less 2) Completion rate of risk mitigation activities ¹ for certain priority items: KPI 100%	1) Major suppliers of direct materials 0% high risk (0 sites) and 9% medium risk (42 sites) 2) Major suppliers of direct materials 84% completion rate (146 out of 173 suppliers)
2	Strengthening conflict minerals survey 1) Elimination of smelters who are not conflict-free certified by performing due diligence 2) Survey return rate: 100%	1) Feedback to suppliers using smelters that are not conflict-free certified: 100% 2) Return rate CMRT (3TG ²): 99% EMRT (cobalt): 97%
3	Strengthening CSR engagement with suppliers: 1) Supplier CSR meetings: Hold at 100% of manufacturing sites 2) Discussions with suppliers on CSR: 20 companies	1) 100% (15 sites) 2) 16 companies

¹ Risk mitigation activities for certain priority items: At Epson, "certain priority items" are human rights-related issues that are rated priority non-conformances under the RBA's Validated Assessment Program (VAP) audit standards. If an answer on an SAQ corresponds to such an issue, the supplier is asked to take corrective action and we check progress.

² 3TG: tin, tantalum, tungsten and gold

FY2023 Action Items

	Action Items	KPI
1	Improvement in CSR	CSR SAQ results (major suppliers of direct materials): 0% high risk (0 companies) and 4% medium risk (20 companies) or less
2	Strengthening conflict mineral surveys	1) Survey return rate: 100% (1,500 companies) 2) Feedback to suppliers using smelters that are not conflict-free certified: 100% (750 companies)
3	Strengthening CSR engagement with suppliers	Supplier CSR meetings: Hold at 100% of manufacturing sites (15 main manufacturing sites)




External Recognition

Supply chain CSR is evaluated by many rating agencies as part of the “S” (Social) component of ESG (Environmental, Social, and Governance) assessments. Among the supply chain CSR topics examined are policies, human rights due diligence, and responsible sourcing of minerals.

Epson’s efforts and achievements in supply chain CSR have received recognition from various ESG rating agencies.

In the latest sustainability assessment by France-based EcoVadis, Seiko Epson Corporation earned a Platinum rating for the third consecutive year. This award puts Seiko Epson in the top 1% of companies among approximately 100,000 companies worldwide assessed by EcoVadis. In addition to an overall score, EcoVadis provides scores for environmental, labor and human rights, ethics, and sustainable materials sourcing performance. Seiko Epson received its highest score in sustainable materials sourcing.

EcoVadis Sustainability Assessment Results Trend

	2020	2021	2022
Overall rating			
Sustainable materials sourcing score	80 /100	80 /100	90 /100

Supplier Guidelines

Supplier Guidelines

Epson Group Supplier Guidelines/Epson Supplier Code of Conduct

Epson believes that to achieve the goals stated in its Management Philosophy, its suppliers must understand the Management Philosophy and comply with the Epson Supplier Code of Conduct.

The Epson Group Procurement Guidelines (now called the Epson Group Supplier 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 Supplier 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, trade control and ensuring security in the supply chain, as well as information security. The content is periodically revised to maintain consistency with the latest RBA Code of Conduct.

Over the 18-year history of the Guidelines, we have asked all suppliers to comply with the requirements and have asked our major suppliers to sign a formal agreement.

As a member of the RBA, Epson is working to improve CSR across the supply chain.

Requirements Under the Supplier Code of Conduct

The Epson Supplier Code of Conduct, which is part of the Epson Group Supplier Guidelines, is based on the RBA Code of Conduct. It specifies supply chain requirements in the areas of labor, health and safety, environment, ethics, and management systems.

The RBA requires compliance with local law, as well as compliance with RBA requirements when RBA requirements and standards are stricter than local law. This idea ensures a high level of control regardless of the legal requirements and standards of the countries and regions in which the supplier is located, and regardless of the labor practices of the area.



A. LABOR (Human rights)	B. HEALTH AND SAFETY
<p>A1 Freely Chosen Employment (e.g., prohibiting forced labor)</p> <p>A2 Young Workers (including prohibition of child labor)</p> <p>A3 Working Hours (maximum working hours, holidays, voluntary overtime)</p> <p>A4 Wages and Benefits</p> <p>A5 Humane Treatment</p> <p>A6 Non-Discrimination/Non-Harassment</p> <p>A7 Freedom of Association</p>	<p>B1 Occupational Safety</p> <p>B2 Emergency Preparedness</p> <p>B3 Occupational Injury and Illness</p> <p>B4 Industrial Hygiene</p> <p>B5 Physically Demanding Work</p> <p>B6 Machine Safeguarding</p> <p>B7 Food, Sanitation and Housing</p> <p>B8 Health and Safety Communication</p>
C. ENVIRONMENT	D. ETHICS
<p>C1 Environmental Permits and Reporting</p> <p>C2 Pollution Prevention and Resource Reduction</p> <p>C3 Hazardous Substances</p> <p>C4 Solid Waste</p> <p>C5 Air Emissions</p> <p>C6 Materials Restrictions</p> <p>C7 Water Management</p> <p>C8 Energy Consumption and Greenhouse Gas Emissions</p>	<p>D1 Business Integrity</p> <p>D2 No Improper Advantage</p> <p>D3 Disclosure of Information</p> <p>D4 Intellectual Property</p> <p>D5 Fair Business, Advertising and Competition</p> <p>D6 Protection of Identity and Non-Retaliation</p> <p>D7 Responsible Sourcing of Minerals</p> <p>D8 Privacy</p>
E. MANAGEMENT SYSTEMS	
<p>E1 Company Commitment</p> <p>E2 Management Accountability and Responsibility</p> <p>E3 Legal and Customer Requirements</p> <p>E4 Risk Assessment and Risk Management</p> <p>E5 Improvement Objectives</p> <p>E6 Training</p>	<p>E7 Communication</p> <p>E8 Worker Feedback, Participation and Grievance</p> <p>E9 Audits and Assessments</p> <p>E10 Corrective Action Process</p> <p>E11 Documentation and Records</p> <p>E12 Supplier Responsibility</p>

Supply Chain Initiatives

Supply Chain Initiatives

Supply Chain Management

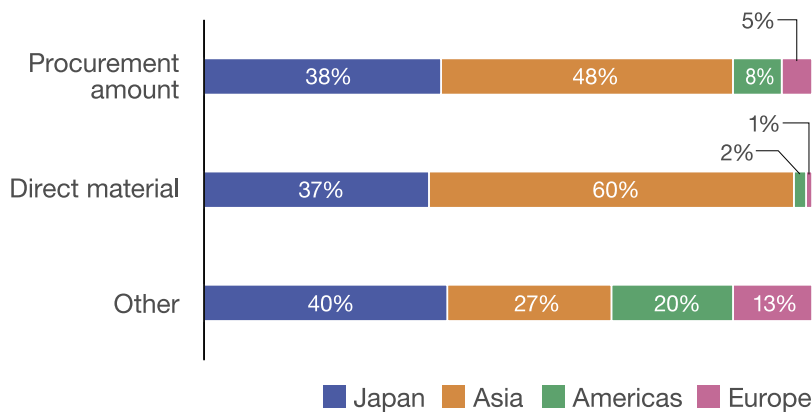
Epson considers suppliers to be important partners in its business activities. As such, our procurement activities are designed to develop mutually beneficial trusting relationships with our business partners based on fairness, transparency, and respect.

Epson procures goods from around the world. Domestic Japanese procurement accounts for about 38% of our total procurement spend. Asia accounts for the large majority of the remaining 62%.

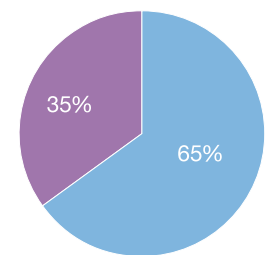
Our procurement spent for direct materials (production materials and outsourced manufacturing) accounts for about 65% of the spend and indirect materials (including factory consumables, machinery, public relations, logistics, and staffing) for about 35%.

Epson has business with 1,700 direct material suppliers mainly in Asia where our main manufacturing sites are located, and about half of our indirect materials spend is in Japan.

Procurement Overview



Procurement material



Direct material Other

Supplier Evaluation Program

Epson evaluates both direct and indirect materials suppliers based on a comprehensive supplier evaluation program. The program consists of multiple evaluations. The primary components are an indirect evaluation, which is based on information from a third-party credit investigation, and a direct evaluation (annual evaluation), which is a self-check that suppliers do to evaluate their own QCD and other performance metrics.

Epson Group Supplier Evaluation Program	Evaluation Frequency
Indirect evaluation Evaluation based on information from an external credit bureau Evaluation items: Credit score, business history, capital composition, business size, profit/loss, financing status, management, etc.	Every 2 months
Direct evaluation (annual evaluation) Self-assessment of QCDEMS Evaluation items: Quality management (Q), cost management (C), delivery management (D), environmental management (E), management systems (M), and information security (S)	Once per year
Detailed CSR evaluation Self-evaluation and check of compliance with the Epson Supplier Code of Conduct (RBA Code of Conduct) Evaluation items: labor (human rights), health and safety, environment, ethics, and management systems	Once per year
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, and ability to respond to emergencies, recover from disasters, continue supplying goods, maintain procurement, and manage inventory, etc.	Once per year
Safety management evaluation Self-assessment of response to fires and other emergency risks Evaluation items: Management of electrical hazards, hazardous materials, fire prevention, etc.	Once per year

Socially Responsible Procurement Program

Epson's socially responsible procurement program is an annual cyclical activity. It consists of steps in which we ask suppliers to comply with Epson's Supplier 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)

Certain suppliers, selected on the basis of procurement risk, are asked to complete an evaluation.

They are asked questions in the categories of quality, cost, delivery, environment, and management systems. Management system questions include the management of hazardous substances in products, the handling of personal data, and compliance with legal requirements concerning things such as international trade control and bribery. We concurrently ask suppliers to check their information security and defenses against the recent global surge in cyberattacks and information leaks.

Section	Number of questions
Q. Quality	12
C. Cost	5
D. Delivery	5
E. Environment	5
M. Management system	15
S. Information security	25
Total	67

Suppliers who receive a score of 60 points or less in the annual evaluation are considered high risk. We assist these suppliers in their efforts to improve. If, despite this, no improvement is observed, Epson terminates the relationship. There were 16 suppliers who scored 60 or less on the annual evaluation in 2022. These high-risk suppliers were asked to take corrective action.

Direct Evaluation Results

		FY2020	FY2021	FY2022
Number of suppliers		902	959	937
Number of sites		1,440	1,572	1,582
% of suppliers who completed the self-assessment	Goal	100%	100%	100%
	Actual	100%	100%	100%

Evaluation of Prospective New Suppliers

Prospective new suppliers are also evaluated via self-evaluation. They must receive a score of at least 70 points. If they score fewer than 70 points, we ask them to correct issues before doing business with them.

Detailed CSR Evaluation

The detailed CSR evaluation is a part of Epson's supplier CSR due diligence program. We are endeavoring to improve the level of CSR across our global supply chains. Toward this end, we have revised the scope, frequency, and some other aspects of our program to meet our obligations as a Regular Member of the Responsible Business Alliance (RBA).

Every year, Epson evaluates supplier compliance with the Epson Supplier Code of Conduct (RBA Code of Conduct) based on a detailed self-assessment questionnaire (SAQ). Suppliers are asked to take corrective action, depending on the results of the SAQ. We also have a process for verifying supplier answers via audits, site observations, and interviews.

Suppliers can choose to answer either an online SAQ provided by the RBA or an SAQ prepared by Epson that is based on the RBA's Validated Audit Program (VAP) audit criteria. The Epson SAQ is designed to thoroughly check labor conditions (respect for human rights) and has many questions in the labor section.

Suppliers who are deemed high risk are audited in accordance with RBA criteria and are asked to take corrective action as needed.

Composition of Questions on the 2022 Epson SAQ

Section	Scope & Number of questions	
	Direct supplier	Indirect material supplier
A. Labor (human rights)	40	37
B. Health and safety	29	9
C. Environment systems	12	-
D. Ethics	13	8
E. Management systems	15	9
O. Protection of the rights of indigenous peoples and foreign migrant workers	-	5
Total	109	68

Epson SAQ Scores and Risk Ranks

Risk rank	Score	Remarks
Low risk	More than 85 pts.	> Suppliers who comply with the requirement of the RBA Code of Conduct.
Medium risk	65–85 pts.	> Suppliers who does not comply with some of the requirement of the RBA Code of Conduct, but are expected to take corrective action themselves.
High risk	Less than 65 pts.	> Suppliers who does not comply with many of the requirement of the RBA Code of Conduct, and need to be monitored based on corrective action plan. > To be asked to receive RBA (VAP) audit.

* The risk rank of suppliers who complete RBA's online SAQ is determined in accordance with RBA's risk ratings.

2022 SAQ

In 2022, we conducted a detailed CSR evaluation (SAQ and corrective actions) of major suppliers.

Scope of 2022 SAQ

		Selection Criteria
Major suppliers of direct materials		<ul style="list-style-type: none"> Suppliers who account for 80% of the value of Epson's procurement spending¹ Key suppliers designated by each business line. Single source suppliers, etc.
Indirect materials suppliers	On-site service vendors ²	Vendors on Seiko Epson and its manufacturing sites employ
	Staffing/recruitment agencies	Agencies that Seiko Epson and its manufacturing sites employ
	Logistics warehouse operators	Operators that Seiko Epson and its manufacturing sites employ
	Call center contractors	All call center service providers that Epson uses in regions with high CSR risk

¹ Epson's Tier 1 (direct) suppliers are arranged in descending order based on transaction amounts and selected until 80% of the total spend is reached. If a tier 1 supplier is a trading company, the manufacturer that supplies the trading company is asked to complete an SAQ.

² Contractors who provide security, food service (Canteen), and other services at Epson sites.

Direct Material Suppliers

In 2022, Epson collected a completed SAQ from all the 164* major tier 1 direct materials suppliers (449 sites) requested. When our tier 1 supplier was a trading company, we also had tier 2 suppliers complete an SAQ.

The number of suppliers who choose to complete RBA's online SAQ has been growing each year. These suppliers now account for about 25% of the total.

All suppliers who completed the Epson SAQ were notified of their results. In addition to their SAQ scores, we prepared a feedback sheet that included advice on correcting identified issues. We also monitored the progress of corrective actions on critical items related to human rights* and provided assistance as needed.

* Critical items related to human rights (partial excerpt):

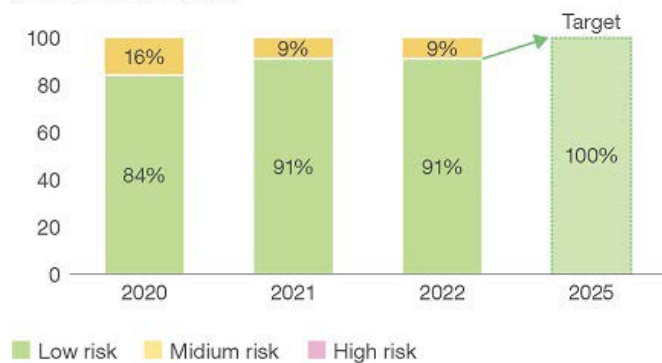
- Prohibition of child labor, slave labor, and forced labor (none detected)
- Proper management of working hours (a 60-hour maximum workweek and at least one day off every seven days)
- Proper payment of wages (proper payment of the legal minimum wages and overtime wages, and timely payment of wages)
- Charging workers recruitment fees, humane treatment, harassment
- Evacuation drills (with full participation enterprise wide, nighttime, dormitories, etc.), provision of suitable personal protective equipment at no cost to workers
- Provision of safety measures for pregnant and nursing mothers, and provision of a clean lactation room

Evaluation Results for Direct Material Suppliers

	2020	2021		2022	
Number of suppliers evaluated	222 (391 sites)	293		164 ¹	
		Epson SAQ (427 sites)	RBA SAQ (70 sites)	Epson SAQ (338 sites)	RBA SAQ (111 sites)
Mid-term target (KPI)	<ul style="list-style-type: none"> • Achieved the FY2020 target of 0% high-risk suppliers. • Target set in FY2021: All major suppliers are ranked low risk in terms of CSR by 2025. 				
Low-risk (> 85 pts.)	84%	91% (443 sites)		91% (407 sites)	
				91% (306 sites)	91% (101 sites)
Medium-risk (66-85 pts.)	16%	9% (53 sites)	0% (1 sites)	9% (32 sites)	9% (10 sites)
High-risk (< 65 pts.)	0%	0% (0 sites)	0% (0 sites)	0% (0 sites)	

¹ Corporate group

SAQ Evaluation Result



Indirect Material Suppliers

Indirect materials suppliers are essential business partners, so Epson asks them to understand and comply with the RBA's requirements.

Since 2019, we have asked our major indirect material suppliers, including on-site service vendors, staffing/recruitment agencies, and logistics warehouse operators, to complete the SAQ and take corrective actions depending on the SAQ results. In 2022, we further expanded the number of companies asked to complete an SAQ.

In addition to the SAQ, we conduct audits at manufacturing sites to check the working environment and employment conditions of on-site service vendors. We provide support until we can verify that identified issues have been corrected in areas such as long working hours, granting of time off, consecutive days worked, and proper payment of overtime. SAQ scores have risen because of these efforts.

In 2022, we received a completed SAQ from all 247 companies with operations at Seiko Epson plants and offices and at Epson's main manufacturing sites.

Evaluation Results for Indirect Material Suppliers

Supplier category		2020		2021		2022	
		Number of vendors	SAQ average score	Number of vendors	SAQ average score	Number of vendors	SAQ average score
On site service vendors	Security	15	84	15	92	19	91
	Canteen	18	78	13	89	13	91
	Cleaning	16	77	13	89	17	90
	Facility maintenance	15	83	16	88	17	89
	Others	80	82	71	92	67	93
	Sub-total	144	81	128	91	133	91
Logistics warehouse operators ¹		*	*	3	91	8	93
Staffing/recruitment agencies		89	88	89	93	91	93
Call centers ²		-	-	-	-	15	90
Risk rank	Low risk (> 85 pts.)	-	-	-	-	203	82%
	Medium risk (65-85 pts.)	-	-	-	-	44	18%
	High risk (< 65 pts.)	-	-	-	-	0	0%

¹ 2020 results are included in the on-site service vendors category, under "Others."

² Given the results of the 2022 risk assessment, call center contractors were asked to complete an SAQ.

Audits, On-Site Verification, and Corrective Action Support

Epson supports the corrective action efforts of high-risk and medium-risk suppliers.

Epson schedules field audits and on-site verification primarily of major suppliers because it believes that it is important, as part of the detailed CSR evaluation due diligence process, to understand the situation. Since 2020, COVID-19 has made it difficult to travel to suppliers' production sites, so we have been performing checks online and doing additional follow-up verification of SAQ answers.

Third-Party Audits

Since 2020, no supplier has been identified as high-risk through the SAQ, which is part of the due diligence obligations for RBA Regular Members, and no third-party audits conforming to an RBA VAP audit have been performed, largely due to the impact of COVID-19.

Again, in 2022, no major supplier¹ was deemed to be high risk based on the SAQ, so Epson did not ask any supplier to undergo an RBA (VAP) audit. However, the number of suppliers that voluntarily undergo RBA (VAP) audits is growing. Initial audits often reveal issues in the areas of labor (human rights) and health and safety. We monitor whether suppliers are correcting issues by means of corrective action plans (CAP) and closure audits. Labor (human rights) and health and safety are areas where we are stepping up our supplier CSR initiatives.



¹ As a regular member of the RBA, Epson is obligated to ask high-risk suppliers to undergo an RBA (VAP) audit.

Second-Party Audits, On-Site Verification, and Corrective Action Support

For suppliers that are not asked to undergo a third-party audit, Epson manufacturing company staff members visit their sites to verify conditions on-site and help them improve.

For direct material suppliers, 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.

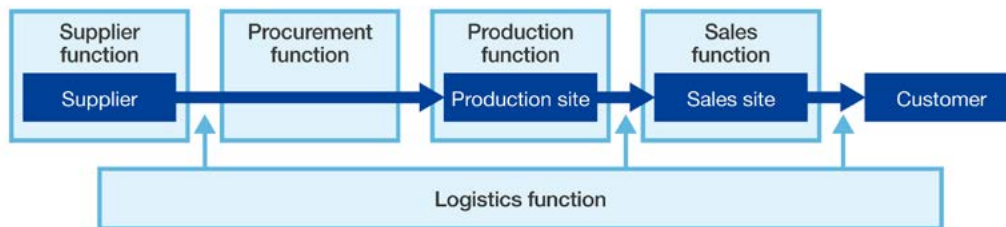
For on-site service vendors, Epson employees conducted a second-party audit to improve the working conditions by, for example, closely monitoring working hours, granting time off, paying appropriate overtime, and ensuring that workers are not made to pay recruitment fees.

Audit and On-Site Verification (Number of Facilities, Japan and Other Areas)

Audit/Verification		2020	2021	2022
Third-party audit	Initial audit	1	0	0
	Follow-up audit	1	0	0
RBA (VAP) audit	Initial audit	9	16	23
	Closure audit	7	6	12
Second-party audit and on-site verification	Direct Material Suppliers	323	163	216
	Indirect material suppliers		55	64
	total		218	280

Supply Chain Business Continuity Management

Epson promotes business continuity management (BCM) across the supply chain to ensure that it is able to fulfill its delivery commitments to customers by restoring supplies within a target recovery time in the event of a disaster, accident, epidemic, or other disruption.



Evaluation of Emergency Response Capabilities

As part of our supply chain BCM program, we ask suppliers to manage their own business continuity so that supplies of products we procure from them are not disrupted. We check their preparedness by having them periodically complete a self-evaluation of their ability to respond to emergencies, and we provide them with feedback on the results as well as with any support they need to make improvements.

Result of Emergency Response Capability Evaluation

	FY2019	FY2020	FY2021
Suppliers asked to complete an evaluation	1,336	1,465	1,233
Suppliers who completed the evaluation (Sites that completed the evaluation)	1,127 (1,934)	1,245 (1,941)	1,154 (1,879)
Completion rate	84%	85%	94%

* Up to FY2020, we only provided data on the number of sites. This year we broke the data down into number of companies and number of sites to provide a clearer picture.

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.

Result of Safety Management Evaluation

	FY2019	FY2020	FY2021
Suppliers asked to complete an evaluation	1,402	1,384	1,245
Suppliers who completed the evaluation (Sites that completed the evaluation)	1,190 (2,139)	1,083 (1,805)	1,184 (1,930)
Completion rate	85%	78%	95%

* Up to FY2020, we only provided data on the number of sites. This year we broke the data down into number of companies and number of sites to provide a clearer picture.

Human Rights Initiatives

Epson has declared in its Human Rights Policy that both Epson and its suppliers shall respect human rights. As stated in our policy, we strive for complying with the United Nations Guiding Principles on Business and Human Rights and respecting internationally recognized human rights as stated in the Universal Declaration of Human Rights and other relevant instruments. Moreover, we support the purpose of the RBA and, as a member, seek to ensure that our suppliers also comply with the RBA Code of Conduct. Through these initiatives, we aim to ensure that rights are respected throughout the Epson product supply chain.

We have a program that covers the entire supply chain and includes the following:

1. Fostering an understanding of human rights and requirements (conferences and education)
2. Making suppliers aware of the need to implement a human rights program
3. Checking the programs of suppliers by (1) conducting self-assessments and audits
4. Checking the programs of suppliers by (2) providing support for the remediation of individuals and communities and addressing human rights impacts

To foster understanding of human rights, we ask suppliers to read the Epson Group Supplier Guidelines. We also hold supplier conferences and human rights seminars that many suppliers attend.

An SAQ is used to assess how closely suppliers are adhering to the RBA Code of Conduct in the area of human rights. We provide feedback to each supplier site regarding the remediation of human rights abuses and other issues that need to be addressed, and we request that they take corrective action.

The RBA Code of Conduct covers a wide range of human rights related issues, particularly the Labor section. Taking into account the ILO Declaration on Fundamental Principles and Rights at Work and the principles of the United Nations Global Compact, we identify priority human rights issues and make addressing these issues mandatory.

Priority human rights issues

- Child labor (A2 in the RBA CoC, ILO Convention Nos. 138 & 182)
- Forced labor (A1 in the RBA CoC, ILO Convention Nos. 29 & 105)
- Working hours (a 60-hour maximum workweek and at least one day off every seven days) (A3 in the RBA CoC)
- Proper payment of wages (proper payment of the legal minimum wages and overtime wages, and timely payment of wages) (A4 in the RBA CoC)
- Humane treatment (no harassment) (A5 in the RBA CoC)
- Non-discrimination (A6 in the RBA CoC, ILO Convention Nos. 100 & 111)
- Freedom of association and the right to collective bargaining (A7 in the RBA CoC, ILO Convention Nos. 87 & 98)
- A safe and healthy work environment (B. Health and Safety in the RBA CoC, ILO Convention Nos. 155 & 187)

In addition, when we become aware of an adverse impact on human rights through an audit or a report by a whistleblower employed by a supplier, we provide support until remediation is provided for.

Examples of Remediation

- Working hours were not recorded by an on-site manufacturing contractor due to a malfunction of the recording device, resulting in unpaid overtime wages for that period. Remedial action: Verified the payment of the missing wages
- An on-site security services company was not paying overtime wages or holiday allowances and was not granting days off. Remedial action: Verified the payment of the respective allowances and the granting of days off.

Epson has established supplier compliance hotlines that suppliers and their employees can use to seek remediation and protection. The supplier compliance hotlines are recommended for use in reporting human rights related issues.

Supply Chain Environmental Initiatives

Epson is pursuing ambitious environmental initiatives under the Epson 25 Renewed corporate vision. We are looking to decarbonize and close the resource loop. We are also developing environmental technologies and providing products and services that reduce environmental impacts. 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.

Epson joined the international initiative RE100, which aims to drive a transition on the part of corporations to the use of 100% renewable electricity for their business activities by 2050, and we have set a goal of switching to 100% renewable energy to meet the electricity needs at all Epson Group sites¹ around the world by 2023. In the future, we will switch to a more ambitious reduction target that is in line with the 1.5°C scenario and will endeavor to reduce emissions throughout the supply chain.

¹ Excludes some sales sites and other leased properties

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.

Strengthening Engagement to Reduce Environmental Impact in Supply Chains

Epson uses supplier conferences and other opportunities to ask its suppliers for cooperation in reducing the environmental impact of business activities across its supply chains. We also periodically evaluate our suppliers' environmental programs and the results of their environmental impact mitigation efforts. We assist them as needed to improve.

Suppliers are asked to complete direct evaluations (annual evaluations) and detailed CSR evaluations that include questions about the environment. We collect and analyze their answers and provide feedback on the detailed CSR evaluations. Suppliers whose scores put them in the high-risk category are visited for on-site verification or audits and are aided to correct issues. In addition, we survey the suppliers who account for 80% of the value of Epson's procurement spending to find out about their renewable electricity policy and actual use of renewables, as well as about their GHG emissions from electricity and gas and water consumed in the production of parts for Epson.

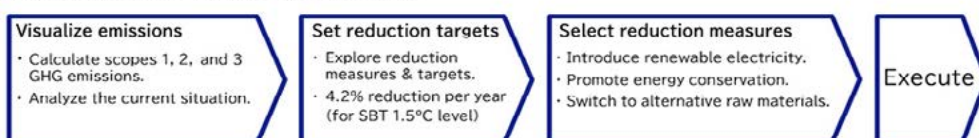
We demonstrate our commitment to collaborating with suppliers to address challenges at each step of the GHG emissions reduction process and make calls for cooperation. We will continue to act in concert with suppliers to achieve the goal of the decarbonization of society as a whole.

What We Ask of Suppliers²

- Visually represent GHG emissions reductions, set reduction targets, and select and implement reduction measures.
- Use recycled and biomass materials.
- Observe regulations regarding substances in products.

² Excerpted from the April 2023 supplier conference materials

Examples of Steps for Reducing GHG Emissions



Partnerships with External Organizations

In addition to our own initiatives, Epson supports and actively participates in alliance activities in order to resolve CSR issues, including human rights issues in the supply chain. We have joined the RBA and JEITA to work on solving societal issues around the world and improving supply chain CSR through industry collaboration.

[Global initiative]

Responsible Business Alliance (RBA) regular member
Participating companies: 225 (as of 5/2023)



Responsible Business Alliance

Advancing Sustainability Globally

[Domestic Japanese industry initiative]

The Japan Electronics and Information Technology Industries Association (JEITA), CSR Committee
Participating companies: 28 (as of 4/2023)

Example activities:

- Issuing and promoting the Responsible Business Conduct Guidance
- Study of human rights due diligence and grievance mechanisms
- Study of the global regulatory situation

Communications & Training

Communications & Training

Communication with Suppliers

Procurement Policy Orientation

Epson considers suppliers to be indispensable business partners, and we believe that it is our responsibility to not only deliver quality products but also to ensure that all suppliers in the supply chain respect human rights, provide a safe working environment, and remain environmentally conscientious.

Epson engages its suppliers throughout the year in many forms and at many different levels. An annual supplier conference is held in Japan as a top-level event at which we explain our procurement policies. We provide suppliers with an overview of our operations and share with them our important policies.

Epson's president and executive officers explain the company's policies and the business policies. The executive in charge of procurement asks suppliers to practice socially responsible procurement, take steps to cope with challenges in procuring chips and other electronic parts, and strengthen their business continuity management. Many suppliers attend this event every year.

Since 2021, the conference has been held online due to COVID-19, but prior to that it served as a valuable opportunity for meeting and speaking with suppliers directly.

Supplier Conference for CSR

At an annual supplier conference for CSR (held since 2016), we talk about CSR trends and our socially responsible procurement activities. We also ask our suppliers to engage with us in our efforts. Suppliers attend the conferences held at Epson manufacturing sites in Japan, China, Philippines, Indonesia, and other area.

At the conference, we ask suppliers to comply with our Sustainable Procurement Policy and the Epson Supplier Guidelines. We provide guidance for completing self-assessment questionnaires (SAQ) used to evaluate suppliers' CSR efforts and emergency response capabilities. We also ask suppliers to cooperate in conflict mineral surveys. Furthermore, due to the impact of natural disasters and infectious diseases on procurement and logistics in recent years, we remind suppliers of the importance of business continuity management.

Supplier Participation

	Area					Total number of attended companies
	Japan	China	Philippines	Indonesia	Others ¹	
FY2020	764	77	17	17	23	898
FY2021	550	22	86	145	11	814
FY2022	969	80	81	30	35	1,195

¹ "Others" includes Singapore, Thailand, and Malaysia, where Epson manufacturing sites are located.

Seminars for Suppliers

In addition to explaining social demands and Responsible Business Alliance (RBA) requirements at supplier conferences for CSR, we also hold seminars and conferences to provide further detail and ask for cooperation. Many suppliers attend these events.

Epson believes that it is important for suppliers to understand the need for CSR programs and to take the initiative to launch their own. We see human rights as a priority issue—and one in which the expectations of society are rapidly evolving. We therefore hold seminars taught by outside consultants to provide suppliers with expert information.

FY2021	Human rights seminar and SAQ ¹ briefing
FY2022	Human rights seminar, SAQ briefing, conflict minerals survey conference
FY2023 (plan)	Human rights seminar, Environment seminar, SAQ briefing, responsible mineral sourcing conference

¹ SAQ: Self-Assessment Questionnaire

Whistleblowing System for Suppliers

Epson has established compliance hotlines as grievance mechanisms that suppliers can use to report or discuss violations or potential violations of legislative requirements and the Epson Group Supplier Guideline. These hotlines are being used to further promote ethical corporate conduct, so we encourage their use. Reports may be made anonymously, and whistleblowers shall be protected, including by strictly handling their personal data and prohibiting any form of retaliation in accordance with applicable laws and Epson's internal regulations.

Suppliers can use the hotlines to report:

- real or suspected misconduct or legal, regulatory, or ethical violations relating to Epson's operations or involving Epson officers or employees;
- ideas or complaints relating to health and safety; and
- concerns relating to conflict minerals

How to report:

- For suppliers of domestic Japanese Epson Group companies: Please refer to "Handling of personal data associated with use of the whistleblowing system"
- For suppliers of Epson Group companies outside Japan: Use the reporting channel of that company. Please refer to "Epson Group Supplier Hotline Contact Information"

You may also use a comments/opinions box located in the Epson facility.

Handling of personal data associated with use of the whistleblowing system:
<https://corporate.epson/en/sustainability/supply-chain/communication/partnerline-privacy.html>

Internal Training

The Epson Group's Management Philosophy champions teamwork and respect for the individual. 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 has thus created a multi-level program to provide employees and partners with training.

Mandatory Internal Training (Japan)

Epson provides a basic online course for all employees, as well as courses tailored to the needs of procurement staff.

Procurement Compliance Seminar

Course	Description	For	Fiscal year	2020	2021	2022
Procurement compliance seminar			Seminar completion rate	75%	82%	96%
Basic online course	CSR/SDGs/RBA and procurement Code of conduct for procurement Laws and regulations Procurement rules Procurement rules violation case studies	New procurement staff	Target			
			Persons	600	400	903
			Result			
			Persons	533	522	903
Procurement compliance seminar (updated)	CSR/SDGs and procurement Code of conduct for procurement Laws and regulations Procurement rules violation case studies Important rules changes	Procurement staff, every 5 years	Target			
			Persons	3,149	2,470	3,468
			Result			
			Persons	2,272	1,840	3,299

Basic Online Course

Description	For	Fiscal year	2020	2021	2022
1. Ethical conduct 2. Subcontract Act & procurement management (Laws & regulations, case studies)	All domestic Epson Group company employees & partners	Target completion rate	92%	90%	90%
		Actual completion rate	95%	91%	88%

* Ethical conduct and Subcontract Act are covered in alternate years.

RBA (Supply Chain CSR) Professional Training (Worldwide)

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 standard, including A. Labor, B. Health and Safety, C. Environment, D. Ethics, and E. Management Systems. Some programs are conducted by outside consultants.

Course	Description
RBA seminar	General overview of 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 systems
Workshop for RBA (VAP) audits	Workshop training for implementing RBA requirements and preparing for RBA (VAP) audits
CSR auditor training for supplier audits	Internal auditor training for supplier on-site audits
Worker interview training for supplier audits	Internal auditor training for supplier on-site audits
RBA Fundamentals (online course)	General training in the RBA Code of Conduct and RBA system (for all Epson group employees including procurement staff)
Responsible sourcing of minerals training	General training course regarding responsible sourcing of minerals (requirements of D7 in the RBA Code of Conduct) and expert training focused on surveys.

Responsible Mineral Sourcing

Responsible Mineral Sourcing

Responsible Minerals Sourcing

Policy for High Risk Minerals

Profits from the extraction and sale of minerals such as tin, tantalum, tungsten, and gold (3TG) in conflict-affected and high-risk areas such as the Democratic Republic of the Congo (DRC) and neighboring countries are a source of funding for armed groups and anti-government forces carrying out atrocities and human rights abuses. Furthermore, it has been pointed out that cobalt mines in the southern part of the DRC have become breeding grounds for child labor.

It is Epson's corporate policy to avoid engaging in any form of human rights violations or environmental destruction. While sourcing minerals that originate in conflict-affected or high-risk areas, we will not tolerate any form of human rights violations or abuses. We will not engage in business relationships with any party involved in human rights abuses, nor will we support operations that result in the degradation of socioeconomic and environmental conditions.

Management of Epson recognizes that responsible sourcing of minerals is a societal issue that needs to be addressed. In order to confirm the responsible sourcing of minerals throughout the entire supply chain, we advocate the establishment of a survey system in the Principles of Corporate Behavior and further define the details of our efforts as "key sustainability themes".

Moreover, as a member of the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI), we require our suppliers to adhere to this policy and expect them to require compliance within the supply chain.

We also ask them to understand and comply with the Epson Group Supplier Guidelines and the Epson Supplier Code of Conduct (RBA Code of Conduct).

Epson has direct material suppliers submit an agreement letter stating that they will comply with responsible mineral sourcing requirements.

Conflict Minerals Survey Program

Epson recognizes that the responsible sourcing of minerals is an important societal issue that it should address. To ascertain whether minerals are being sourced responsibly throughout the supply chain, Epson has established a survey system as stated in Principles of Corporate Behavior. The nature of actions to be taken is set forth in Key Sustainability Topics. Policies and results are discussed and reported at meetings of the Sustainability Strategy Council, a corporate management meeting that includes members of the board of directors.

Epson also established the Epson Group Responsible Minerals Survey Standard and is implementing a survey program across the entire Group in accordance with 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). Using the Conflict Minerals Reporting Template (CMRT) for 3TG and the Extended Minerals Reporting Template (EMRT) for other minerals, including cobalt and mica, provided by the RMI, we identify upstream smelters and refiners of conflict minerals (tin, tantalum, tungsten, gold, and cobalt) with the cooperation of direct material suppliers. We also check the country of origin by obtaining answers about the supply chain.

We ask our suppliers to source minerals only from conflict-free smelters (CFS) certified by RMI's Responsible Minerals Assurance Program (RMAP). If suppliers indicate that they are unable to determine whether the source smelter is a CFS, Epson tries to avoid or mitigate risk by asking them to do additional checking or to source minerals from a different supplier.

Epson holds supplier conferences for CSR at our manufacturing sites around the world. We use these conferences as well as other opportunities to promote understanding of Epson policies, ask suppliers to improve survey accuracy, and share information about trends involving conflict minerals.

We also endeavor to educate suppliers about survey templates and foster understanding of the surveys. Epson will continue working with suppliers to make sure the minerals used in our products fulfill the standards set in our responsible minerals sourcing policy.

To responsibly source minerals used in Epson products, our program follows a five-step framework according to the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas issued by OECD.

STEP 1: Establish strong company management systems.

Epson establishes a Group-wide policy, implements a supply chain due diligence program, concludes written agreements with suppliers, and establishes a grievance mechanism.

STEP 2: Identify and assess risks in the supply chain.

Epson identifies and assesses risks in our supply chain by conducting surveys.

STEP 3: Design and implement a strategy to respond to identified risks.

Epson reports the results of risk assessments to the Chief Procurement Officer, discusses risk mitigation plans with tier 1 suppliers, and monitors their performance.

STEP 4: Carry out an independent third-party audit of the smelter/refiner due diligence practices.

Epson uses the results of the RMI's Responsible Minerals Assurance Program (RMAP) is assessments.

STEP 5: Report annually on supply chain due diligence.

Epson discloses its due diligence status on the company's official Web site, in the annual integrated report, and in other media formats.

Survey Results

Epson conducts surveys using the reporting templates (CMRT and EMRT) provided by the Responsible Minerals Initiative (RMI). The CMRT and EMRT allow users to select one of three declaration scopes: (1) Company-wide, (2) Product (or List of Products), or (3) User-Defined. However, Epson asks that suppliers select Product and answer with respect to specific products that are delivered to Epson so that we can verify the smelter of the minerals included in parts and materials used in Epson products. We believe that conducting the survey in this way will enable us to identify where we should mitigate risk and will result in effective due diligence.

In 2022, Epson conducted a survey of 3TG and cobalt and received completed surveys from 99% of the suppliers of parts/materials containing 3TG and 97% of the suppliers of parts/materials containing cobalt. If a smelter cannot be identified by analyzing answers received from a supplier, if there is a smelter that is not RMAP-certified, or if there is a shortage of the parts covered by the answer, we ask suppliers to conduct an additional survey, change suppliers, or take other risk avoidance or mitigation measures.

Epson is not required to report to the US authorities as we are not listed in the United States, but we do disclose identified smelter and refiner information (name, CID code, and country).

3TG Survey Results

	FY2020	FY2021	FY2022				
			Total	Tin	Tantalum	Tungsten	Gold
Number of identified smelters ¹	340	406	349	86	36	52	175
Number of CFS ²	242	244	229	63	34	37	95
Supplier response rate	97%	99%	99%	-	-	-	-

¹ For information (name, country, etc.) on identified smelters, see "List of the smelters and refiners identified in Seiko Epson's Supply chain which were known by RMI"

² Conflict-free smelters (CFS) certified by RMI's Responsible Minerals Assurance Program (RMAP).

For detailed information on conflict minerals surveys for individual products, please contact your local Epson sales company.

Cobalt Survey Result

	FY2021	FY2022
Number of identified smelters	86	69
Number of CFS ¹	23	35
Supplier response rate	98%	97%

¹ Conflict-free smelters (CFS) certified by RMI's Responsible Minerals Assurance Program (RMAP).

For detailed information on conflict minerals surveys for individual products, please contact your local Epson sales company.

3TG Survey Results (for Procured Parts)

About 44% of the 80,000 parts and materials that were subject to the 2022 survey contained 3TG. We were able to determine that 65% (roughly 23,000 parts) of these were sourced from RMI-certified conformant smelters.

Information and Education to Suppliers

Epson believes that responsible sourcing of minerals is an important societal issue that needs to be addressed, and since supplier cooperation is essential for achieving this, Epson strives to inform and educate its suppliers.

Throughout the year, we provide the following tools and information to ensure that suppliers always have up-to-date and easily accessible information:

- Excel Check Tool to check a smelter's or refiner's RMAP certification information
- RMAP certification renewal information for smelters and refiners

In addition, we analyze the answers of suppliers who complete the surveys and provide them with detailed feedback on results, indicating what might have been missing and where risk avoidance or mitigation measures are needed.

The feedback, which is issued on each reporting template, is intended to clearly indicate where a supplier needs to exercise due diligence.

We also explain the reporting templates and provide individual support for completing them in response to requests from suppliers.

Third-Party Audit Results

Epson's global manufacturing sites undergo RBA VAP audits. All sites that underwent a VAP audit between 2021 and 2022 were found to be in conformity with the RBA's responsible sourcing of minerals (D7) criteria.

Manufacturing Site	Country	Main Products Manufactured
PT. Indonesia Epson Industry	Indonesia	Printers
PT. Epson Batam	Indonesia	Printers
Epson Engineering (Shenzhen) Ltd.	China	Printers Projectors Robots
Epson Precision (Philippines), Inc.	Philippines	Printers Projectors
Epson Precision (Thailand) Ltd.	Thailand	Device products
Epson Precision Suzhou Co., Ltd.	China	Device products
Epson Precision Malaysia Sdn. Bhd.	Malaysia	Device products

Summary of the RBA Code of Conduct requirements for the responsible sourcing of minerals (D7):

Participants shall adopt a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organization for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas or an equivalent and recognized due diligence framework.

Partnerships with External Organizations

The conflict minerals problem is a global issue that we cannot solve alone. We are therefore participating in alliances and initiatives to address the issue of conflict minerals and to enhance conflict minerals surveys in global supply chains.

We support and actively participate in the programs of the Responsible Minerals Initiative (RMI), which was established to address responsible mineral sourcing issues, and of JEITA, a domestic Japanese industry association.

Global initiative

The Responsible Minerals Initiative (RMI)



Number of member companies: 400+

Some of the RMI's activities

Due diligence

Certification program

Development and provision of standardized reporting templates (survey forms)

Domestic Japanese industry initiative

The Japan Electronics and Information Technology Industries Association (JEITA), Responsible Minerals Trade Working Group

Some of the activities of JEITA

- Collaborating with international initiatives such as RMI/GeSI
- Monitoring and sharing information on the regulatory situation in various countries and regions
- Educating and raising awareness among suppliers
- Pressuring smelters that are not RMI-certified to undergo for audits

Reporting to Mitigate Mineral Sourcing Risks

Epson complies with the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and accepts reports from suppliers concerning mineral sourcing risks.

Supply Chain Human Rights Due Diligence

Supply Chain Human Rights Due Diligence

1. Policy (UN Guiding Principle 16)

We at Epson believe that respecting human rights in everything we do is essential to our corporate responsibility. This commitment is reflected in Epson's Management Philosophy and Principles of Corporate Behavior. We established Policies Regarding Human Rights and Labor Standards of the Epson Group in 2005 based on the United Nations Global Compact, and we have been practicing conduct aligned with the "United Nations Guiding Principles on Business and Human Rights" ("the UN Guiding Principles") adopted in 2011. In April 2019, we joined the Responsible Business Alliance (RBA), a non-profit organization that supports the rights and welfare of workers and communities affected by global supply chains, and we promote business activities in accordance with the RBA Code of Conduct together with our suppliers.

Epson is strengthening its human rights initiatives to respond to new challenges in a constantly changing global business environment. On April 1, 2022, we replaced the Policies Regarding Human Rights and Labor Standards of the Epson Group with a new Epson Group Human Rights Policy. This policy is based on the UN Guiding Principles and has been approved by the Seiko Epson Board of Directors.

 [Epson Group Human Rights Policy \(Please refer to page 331 of "Appendices"\)](#)

Epson's human rights initiatives are spearheaded by Seiko Epson's DE&I strategic promotion department under the supervision of the officer in charge of human capital and well-being management. The DE&I strategic promotion department is addressing issues by building a network with corporate supervisory departments and with other relevant departments at Epson's global affiliates. Epson uses the Epson Group Human Rights Policy and the RBA Code of Conduct to identify human rights-related risks in its operations such as child labor, forced labor, other exploitative labor, abuses of workers' rights and unfair labor conditions, discrimination, and inhumane treatment including harassment. Seiko Epson and Epson Group companies conduct an annual CSR assessment survey to evaluate and mitigate these human rights and labor-related risks*. Workers and the labor union and other labor groups are important stakeholders, and Epson Group companies engage with them in genuine dialogue and discussions based on local labor practices and so forth.

* Results of the FY2021 and FY2022 CSR assessments showed that there were no major cases of human rights violations in the form of child labor, forced labor, discrimination, and the like, either at Epson or its Group companies.

We have been educating people, particularly in the human resources departments at Seiko Epson and Epson Group companies at home and abroad, about the RBA Code of Conduct and its requirements, and in FY2021 we also held study classes to familiarize members of the board, personnel in Seiko Epson's Head Office supervisory departments, and certain personnel at our global affiliates with the revised Epson Group Human Rights Policy. In FY2022, employees at all Epson Group companies in Japan were required to take a mandatory course titled "Business and Human Rights."

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 and labor. All personnel are regularly notified of disciplinary actions and other actions taken by the company in response to incidents related to labor, harassment, and other forms of human rights abuses to prevent similar incidents in the future. Furthermore, Epson has whistleblowing systems that customers, investors, people in the local community, and other stakeholders can use to report grievances, which Epson then appropriately addresses.

In addition, we have established supplier whistleblowing systems at domestic and overseas affiliated companies to receive and respond to consultations and reports regarding human rights and labor from our business partners.

2. Human Rights Impact Assessments (UN Guiding Principle 18)

In accordance with the “UN Guiding Principles on Business and Human Rights”, Epson continuously implements a process of “human rights due diligence”. We identify potential or actual adverse human rights impacts, such as forced labor, child labor, harassment, and discrimination in the value chain related to business activities to develop, manufacture, and sell products, not only at group companies but also at business partners. We then investigate, analyze, redress, mitigate, or prevent the impacts.

The process for ensuring that human rights are respected in Epson’s business is as follows:

1. Establish policies, secure the commitment of top management, embed respect for human rights in the Group, and ask suppliers to uphold human rights, as well.
2. Identify and assess adverse human rights impacts.
3. Plan and stop, prevent, and mitigate adverse impacts.
4. Monitor results and progress.
5. Communicate and report performance.
6. Provide for remediation

Specific contents of human rights due diligence are as follows:

- (1) Establishing policies and making commitments

 [Epson Group Human Rights Policy \(Please refer to page 331 of “Appendices”\)](#)

Epson respects the human rights set forth in the International Bill of Human Rights and in the ILO Declaration on Fundamental Principles and Rights at Work. Our human rights initiatives are compliant with the United Nations Guiding Principles on Business and Human Rights, and the RBA (Responsible Business Alliance) Code of Conduct. In particular, as a Regular Member of the RBA, Epson is obligated to observe the RBA Code of Conduct, which was established with reference to the foregoing international human rights norms.

In addition, we have established Epson Group Supplier Guidelines, which mirror the RBA Code of Conduct and are augmented by Epson’s own policies. We communicate these guidelines to our suppliers and obtain from them a written agreement in which they consent to observe the guidelines.

- (2) Method of identifying and assessing adverse human rights impacts

When we assess adverse human rights impacts, we focus particularly on employees, workers, and migrant workers, among all Epson stakeholders (customers, shareholders and investors, local communities, business partners, NGOs/NPOs, employees, etc.), since it is they who should be given the highest priority in terms of human rights.

High-priority groups	Impacts/risks of business activities	Assessment method
Employees of Seiko Epson Corporation and Epson Group	Freedom of employment (forced labor), young workers, working hours, wages and benefits, humane treatment (harassment, etc.), discrimination, freedom of association	RBA-compliant self-assessment
Dispatch workers		
On-site service vendor employees		
Supplier employees		
Foreign migrant workers		

Once a year, we have our business sites, Group companies in Japan and overseas, and suppliers complete a CSR self-assessment questionnaire.

(3) Assessment results and redressing/prevention

Through these assessments, we identify where human rights are adversely impacted and take actions to redress and mitigate them.

To identify adverse human rights impacts of suppliers and on-site service vendors, we ask them to complete a self-assessment questionnaire in which they assess themselves against each section of the RBA Code of Conduct (labor, health and safety, environment, ethics, and management systems) and in terms of respect for the rights of indigenous peoples and foreign migrant workers.

(4) Monitoring

Epson continues to administer a CSR self-assessment questionnaire (SAQ) once a year to gauge how well Epson Group companies, business sites, and suppliers are conforming with the RBA Code of Conduct.

Moreover, major manufacturing sites voluntarily undergo the RBA's Validated Assessment Program (VAP) audit. These assessments help them accurately grasp how well they are conforming to the RBA Code of Conduct and identify issues for redressing and mitigation.

(5) Communication and reporting

Our efforts and progress in promoting respect for human rights are reviewed annually by management and disclosed online and released in Sustainability Report. We issue annual modern slavery and human trafficking statements in accordance with the laws of various countries, including the United Kingdom. These statements explain actions the Epson Group is taking to combat modern slavery.

(6) Remediation

In addition to "Epson Group employees," "dispatch workers," "onsite service vendor employees," "supplier employees," and "foreign migrant workers" who are given priority, we have established reporting systems and support centers for all stakeholders, including customers, investors, and local residents, to appropriately respond to all complaints.

3. Responding to Identified Human Rights Issues (UN Guiding Principle 19)

Suppliers are among the stakeholders for whom addressing adverse human rights impacts is a high priority, but since they are not part of the Epson Group, we have implemented separate programs specifically for suppliers worldwide.

(1) Communication of Code of Conduct and obtaining agreement by Supplier Guidelines

To ensure that the Epson Group Supplier Guidelines are understood by our suppliers, we provide the guidelines in six languages (English, Japanese, Chinese, Spanish, Portuguese, and Thai). The guidelines are available on our website, and Epson Group companies in Japan and abroad communicate the guidelines to all suppliers. We also obtain written agreement to observe the guidelines from major suppliers.

(2) Education through human rights seminars

We believe supplier understanding is essential for ensuring that human rights are respected throughout the supply chain. To help build understanding, in 2021 and 2022, we conducted human rights seminars facilitated by an expert consultant. These seminars helped to better educate suppliers about the requirements and issues surrounding business and human rights.

(3) Implementing due diligence through SAQ and corrective actions

Epson has been conducting supplier due diligence every year since 2016.

We use the SAQ, which confirms compliance with the Code of Conduct, to ascertain the status of respect for human rights at suppliers, and in addition to the implementation of human rights remedies, we provide feedback on matters that need to be addressed, request actions, and confirm completion of the actions at each supplier site. Whilst the RBA Code of Conduct covers a wide range of human rights issues, particularly the ones in Section A. “Labor”, taking into account the ILO core labor standards and the principles of the United Nations Global Compact, we identify salient human rights issues and make addressing these issues mandatory. After analyzing the answers on the 2022 SAQ, we asked about 51% (173 sites) of direct material suppliers to take corrective actions and verified that 84% of the suppliers completed their corrective actions.

Salient Issues

- Child labor (A2 in the RBA Code of Conduct)
- Forced labor (A1 in the RBA Code of Conduct)
- Proper management of working hours (a 60-hour maximum workweek and at least one day off every seven days) (A3 in the RBA Code of Conduct)
- Proper payment of wages (payment of the legal minimum wages and overtime wages, and timely payment of wages) (A4 in the RBA Code of Conduct)
- Humane treatment (no harassment) (A5 in the RBA Code of Conduct)
- Non-discrimination (A6 in the RBA Code of Conduct)
- Freedom of association and the right to collective bargaining (A7 in the RBA Code of Conduct)
- A safe and healthy work environment (B. Health and Safety in the RBA Code of Conduct)

(4) Remediation through supplier whistleblowing systems (UN Guiding Principles 22, 29 and 31)

All Epson Group companies worldwide have set up supplier whistleblowing systems that suppliers can use to report or consult about issues. Reports can be made anonymously and in the local language. Retaliation against whistleblowers is strictly prohibited.

We take steps to ensure that whistleblowing systems are easy to use for our suppliers' employees. We provide information about our whistleblowing systems in the Epson Group Supplier Guidelines and at supplier conferences, and we encourage their use. Reports can be made from the website, and at manufacturing sites employees of on-site service vendors can also use “suggestion boxes”.

In addition, when we become aware of adverse human rights impacts through a report from a supplier employee or an audit, we provide support until a remedy is provided for.

Examples of Remediation

- Working hours were not recorded by an on-site manufacturing contractor due to a malfunction of the recording device, resulting in unpaid overtime wages for that period.
Remedial action: Verified the payment of the missing wages.
- An on-site security services company was not paying overtime wages or holiday allowances and was not granting days off.
Remedial action: Verified the payment of the respective allowances and the granting of days off.

Green Purchasing

Green Purchasing

Introduction

Epson is committed to a policy of creating and providing earth-friendly products. The elimination of harmful substances and resource conservation are a point of emphasis for us, and we have thus made the procurement of supplies that have a lower environmental impact a priority.

Epson will continue to promote efforts throughout the supply chain to strengthen product substance assurance by tracking and controlling the use of substances in products at every stage from product planning and design to shipping and sales.

We ask for your understanding and cooperation in our efforts.

Basic Principles of Product Substance Assurance

Epson procures production materials on the basis of the following five principles:

1. Comply with applicable laws and regulations.
2. Procure materials from suppliers that can comply with conditions specified in this standard regarding banned substances (e.g., thresholds, parts and locations where substances are present, uses).
3. Procure materials from suppliers who can guarantee that banned substances are not present in their products.
4. Procure materials from suppliers who can provide data on target substances present in their products.
5. Accept goods that have been guaranteed by the supplier.

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.