

Supply Chain

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Top Message

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

We Will Build a Sustainable Supply Chain by Engaging Our Suppliers.

Epson wants to help solve societal issues and achieve sustainable growth through sustainability initiatives based on the idea of building social trust, the concept that underlies Epson's Management Philosophy. We are building social trust by complying with local laws and regulations in the countries and regions where we operate, as well as by honoring international sustainability initiatives such as the Sustainable Development Goals (SDGs) and the Responsible Business Alliance's Code of Conduct. Furthermore, as outlined in the United Nations Guiding Principles on Business and Human Rights, Epson's responsibility extends to its value chain.

To attain our goal of achieving sustainability and enriching communities, we are working to ensure socially responsible supply chains and sustainable procurement from the standpoints of human rights and sustainability. In addition, with the cooperation of our business partners and the collaboration of our suppliers, we will proactively take on new challenges, including initiatives meant to solidify business continuity management, transit to 100% renewable electricity, and reduce greenhouse gas (GHG) emissions on our way toward building a green supply chain.

Epson will strengthen its partnerships based on the fundamental stance of fairness, equity, and mutual prosperity with business partners, while working to build a responsible supply chain.



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

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. Realizing responsible supply chains is listed as a Key Sustainability Topic for fulfilling our social responsibility. We are working to achieve the key performance indicators (KPI) that have been set for each of the Key Sustainability Topics, which have been mapped to the 169 targets of the 17 Sustainable Development Goals (SDGs) of the United Nations. The entire Epson Group will contribute to achieving the SDGs targets.

As a means to enhance CSR in its own supply chains, Epson joined the Responsible Business Alliance (RBA) an industry coalition comprised of electronics, retail, auto and toy companies dedicated to responsible business conduct in global supply chains. We support 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.

The Epson Basic Procurement Policy sets forth fundamental procurement practices. We engage in procurement activities that comply with international rules and the laws and regulations of all nations, fulfilling our social responsibilities, including those related to human rights and the environment. We build sustainable supply chains by forging partnerships of mutual trust with our suppliers based on fairness and mutual benefit. We also work with our suppliers to stabilize and optimize quality, prices, and delivery times to deliver products and services of value to our customers.

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 include a Code of Conduct pertaining to labor (human rights), health and safety, environment, ethics, and management systems. This Code of Conduct is based on the Code of Conduct of the Responsible Business Alliance (RBA), a coalition dedicated to supply chain CSR.

Supply Chain CSR Strategy

Epson aims 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 stated in the United Nations Guiding Principles, our responsibility extends to our supply chain. Based on the company policy "to achieve sustainability and enrich communities" we have strategically defined key mid- to long-term supply chain CSR action items from the perspective of "human rights" and "sustainability".

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

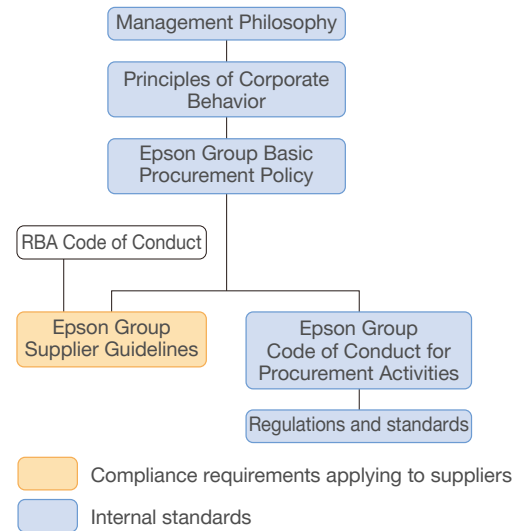
Promoting decent work

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 management leadership team, 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 the 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 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, and presents important topics for deliberation by the Council.

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).

FY2023 Action Items and Results

	Action Items and KPI	Result
1	Improvement in CSR CSR SAQ results (major direct material suppliers ¹) -0% high risk (0 companies) -4% medium risk (20 companies) or less	Major direct material suppliers -0% high risk (0 companies/0 sites) -4.2% medium risk (23 sites)
2	Strengthening conflict minerals survey 1) Survey return rate: 100% 2) Feedback to suppliers using smelters that are not conflict-free certified ² : 100%	1) 100% for CMRT (915 companies) 2) 100% (1500+ Feedback)
3	Strengthening CSR engagement with suppliers: 1) Supplier CSR meetings: Hold at 100% of production sites	1) 94% (15 sites)

¹ Major direct material suppliers: 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.

² Smelters that are not conflict-free certified: Smelters and refineries that are not certified as being conflict-free under the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI).

FY2024 Action Items

	Action Items	KPI
1	Maintain and improve supply chain CSR	1) Return rate of Supplier Guidelines Agreement Letter: 95% (2500 companies) of major suppliers of direct materials ¹ and indirect materials ² 2) CSR SAQ risk level: Zero (0%) major supplier of direct and indirect materials rated high risk ³
2	Strengthening conflict mineral surveys	1) Survey return rate: 100% 2) Provision of smelter or refiner (SOR) information to suppliers: monthly (12 times/year)
3	Strengthening supply chain BCM ⁴	Impact on sales from supply chain disruptions: zero (0)

¹ Direct materials: raw materials and parts required in product assembly, subcontracting of processing, etc.

² Indirect materials: factory supplies that are not direct materials, machinery and equipment, public relations and advertising, logistics, outsourcing, temporary staffing, etc.

³ High risk as assigned by the RBA when RBA-Online is used, or a score of less than 65 points when Epson's own SAQ is used to assess risk level

⁴ BCM: business continuity management

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.

Seiko Epson Corporation has continued to earn high ratings in sustainability assessments by France-based EcoVadis. In 2024, EcoVadis awarded Seiko Epson a Platinum medal. In 2020, a new Platinum medal¹ was established for the top 1% of the approximately 130,000 companies assessed worldwide. Seiko Epson was awarded Platinum medal for three consecutive years from 2020 to 2022. In addition to an overall score, EcoVadis provides scores for Environmental, Labor and Human Rights, Ethics, and Sustainable Procurement Performance. Seiko Epson received its highest score in Sustainable Procurement, an evaluation theme that includes supply chain human rights initiatives, environmental initiatives, and responsible minerals sourcing.

EcoVadis Sustainability Assessment Results Trend

	2020	2021	2022	2023	2024
Overall rating	 Platinum	 Platinum	 Platinum	 Gold	 Platinum
Sustainable Procurement Score	80/100	80/100	90/100	90/100	80/100

¹ Platinum medal: A new rating established in 2020 in the EcoVadis sustainability assessment. Recipients must be in the top 1% and earn a certain score. (The minimum score for Platinum was 75 from 2020 to 2022, 78 in 2023, and then raised to 80 from January to June 2024 and then to 81 from July 2024.)

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. For this reason, the Epson Group Supplier Guidelines includes a code of conduct that we ask suppliers to follow.

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 Supplier Guidelines stipulate the basic quality (Q), price (C), and delivery (D) requirements for transactions, trade control measures that satisfy the requirements of the international community, and measures to ensure security in the supply chain. The Epson Supplier Code of Conduct included in the Guidelines cover corporate social responsibility (CSR) requirements in the areas of labor, health and safety, environment, and ethics with the aim of maintaining socially responsible business practices along with our business partners. To gain the understanding of our suppliers around the world, we have translated the Guidelines into multiple languages. The current version of the Guidelines (Ver. 8.0) is available in seven languages.

We have asked all suppliers to comply with the requirements and have asked our major suppliers to sign a formal agreement. Version 8.0 of the Supplier Guidelines was established in April 2024. All direct material suppliers were notified of the revision, and more than 2,100+ companies (accounts, 95% of the total) submitted written agreements to comply with the Guidelines.

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

Supply Chain Initiatives

Supply Chain Management

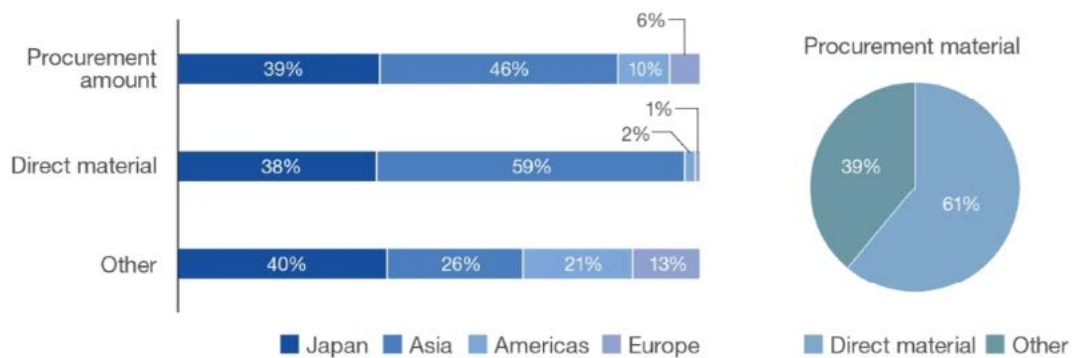
Epson considers suppliers to be important partners in its business activities. As such, our procurement activities are designed to develop mutually beneficial trusting relationships with our business partners based on fairness, transparency, and respect.

Epson procures goods from around the world. Domestic Japanese procurement accounts for about 39% of our total procurement spend. Asia accounts for the large majority of the remaining 61%.

Our procurement spent for direct materials (production materials and outsourced manufacturing) accounts for about 61% of the spend and indirect materials (including factory consumables, machinery, public relations, logistics, and staffing) for about 39%.

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 Over View



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 annual self-assessment questionnaire (SAQ).

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	16
S. Information security	25
Total	68

Suppliers who receive a score of 60 points or less in the annual evaluation are asked to take corrective action. We assist these suppliers in their efforts to improve. If, despite this, no improvement is observed, Epson terminates the relationship. In the 2023 annual evaluation, 14 suppliers scored 60 or were asked to take corrective action.

Direct Evaluation Results

		FY2021	FY2022	FY2023
Number of suppliers		959	937	900
Number of sites		1,572	1,582	1,425
% of suppliers who completed the self-assessment	Goal	100%	100%	100%
	Actual	100%	100%	100%
Suppliers asked to take corrective action (number of sites)		-	16	14

Evaluation of Prospective New Suppliers

New suppliers are asked to sign a Supplier Agreement under which they pledge to observe the Epson Group Supplier Guidelines/RBA Code of Conduct (covering human rights, health and safety, environment, and ethics expectations). They are also asked to complete a self-assessment, the content of which is based on the annual evaluation. Both of these conditions must be met before transactions can begin. 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 the human rights situation at suppliers' sites has many questions in the labor section as well as questions about the protection of the rights of indigenous peoples and foreign immigrants. Epson's SAQ form is available in multiple languages¹ to ensure that local suppliers of Epson's overseas manufacturing sites understand the questions on the SAQ and provide accurate answers.

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

¹ The SAQ for direct material suppliers is available in five languages and that for indirect material suppliers is available in six languages.

Composition of Questions on the 2023 Epson SAQ

Section	Scope & Number of questions	
	Direct supplier	Indirect material supplier
A. Labor (human rights)	40	37
B. Health and safety	30	9
C. Environment systems	13	-
D. Ethics	13	8
E. Management systems	15	9
O. Protection of the rights of indigenous peoples and foreign migrant workers	5	5
Total	116	68

Epson SAQ Scores and Risk Ranks

Risk rank	Score	Remarks
Low risk	More than 85 pts.	<ul style="list-style-type: none"> Suppliers who comply with the requirements of the RBA Code of Conduct
Medium risk	65-85 pts.	<ul style="list-style-type: none"> Suppliers who do not comply with some of the requirements of the RBA Code of Conduct but are expected to take corrective action themselves
High risk	Less than 65 pts.	<ul style="list-style-type: none"> Suppliers who do not comply with many of the requirements of the RBA Code of Conduct and need to be monitored based on a corrective action plan Suppliers who are asked to undergo an RBA (VAP) audit

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

2023 SAQ

In 2023, we conducted a detailed CSR evaluation (SAQ and corrective actions) of major suppliers.

Scope of 2023 SAQ

		Selection Criteria
Direct materials	Major suppliers	Suppliers who account for 80% of the value of Epson's procurement spending ¹
	Other key suppliers	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 production sites
	Staffing/recruitment agencies	Agencies that Seiko Epson and its production sites employ
	Logistics warehouse operators	Operators that Seiko Epson and its production sites employ
	Call center contractors	All call center service providers that Epson uses

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 2023, Epson collected a completed SAQ from all the 270 major tier 1 direct materials suppliers (547 sites) who asked to complete one. Epson also asked single-source suppliers and other key suppliers to complete a SAQ and collected one from each. 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 formulation of and progress of corrective actions plan for critical items related to human rights* and provided assistance as needed.

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

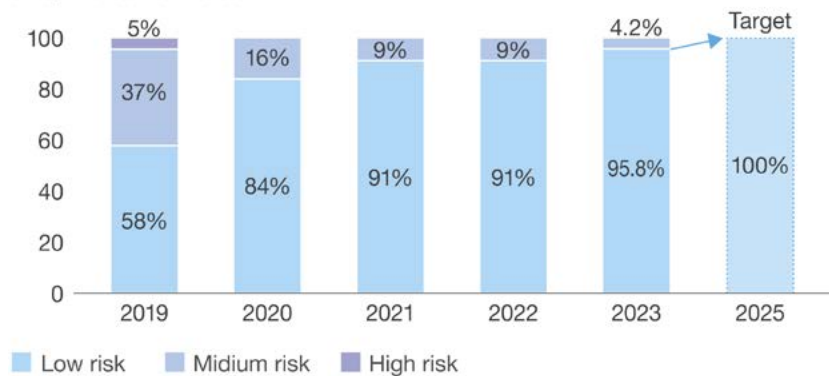
- Prohibition of child labor (none detected)
- Prohibition of slave labor, and forced labor (conclusion of appropriate employment contracts, freedom of movement, limits on company loans)
- Proper management of working hours (no more than six consecutive work days and a limit on working hours of 60 hours/week)
- Proper payment of wages (payment of at least the legal minimum wages and overtime, and timely payment of wages)
- Prohibition on charging workers recruitment fees, humane treatment, harassment
- Humane treatment (prohibition of 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

	2021		2022		2023	
Number of suppliers evaluated	293		164 ¹		270 ¹	
	Epson SAQ (427 sites)	RBA SAQ (70 sites)	Epson SAQ (338 sites)	RBA SAQ (111 sites)	Epson SAQ (401 sites)	RBA SAQ (146 sites)
Mid-term targets (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.)	91% (443 sites)		91% (407 sites)		96% (524 sites)	
			91% (306 sites)	91% (101 sites)	94% (378 sites)	100% (146 sites)
Medium risk (65-85 pts.)	9% (54 sites)		9% (42 sites)		4% (23 sites)	
	9% (53 sites)	0% (1 sites)	9% (32 sites)	9% (10 sites)	6% (23 sites)	0% (0 sites)
High-risk (< 65 pts.)	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 2023, we further expanded the number of companies asked to complete an SAQ.

In addition to the SAQ, we conduct audits at production 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 wages. SAQ scores have risen because of these efforts.

In 2023, we received a completed SAQ from all 277 companies (100% collection rate) with operations at Seiko Epson plants and offices and at Epson's main production sites. As with direct material suppliers, when issues are detected in critical items related to human rights, we ask suppliers to formulate and carry out a corrective action plan, and we confirm that the issues have in fact been addressed.

Example of a corrective action that was confirmed: A on-site manufacturing contractor reimbursed foreign workers for expenses incurred (for Japanese language education, VISA acquisition fees, etc.) in their country of origin.

Evaluation Results for Indirect Material Suppliers

Supplier category		2021	2022	2023
		Number of vendors	Number of vendors	Number of vendors
On site service vendors	Security	15	19	24
	Canteen	13	13	16
	Cleaning	13	17	19
	Facility maintenance	16	17	17
	Others	71	67	75
	Sub-total	128	133	151
Logistics warehouse operators		3	8	8
Staffing/recruitment agencies		89	91	93
Call centers ¹		-	15	25
Risk rank	Low risk (> 85 pts.)	174	203	242
		79%	82%	87%
	Medium risk (65-85 pts.)	46	44	35
		21%	18%	13%
	High risk (< 65 pts.)	0	0	0
		0%	0%	0%

¹ 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. We provide assistance for corrective action taken by suppliers who are found to be at risk.

Third-Party Audits

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 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.



On-Site Verification, and Corrective Action Support

Epson manufacturing company staff members visit suppliers to verify conditions on-site and provide help for corrective actions.

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, tracking and reducing working hours, granting time off, paying appropriate overtime wages, and ensuring that workers are not made to pay recruitment fees.

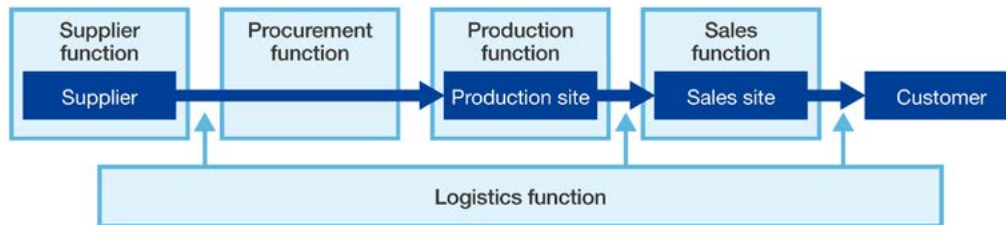
Audit and On-Site Verification (number of sites, Japan and other areas)

Audit/Verification		2021	2022	2023
Third-party audit [RBA (VAP) audit]	Initial audit	16	23	26
	Closure audit	6	12	12 ¹
Second-party audit and on-site verification	Direct Material Suppliers	163	216	217
	Indirect material suppliers	55	64	55
	total	218	280	272

¹ Priority closure audit included

Supply Chain Business Continuity Management

Epson drives business continuity management (BCM) programs across the supply chain so that it can resume supply within the target period and fulfill its supply responsibilities in the event of a disaster, accident, pandemic, or other contingency in the supply chain.



Evaluation of Emergency Response Capabilities

Within our supply chain BCM activities, we encourage our suppliers to implement their own BCM programs to prevent a disruption in the supply of goods we procure from them. We regularly ask suppliers to self-evaluate their emergency response capabilities. We provide them with feedback on the results of these assessments and support their efforts to improve.

Using emergency response capability evaluations, we identify suppliers who have not yet established a BCM program or prepared a business continuity plan (BCP) and offer them BCM support to prepare for contingencies. The goal is to ensure that all key suppliers have a BCM program in place.

In fiscal 2022, we revised the content of the evaluation and the criteria for selecting which direct and indirect material suppliers would be asked to evaluate their emergency response capability. The selection criteria below are used. Those suppliers meeting the criteria (approximately 1,000 companies) were further prioritized and evaluated over a two-year period from 2022 to 2023, and the results were fed back.

Selection Criteria

- Suppliers with whom we had transactions in the previous fiscal year
- Suppliers who have not been evaluated for the past three years
- Suppliers that are critical to Epson's operations divisions

Result of Supplier Emergency Capability Evaluation

		FY2022	FY2023
Number of suppliers who have introduced BCM	Actual	694	336
BCM adoption rate	Target	100%	
	Actual	89%	91%

Safety Management Evaluation

Fires at suppliers' facilities have disrupted supplies in the past. In response, Epson has been evaluating the safety management of direct and indirect material suppliers by asking them to complete a self-inspection. The goal is to enhance their ability to control risks that lead to accidents such as fires, explosions, and chemical leaks. In fiscal 2022, the criteria below were used to select which suppliers to evaluate. Those suppliers meeting the criteria (approximately 1,000 companies) were further prioritized and evaluated over a two-year period from 2022 to 2023.

Selection Criteria

- Suppliers with whom we had transactions in the previous fiscal year
- Suppliers who have not been evaluated for the past three years
- Suppliers that are critical to Epson's operations divisions

Recognizing that supplier safety management is an important element of supply chain BCP, Epson added safety management evaluations as a condition for initiating new transactions in FY2024.

Supplier Support through Site Safety Inspections

In addition to asking suppliers to evaluate their own safety management, Epson has been sending personnel with safety management expertise to suppliers' sites since 2017 to conduct safety inspections and provide support needed to raise the effectiveness with which safety is managed. To date, Epson has helped over 500 companies.

Epson evaluates the results of site safety inspections and assigns suppliers one of the levels that Epson has created.

Levels

Level 1: Requirements met

Level 2: Some requirements not met

Level 3: Requirements not met

All 93 suppliers who conducted site safety inspections in fiscal 2023 were found to be at Level 1 (requirements met). To ensure that all key suppliers attain Level 1, in fiscal 2024 we will continue to support the two companies that were assessed Level 2 (some requirements not met) in 2022 and plan to conduct site safety inspections at 83 companies. This will bring the total number of companies at which site safety inspections have been completed to 631.

Supplier Safety Management Inspections

		Up to FY2021 Result	FY2022 Result	FY2023 Result	FY2024 Plan
Number of suppliers inspected		348	107	93	83
(Breakdown)	Level 1: Requirements met	348	105	93	—
	Level 2: Some requirements not met	0	2	0	—
	Level 3: Requirements not met	0	0	0	—

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 commit to comply 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 (A5 in the RBA CoC, ILO Convention Nos. 100 & 111)
- Freedom of association and the right to collective bargaining (A6 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. The supplier compliance hotlines are recommended for use in reporting and consulting about 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.



Environmental Requirements in the Supplier Guidelines

Epson's Supplier Guidelines include a code of conduct that suppliers are required to adhere to. In addition to requests related to quality, cost, delivery (QCD), and compliance, the Supplier Guidelines set forth the Supplier Code of Conduct on CSR (aligned with the RBA Code of Conduct). Regarding the reduction of environmental impact, Epson requires its suppliers not only to comply with the RBA Code of Conduct (covering pollution prevention and resource conservation, hazardous substances, solid waste, and air emissions, etc.) but also to address environmental issues such as reducing greenhouse gas emissions, promoting resource circulation, managing water resources, managing chemicals, and preserving biodiversity. Additionally, Epson requests that suppliers manage chemical substances contained in products and ensure compliance with environmental regulations at their factories.

Initiatives for Reducing Greenhouse Gas Emissions

Epson has established specific greenhouse gas (GHG) reduction targets for the next 5 to 10 years, aligned with the scientific target-setting methodology proposed by the Science Based Targets initiative (SBTi). These targets are based on the GHG emissions quantified in accordance with the GHG Protocol, encompassing Scope 1, 2, and 3 emissions. Scope 3 emissions represent indirect emissions from the entire value chain, and Epson has set a medium-to long-term reduction target to reduce GHG emissions per unit of business profit by 2025.

Additionally, Epson has joined the international initiative RE100, which aims to use 100% renewable energy for electricity in business operations by 2050. The company has committed to achieving 100% renewable energy for all its global group facilities¹ by 2023, and this transition was successfully completed in December 2023. This change will reduce Epson's GHG emissions by approximately 400,000 tons per year.

Going forward, Epson will work on reducing emissions throughout its entire supply chain to achieve more ambitious total emissions reduction targets in line with the 1.5°C scenario.

¹ Excludes some sales sites and leased properties where the amount of electricity consumed cannot be determined.

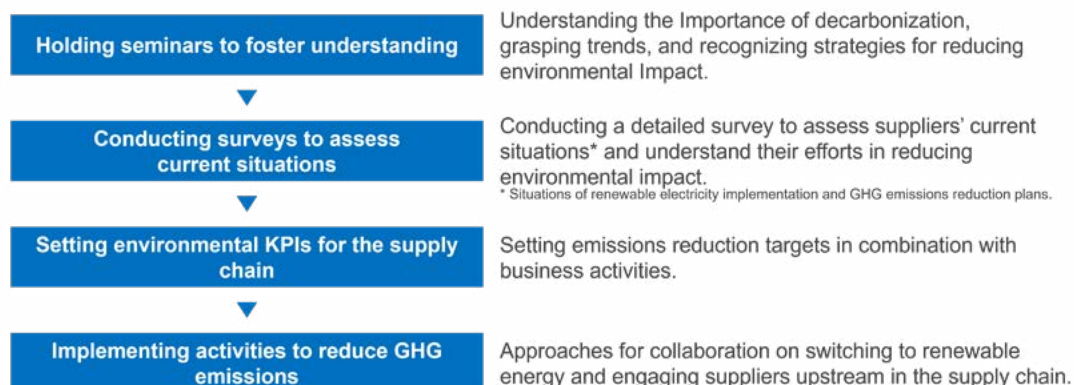
Epson Green Supply Chain

Epson's transition to renewable electricity in 2023 shows its significant first step in addressing the urgent global need for climate change action. However, a substantial portion of Epson's GHG emissions originates from its supply chain, necessitating strengthened collaboration between Epson and its suppliers to promote decarbonization across society.

Drawing on its experience and achievements in successfully completing the transition to renewable electricity early among manufacturers, Epson launched the Epson Green Supply Chain project in 2024. This project aims to foster understanding and encourage cooperation through workshops and seminars, while also implementing decarbonization target setting and providing support for the adoption of renewable electricity among suppliers. Through these activities, Epson seeks to increase the number of business partners who share its vision and to engage the entire supply chain in the challenge of reducing environmental impact.



Steps for Building the Epson Green Supply Chain



Supplier Conferences and Seminars Held in FY2024 (Japan)

Implementation period	Topic	Number of participants
April	Procurement Policy Conference	221 companies
June	Epson Green Supply Chain Conference	115 companies
July	Decarbonization Seminar	1,271 participants in total

* Briefings and seminars for major overseas suppliers are also planned during FY2024.

Strengthening Engagement to Reduce Environmental Impact

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.

Direct Evaluation (Annual Evaluations) and Detailed CSR Evaluations for Suppliers

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.

Environmental Impact Survey

In addition, we survey the suppliers who account for 80% of the value of Epson's procurement spending to find out about their policies and status on renewable electricity initiatives, use of recycled materials, water usage, and awareness of biodiversity, etc.

Response to Climate Risk

As part of activities to mitigate climate change, it is essential to promote the use of renewable electricity and supplier engagement. At the same time, it is urgent to address the physical risks posed by the increasingly visible effects of climate change. 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.

Efforts for Biodiversity Conservation and Endorses TNFD Recommendations

Epson has expressed its support for the recommendations published by the Taskforce on Nature-related Financial Disclosures (TNFD) in September 2023. Moving forward, Epson plans to develop strategies in line with the TNFD framework and aims to disclose information starting in 2025, updating it as necessary.

Epson believes that maintaining healthy biodiversity is crucial for sustaining business activities and the lives of its employees. The company has two fundamental principles regarding biodiversity conservation: “promoting biodiversity conservation through business operations” and “raising employee awareness of biodiversity.” To date, Epson has steadily advanced initiatives to reduce environmental impact, such as measures against climate change, resource recycling and conservation, and pollution prevention and chemical management, thereby addressing factors that influence biodiversity, including climate change and pollution.

Following its endorsement of the TNFD, Epson will organize and disclose these activities in alignment with the TNFD framework. The company will also strive to minimize the impact on nature and biodiversity throughout its value chain and enhance its efforts to harmonize with local ecosystems, contributing to the realization of a sustainable society.



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
Member companies: 242 (as of 5/2024)



Responsible Business Alliance

Advancing Sustainability Globally

[Domestic Japanese industry initiative]

The Japan Electronics and Information Technology Industries Association (JEITA), CSR Committee
Member companies: 29 (as of 4/2024)

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

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 chief operating officers explain the company's policies and the business policies, and the chief officer of supply chain management (SCM) requests cooperation with Epson's Basic Procurement Policy and sustainable procurement practices. Many suppliers attend this event every year.

At the 2024 conference, suppliers were asked to respect and protect human rights, manage business continuity, and help build a "Epson green supply chain" by switching to renewable energy and reducing their greenhouse gas (GHG) emissions.

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 production sites in Japan, China, Philippines, Indonesia, and other areas.

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.

Supplier Participation

	Area					Total number of attended companies
	Japan	China	Philippines	Indonesia	Others ¹	
FY2021	550	22	86	145	11	814
FY2022	969	80	81	30	35	1,195
FY2023	603 (693 people)	417 (473 people)	20 (57 people)	60 (441 people) ²	6 (20 people)	1,106 (1,684 people)

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

² PT. Indonesia Epson Industry (IE), a major production site located in Indonesia, held a conference for 346 employees of service suppliers who work on-site.

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. We also survey suppliers to understand their needs and incorporate that information in our seminars and conferences.

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. In addition, we hold conferences to foster understanding and enlist supplier support for the building of a “Epson green supply chain”. We also hold a seminar taught by an outside consultant about reducing environmental impact.

In FY2023, we also held a conference to explain changes in the latest revisions of the RBA Code of Conduct and Epson Group Supplier Guidelines. The more than 1,000 people who attended gained an understanding of Epson’s procurement policies and the RBA Code of Conduct.

FY2022	Human rights seminar, SAQ briefing ¹ , conflict minerals survey conference
FY2023	Human rights seminar, Environment seminar, SAQ briefing, responsible mineral sourcing conference
FY2024 (plan)	Human rights seminar, environment seminar (decarbonization), SAQ briefing, responsible minerals sourcing conference, Epson Group Supplier Guidelines briefing (including an explanation of the changes to the RBA Code of Conduct)

¹ SAQ briefing includes CSR SAQ (self assessment questionnaire) and environmental survey.

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:

- actions that violate or may violate laws, regulations, or the “Supplier Code of Conduct (human rights, health and safety, environment, ethics, and management systems)” ;
- 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”

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

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

In addition, regarding human rights issues, you may also use the Engagement and Remedy Platform provided by “Japan Center for Engagement and Remedy on Business and Human Rights (JaCER)” to report a grievance.

Internal Training

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		FY2021	FY2022	FY2023
Procurement compliance seminar			Seminar completion rate	82%	96%	98%
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	400	903	700
			Result			
			Persons	522	903	892
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	2,470	3,468	1,273
			Result			
			Persons	1,840	3,299	1,037

Procurement Compliance Training (Worldwide)

We provide procurement compliance training to procurement staff and managers at our overseas production sites to educate them on procurement-related compliance and CSR. In FY2023, more than 3,400 people took the course at 14 sites.

Basic Online Course

Description	For		FY2021	FY2022	FY2023
1. Ethical conduct 2. Subcontract Act & procurement management (Laws & regulations, case studies)	All domestic Epson Group company employees & partners	Target completion rate	90%	90%	90%
		Actual completion rate	91%	88%	92%

* The ethical conduct and the Subcontract Act are covered in alternate years.

RBA (Supply Chain CSR) Professional Training (Worldwide)

Epson provides professional training in CSR to procurement staff who deal with suppliers. 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	Contents
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
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.
Practical Training in Minerals Surveys	Understanding and preparing forms used to conduct minerals surveys (CMRT & EMRT ¹)

¹ The Conflict Minerals Reporting Template (CMRT) for 3TG (tin, tantalum, tungsten & gold) and the Extended Minerals Reporting Template (EMRT) for other minerals, including cobalt and mica, provided by the Responsible Minerals Initiative (RMI)

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 areas such as the Democratic Republic of the Congo (DRC) and adjacent countries are a source of funding for armed groups and anti-government forces carrying out atrocities and gross 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. Mineral mining and trade carry social and environmental risks.

It is Epson's corporate policy to avoid engaging in any form of human rights abuses or environmental destruction. While sourcing minerals that are used in Epson products, we will not tolerate any form of human rights violations or gross 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.

Epson's management team 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). And 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 (SORs¹) 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.

¹ SOR: Smelter and/or Refiner

We ask our suppliers to source minerals only from conflict-free SORs (CFS) certified by RMI's Responsible Minerals Assurance Program (RMAP). If suppliers indicate that they are unable to determine whether the source SORs 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 production 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.

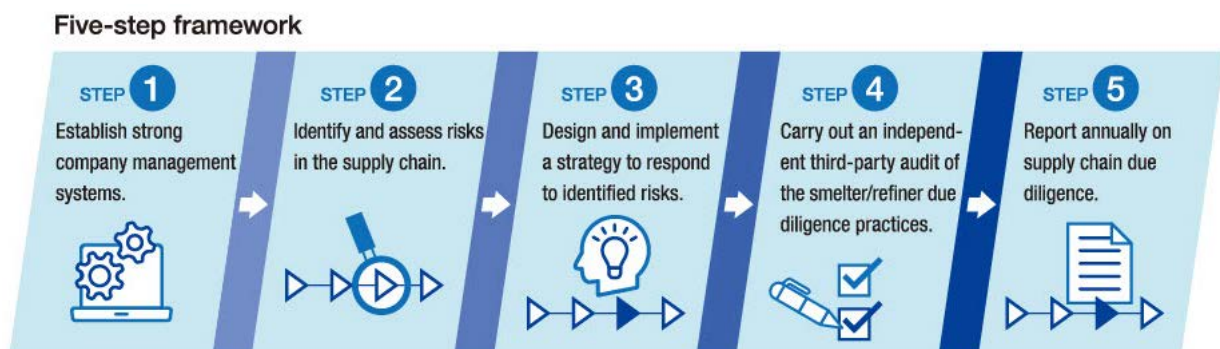
Epson reports the results of risk assessments to the Chief Procurement Officer, discusses risk mitigation plans with tier 1 suppliers, and monitors their performance.

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

Epson uses the results of RMI's Responsible Minerals Assurance Program (RMAP) in 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 2023, Epson conducted a survey of 3TG and cobalt and received completed surveys from 100% of the suppliers of parts/materials containing 3TG and 98% of the suppliers of parts/materials containing cobalt. We analyzed suppliers' answers and provided them with individual feedback based on the results within about a month or two. Suppliers with identified risks were asked to submit a corrective action plan and mitigate those risks.

Confirmed risks

- There are smelters that cannot be identified.
- There are smelters have not been certified as conforming to RMAP (including smelters in high-risk areas).

Risk management plan

- Explained and proposed possible risk mitigation measures to suppliers.
- Asked suppliers to submit a plan for addressing identified risks.

Tracking and monitoring of suppliers' risk mitigation efforts

- Meetings were held with individual suppliers to ascertain whether they have mitigated identified risks in their parts and supply chains.
- The results of surveys from suppliers who were asked to resubmit them were re-analyzed.

Concrete examples of risk mitigation

- We asked suppliers that were unable to identify smelters used for multiple minerals, including gold, to recheck whether they used a smelter that are not RMAP certified. As a result, it was found that no minerals from that smelter were used in parts delivered to Epson.
- We asked suppliers that sources tin in a procurement route that includes a smelter or smelters that is/are not RMAP certified to switch to a different source (or procurement route). We confirmed that the supplier made the change.

3TG Survey Results

	FY2021	FY2022	FY2023				
			Total	Tin	Tantalum	Tungsten	Gold
Number of identified SORs	406	349	357	89	43	52	173
Number of CFS ¹	244	229	234	70	40	34	90
Number of Active SORs	20	16	5	2	1	0	2
Supplier response rate	99%	99%	100%	-	-	-	-

¹ Conflict-free SORs (smelters/refiners) (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	FY2023
Number of identified smelters	86	69	80
Number of CFS ¹	23	35	46
Supplier response rate	98%	97%	98%

¹ Conflict-free SORs (smelters/refiners) (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 products/procured parts)

To ensure that our products are conflict-free and, moreover, that the information we provide to customers is as accurate as possible, Epson manages information on the basis of procured parts that are tied to products. By product, the results of the FY2023 survey confirmed that only RMI-certified smelters/refiners (SORs) are used for products such as semiconductors. We were also able to confirm from the survey that about 76% of the 50,000 procured parts and materials that were subject to the 2023 survey contained 3TG. Of those, 66% (roughly 25,000 parts) were sourced only from RMI-certified SORs.

Information and Education for 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 SOR's RMAP certification information
- RMAP certification renewal information for SORs

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.

We hold annual supplier conferences when we ask suppliers to complete the survey. At these conferences, we talk about responsible mineral sourcing, global trends in mineral issues, Epson's policies, and OECD's due diligence guidance. We also provide ongoing education on survey methodology and on how to answer survey questions. In 2023, a total of more than 1,100 suppliers participated.

Third-Party Audit Results

Epson's global manufacturing sites undergo RBA VAP audits. All sites that underwent a VAP audit between 2022 and 2023 were found to be in conformity with the RBA's criteria for the responsible sourcing of minerals criteria in the RBA Code of Conduct* and E3 in the RBA VAP Standard.

Manufacturing Site	Country	Main Products Manufactured
PT. Indonesia Epson Industry	Indonesia	Inkjet printers, large format printers, small printers, impact dot matrix printers
PT. Epson Batam	Indonesia	Inkjet printer ink cartridges and ink bottles, scanners
Epson Engineering (Shenzhen) Ltd.	China	Inkjet printers, large format printers, 3LCD projectors, industrial robots
Epson Precision (Philippines), Inc.	Philippines	Inkjet printers, 3LCD projectors
Epson Precision (Thailand) Ltd.	Thailand	Device products
Epson Precision Suzhou Co., Ltd.	China	Device products
Epson Precision Malaysia Sdn. Bhd.	Malaysia	Device products

* D7 in the RBA Code of Conduct: 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, gold and cobalt 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.

Epson had an independent, third-party auditing firm conduct a review to verify that Epson sources minerals responsibly in line with the OECD Due Diligence Guidance Framework. The audit firm, in a written opinion following the review, stated that it had not found any discrepancies between the information disclosed on Epson's website regarding its conflict mineral program and the company's conflict minerals survey policy, its survey program and reporting, internal organizational preparations, or the implementation of the survey according to the plan.

Regarding responsible minerals sourcing Independent Review Statement
https://corporate.epson/en/sustainability/supply-chain/pdf/burea_veritas_240311.pdf

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. We also contribute to the RMI's audit fund, believing that it is the responsibility of downstream companies to shoulder the costs of smelter and refiner audits.

Global initiative

The Responsible Minerals Initiative(RMI)



Number of member companies: 500+

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

Number of member companies: 50+

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 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

1. Policy (UN Guiding Principle 16)

We at Epson believe that respecting human rights in everything we do is an essential part of to our corporate responsibility. This commitment is reflected in Epson Group'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 \(Please refer to page 355 of "Appendices"\)](#)

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 provisionally identify human rights-related adverse impacts 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 to evaluate and mitigate these human rights and labor-related impacts*. 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, FY2022, and FY2023 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 Seiko Epson or its Group companies.

We have been making the RBA Code of Conduct and its detailed requirements known to the people in our human resources departments at our domestic and overseas affiliates. We have also been educating our officers and employees about human rights as described below.

2021: With the revision of the Epson Group Human Rights Policy, we held additional study sessions on the UN Guiding Principles on Business and Human Rights for directors and certain personnel from Seiko Epson's Head Office supervisory departments and domestic and overseas Group companies.

2022: Employees at all Epson Group companies in Japan were required to take a mandatory course titled "Business and Human Rights."

2023: 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. Epson Group companies worldwide also respond to human rights and labor-related inquiries and reports they receive from business partners over the supplier whistleblowing systems they have established. In addition to using Epson's own reporting channels, we encourage stakeholders to seek engagement and remedy by filing grievances via a grievance handling platform that conforms to the Guiding Principles on Business and Human Rights and that is provided by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which Epson has joined.

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 and 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, prevent, redress, or mitigate 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. Formulate a corrective action plan, cease, prevent, and mitigate adverse impacts.
4. Monitor effectiveness of the response.
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 (revised in September 2024)

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	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.

In addition to identifying adverse impacts through assessments, we recognize that reports are an important means of assessing human rights impacts.

(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, on-site service vendors, and labor agents, 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. In addition to self-assessments, site visits and audits are also used for verification.

(4) Monitoring

Epson continues to administer a CSR self-assessment 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 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. In accordance with RBA membership obligations and customer requirements, we prepare corrective action plans and seek to redress any nonconformances found during VAP audits.

We use information from reporting channels as a means of measuring the effectiveness of our response to adverse human rights impacts.

(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 the 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, on-site 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. In addition to using Epson's own reporting channels, we encourage stakeholders to seek engagement and remedy by filing grievances via a grievance handling platform that conforms to the Guiding Principles on Business and Human Rights and that is provided by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which Epson has joined.

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 by Supplier Guidelines and obtaining agreement

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

(2) Education through human rights seminars

We believe that supplier understanding is essential for ensuring that human rights are respected throughout the supply chain. To help build understanding, we have been conducting annual human rights seminars facilitated by an expert consultant since 2021. These seminars help 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 self-assessment questionnaire (SAQ), which confirms compliance with the RBA 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 reviewing the answers to the 2023 SAQ, we asked certain suppliers to establish and implement a corrective action plan, and we verified that issues have been corrected.

Salient Issues

- Prohibition of child labor (ILO Convention No. 138/182 & A2 in the RBA Code of Conduct)
- Prohibition of forced labor (ILO Convention No. 29/105 & 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 (ILO Convention No. 100/111 & A5 in the RBA Code of Conduct)
- Freedom of association and the right to collective bargaining (ILO Convention No. 87/98 & A6 in the RBA Code of Conduct)
- A safe and healthy work environment (ILO Convention No. 155/187 & B. Health and Safety in the RBA Code of Conduct)

Examples of redress in 2023

- Refund of recruitment fees charged to foreign workers
We identified via a self-assessment a case in which a manufacturing contractor that uses foreign workers at a manufacturing site had charged foreign worker recruitment fees (for things such as language lessons and visa acquisition costs) in their home country. We discussed the matter with the manufacturing contractor. The contractor provided the worker with a refund, a fact that we confirmed through evidence. The manufacturing contractor also agreed to ensure that workers would not be charged recruitment fees in the future.
- Employment agreements
We found via self-assessments that multiple suppliers had not provided workers with an employment agreement in a language they could understand or that descriptions of terms and conditions of employment had lacked. We explained to the suppliers exactly what should be described in employment agreements, asked them to change the format of such agreements, and reviewed the evidence confirming that redress was made.

(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 persons for having lodged a report is strictly prohibited.

We take steps to ensure that whistleblowing systems, which are accessible from our website, are easy to use for our suppliers' employees. We encourage the use of these systems and provide information about them in the Epson Group Supplier Guidelines and at supplier conferences.

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.

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 wages and allowances and the granting of days off.

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

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.