

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

We at Epson marked the company's 80th year in business in May of 2022. We have always exercised creativity and challenged ourselves to deliver products and services that exceed the expectations of our customers around the world by drawing on the efficient, compact, and precision technologies we have developed since our company was founded in 1942.

To continuously create new value that exceeds customer expectations and to deliver it worldwide, we will create new markets by collaborating with business partners and embracing open innovation. We will work with others who share our aspirations of using Epson's technologies to create new, environmentally conscious products and services and rapidly meet the needs of even more customers. And we will use our global network to deliver valuable services to markets and customers around the world.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	April 1 2021	March 31 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

Brazil
China
Indonesia
Japan
Malaysia
Philippines
Singapore
Taiwan, China
Thailand
United Kingdom of Great Britain and Northern Ireland
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

JPY

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which financial control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Water used at sales companies.	We exclude water used at sales companies occupying rental properties. These are properties mainly used as offices. These waters are used for sanitation and hygiene (WASH) services and in daily life and the volume is negligible compared to the total usage of the entire group. And the risk is considered low because these offices are in buildings rented by the Company and not managed by the Company, which is difficult to ascertain, and because the use is sanitation and hygiene (WASH) services related and processed by a third party. According to "Water Resources in Japan" published by Japan's Ministry of Land, Infrastructure, Transport and Tourism, the amount of water used in daily life is 289 litres per person per day. Of this amount, 37% is used in toilets and to wash hands, so we estimate that the amount of water used for WASH services per employee per day is 107L/person/day. There are approximately 7,000 employees working at the sales companies we excluded from our calculation. This means that annual (assuming 200 operating days a year) daily life related water use at the excluded sales companies is estimated to be approximately 145 megalitres. This is less than 2.0% of the Group's total water use. Considering worldwide water use levels and working hours at offices, the volume of water use per person is likely to be even lower than this.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	JP341475AH94

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	Epson uses large quantities of good quality freshwater in the manufacture of electronic components such as semiconductors. In the manufacture of semiconductors and other electronic components, water is needed for the process of cleaning components. The water taken is purified before use. Our suppliers adopt similar manufacturing processes to us and use large volumes of good quality freshwater. Therefore, the ability to use good quality freshwater in the operation of our plants is vital to the continued operation of both Epson and our suppliers. Neither Epson nor our suppliers anticipates any major changes in the importance of using good quality freshwater to continue similar operations in the future. Even as our business expands, we will actively work to improve the recycling rate of factory wastewater and comply with stricter water quality regulations.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	We use recycled water in production facilities and air conditioning equipment when manufacturing electronic components such as semiconductors. Our suppliers also have similar equipment and machinery and use recycled water. Therefore, the ability to use recycled water in the operation of our plants is important, even if it is not vital, to the continued operation of both Epson and our suppliers. Neither Epson nor our suppliers anticipates any major changes in our assessment of the importance of recycled water to continue similar operations in the future. Even as our business expands, we will actively work to improve the recycling rate of factory wastewater in order to reduce water withdrawals.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters water withdrawal data into SeeMS, which enables us to monitor total water withdrawals. The amount of water withdrawn is normally measured continuously using a flowmeter, and the person in charge of each site/facility enters such data into SeeMS.
Water withdrawals – volumes by source	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters withdrawal volumes by water source into SeeMS, which enables us to monitor withdrawal volumes by water source at each site/facility. The amount of water withdrawn by water source is normally measured continuously using a flowmeter installed in each water source, and the person in charge of each site/facility enters such data into SeeMS.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters the quality of withdrawn water into SeeMS, which enables us to monitor the quality of water withdrawals. The frequency and method of measuring the quality of water withdrawals is set based on the laws and regulations of the countries or regions where each site/facility is located. As an example, a site in the Lake Suwa watershed in Nagano, Japan, monitors basic water quality such as PH and BOD, as well as values such as organic phosphorus twice a month. Water quality is normally measured by external analysis institutes and the results are reported to each site/facility.
Water discharges – total volumes	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters the volume of water discharge into SeeMS, which enables us to monitor total water discharges. The amount of water discharge is normally measured continuously using a flowmeter, and the person in charge of each site/facility enters such data into SeeMS.
Water discharges – volumes by destination	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters the discharged volume by discharge destination into SeeMS, which enables us to monitor discharged volumes by discharge destination at each site/facility. The amount of water discharge by discharge destination is normally measured continuously using a flowmeter installed in each discharge destination, and the person in charge of each site/facility enters such data into SeeMS.
Water discharges – volumes by treatment method	100%	The amount of water discharge by treatment method can be measured during the operating hours of the flowmeters or pumps installed in wastewater treatment facilities at each site/facility. The frequency of measurement varies according to the wastewater treatment facility, and may be monthly, daily, or constant. Epson Group manages wastewater discharge at least monthly by environmental information management system called SeeMS.
Water discharge quality – by standard effluent parameters	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters BOD, COD, TSS and other data into SeeMS, which enables us to monitor water discharge quality by standard effluent parameters at each site/facility. The water discharge quality parameters measured and measurement frequency is determined based on the laws and regulations of the countries or regions where each site/facility is located. Measurements are taken by an external measuring institute and the results are reported to each site/facility.
Water discharge quality – temperature	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters water discharge temperature data into SeeMS, which enables us to monitor water discharge temperature at each site/facility. The monitoring frequency of water discharge temperature is determined based on the laws and regulations of the countries or regions where each site/facility is located. Water temperature is measured by an external measuring institute or by employees using a water thermometer.
Water consumption – total volume	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters the water withdrawal and water discharge volume into SeeMS, which enables us to calculate the total volume of water consumed by deducting the discharged volume from the withdrawn volume. These volumes are normally measured continuously using a flowmeter.
Water recycled/reused	100%	Epson Group has built an environmental information management system called SeeMS to gather and disclose environmental data. Each month, the person in charge of each site/facility enters the volume of water recycled into SeeMS, which enables us to monitor the volume of water recycled at each site/facility. The volume of water recycled is normally measured continuously using a flowmeter installed at each water recycling facility, and the person in charge enters such data into SeeMS.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Epson believes that maintaining and improving the health and safety environment as well as physical and mental well-being is central to its corporate philosophy. To ensure that all employees around the world can work safely and with vitality, we have established the occupational health and safety promotional activities and are developing activities. Drinking water for employees is managed separately from water used in production and water with established water quality standards is usually purchased from public water companies. However, Group standards have been established in accordance with RBA requirements, which stipulate that water quality tests should be conducted at least once a year, and that the results should be stored. Epson cleans sanitation equipment such as toilets and kitchens and maintains them in a hygienic state. The frequency of cleaning sanitation equipment is established based on the regulations imposed on each site/facility and workplace regulations.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	8041	About the same	Water withdrawals in FY2021 were at the same level compared to FY2020. Production increased from FY2020, which was affected by COVID-19, but total withdrawals did not increase significantly due to efforts to reduce usage. In the medium-to long-term, the demand for water at production sites will increase following increased production, but we do not expect any significant changes in total water withdrawals as we are also taking measures to reduce water use.
Total discharges	7088	About the same	Water withdrawals in FY2021 were at the same level compared to FY2020. Production increased from FY2020, which was affected by COVID-19, but total discharges did not increase significantly due to efforts to reduce usage. In the medium- to long-term, changes in total water withdrawal and consumption are not expected, and we do not expect any significant changes in total discharge.
Total consumption	953	Lower	Total water consumption in FY2020 fell as a result of suspending operations at sites/facilities due to the impact of COVID-19 and fell slightly further in FY2021. There were no significant changes in water withdrawals or wastewater discharges, and the changes were not due to special factors. In the medium- to long-term, total consumption will increase following increased production, but we do not expect any significant changes in total water consumption as we are promoting measures to reduce water use and to recycle water.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	51-75	About the same	WRI Aqueduct	"Baseline water stress", "Baseline water depletion", "Water depletion", "Blue water scarcity", and "Available water remaining (AWARE)" are assessed at each site/facility using Aqueduct and Water Risk Filter, by strictly applying the definition set forth in the CDP Water Security 2022 Reporting Guidance. If the risk of any of these five indicators is high, the site/facility is judged to be located in an area with water stress. Identification results show that some of the production sites in Japan, China, Southeast Asia, and South America are located in areas under water stress. This is similar to the results of the previous year. The level of water withdrawal from water-stressed areas was also similar to last year's results.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	We use third party sources or groundwater (renewable) as the manufacture of printers, projectors and semiconductors, our core products, requires a stable supply and quality of water. For this reason, we are not currently using this water source and do not have any plans to use them in the future.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	We use third party sources or groundwater (renewable) as the manufacture of printers, projectors and semiconductors, our core products, requires a stable supply and quality of water. For this reason, we are not currently using this water source and do not have any plans to use them in the future.
Groundwater – renewable	Relevant	731	Higher	Water is essential to the manufacture of printers, projectors and semiconductors, our core products. Groundwater provides us with a stable and inexpensive supply of good quality water and is essential to our operations. Total water withdrawals decreased in FY2020 due to plant shutdowns associated with COVID-19, but began to increase in FY2021.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	We use third party sources or groundwater (renewable) as the manufacture of printers, projectors and semiconductors, our core products, requires a stable supply and quality of water. For this reason, we are not currently using this water source and do not have any plans to use them in the future.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	We use third party sources or groundwater (renewable) as the manufacture of printers, projectors and semiconductors, our core products, requires a stable supply and quality of water. For this reason, we are not currently using this water source and do not have any plans to use them in the future.
Third party sources	Relevant	7310	About the same	Water is essential to the manufacture of printers, projectors and semiconductors, our core products. Third party sources are often more expensive than other water sources but they are essential to our operations as they provide a stable supply of water. Total water withdrawals decreased in FY2020 due to plant shutdowns associated with COVID-19, but were about the same in FY2021.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	2892	About the same	The manufacture of printers, projectors and semiconductors, our core products, uses large volumes of water. Although we encourage water recycling, we have no choice but to discharge excess water. Wherever possible, water is discharged into the sewage system to prevent water pollution. In areas where there is no sewage system, water is treated before being discharged at the destination. Due to the plant shutdown caused by COVID-19 water withdrawals and wastewater discharged to the destination decreased in FY2020. The increase or decrease in FY2021 is within 3% of the FY2020 level. Although the production volume increased from last year, water withdrawal could be reduced due to water conservation measures. The amount of wastewater was about the same as last year.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	There is no connection between Epson and this destination as Epson does not discharge water to this destination and does not plan to do so in the future.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	There is no connection between Epson and this destination as Epson does not discharge water to this destination and does not plan to do so in the future.
Third-party destinations	Relevant	4196	Higher	The manufacture of printers, projectors and semiconductors, our core products, uses large volumes of water. Although we encourage water recycling, we have no choice but to discharge excess water. Wherever possible, water is discharged into the sewage system to prevent water pollution. Due to the plant shutdown caused by COVID-19 water withdrawals and wastewater discharged to the destination decreased in FY2020. In FY2021, due to increased production volume wastewater discharged to the destination increased slightly compared to FY2020.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	2892	About the same	41-50	Water used in operations at sites/facilities is normally discharged into the sewerage system. In areas where there is no sewerage system, water is subject to tertiary treatment before being discharged into rivers. Much of the water we use is for cleaning semiconductors and other electronic components. For this reason, the wastewater discharged is almost always cleaner than the legal limits. Epson was founded on the shores of Lake Suwa, a closed body of water, and we engage in wastewater treatment under the slogan "Never pollute Lake Suwa." For this reason, We have set improving discharge to a level higher than the legal standard as our water goal. The Group's regulations on pollution prevention stipulate that each site/facility should set its own self-management values for discharge and operational control values (Reference values for detecting abnormalities in routine inspections). Self-management standards have basically been set aiming for half of the legal standards, while operational control values have been set aiming for one-tenth of the legal standard. Emergency measures to be taken in case the respective standards are exceeded are also stipulated in the Group's regulations. Self-management values and operational control values are set and altered by the division responsible for preventing and controlling pollution at sites/facilities, which includes the pollution prevention officer and the pollution prevention manager.
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Water used in operations at sites/facilities is normally discharged into the sewerage system. Tertiary treatment is conducted to meet the discharge standards of each country and region when discharging water into the natural environment. Therefore, there is no effluent that falls under Secondary treatment and it is Not relevant.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Water used in operations at sites/facilities is normally discharged into the sewerage system. Tertiary treatment is conducted to meet the discharge standards of each country and region when discharging water into the natural environment. Therefore, there is no effluent that falls under Primary treatment only and it is Not relevant.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Water used in operations at sites/facilities is normally discharged into the sewerage system. Tertiary treatment is conducted to meet the discharge standards of each country and region when discharging water into the natural environment. Therefore, there is no effluent that falls under Discharge to the natural environment without treatment and it is Not relevant.
Discharge to a third party without treatment	Relevant	4196	Higher	51-60	In areas where sewerage systems exist, water used in operations at sites/facilities is normally discharged into the sewerage system. Our goal for water is to improve wastewater discharge above the legal limits. This also applies to the discharge of water to a third party. Much of the water we use is for cleaning semiconductors and other electronic components. For this reason, the wastewater discharged is almost always cleaner than the legal limits.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Water used in operations at sites/facilities is normally discharged into the sewerage system. Tertiary treatment is conducted to meet the discharge standards of each country and region when discharging water into the natural environment. There is no effluent that falls under Other and it is Not relevant.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	1128900000000	8041	140392985.947022	Epson expects to steadily expand its business in the future. On the other hand, total water withdrawal efficiency (sales per water withdrawal) is expected to improve as we improve the efficiency of water use in our operations.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

76-100

Rationale for this coverage

As part of the Socially Responsible Procurement Program, Epson collects and evaluates information from key suppliers who account for 80% of our global procurement spend, using a questionnaire (SAQ) developed independently by Epson based on the RBA standards. 80% of this procurement spend can be attributed to approximately 17% of the total number of suppliers. These suppliers are highly critical to our business continuity. We believe that the number of suppliers selected is sufficient to derive the benefits of our supplier engagement activities. Key suppliers can do business with us on an ongoing basis by responding to the SAQ. We call on suppliers directly to respond to the SAQ during our "Supplier Conference for CSR".

Impact of the engagement and measures of success

The SAQ's water related questions include questions about the type of wastewater, the treatment method, systems for dealing with floods and other disasters, and plans for reducing water resources. We promoted increasing the SAQ effective response rate from the previous year as a success indicator. And successfully increased the response rate to 98.7% in 2021 from 95.3% in 2020. We are considering specific engagement activities aimed at reducing the environmental impact of water and electricity consumption in suppliers' production processes based on the results of the survey. To gain experience and information to implement engagement activities, we plan to conduct engagement activities as a front running project in FY2020 and FY2021, and to then expand our activities into full-scale activities targeting more suppliers from FY2022. However, this activity has not progressed due to COVID-19 until FY2021.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Incentivizing for improved water management and stewardship

Details of engagement

Water management and stewardship action is integrated into your supplier evaluation

% of suppliers by number

1-25

% of total procurement spend

76-100

Rationale for the coverage of your engagement

As part of our Socially Responsible Procurement Program, Epson collects and evaluates information from key suppliers who account for 80% of our global procurement spend, using a questionnaire (SAQ) developed independently by Epson based on the RBA standards. 80% of this procurement spend can be attributed to approximately 17% of the total number of suppliers. These suppliers are highly critical to our business continuity. We believe that the number of suppliers selected is sufficient to derive the benefits of our supplier engagement activities. Key suppliers can do business with us on an ongoing basis by responding to the SAQ. We call on suppliers directly to respond to the SAQ during our "Supplier Conference for CSR". There are questions relating to the environment on the SAQ, including those relating to water, for example questions on the type of wastewater, the treatment method, systems for dealing with floods and other disasters, and plans for reducing resources, including water.

Impact of the engagement and measures of success

We have ranked suppliers as low, medium, or high risk based on their responses to the SAQ, and if a supplier is deemed to be high risk (65 points or less), we conduct site checks and provide support for improvement activities. The supplier SAQ survey's medium-term goal (KPI) up until CY2021 is to have no high risk suppliers. By communicating with suppliers and supporting their improvement activities, we are improving our response to environmental management year by year. Continuing on from the previous fiscal year, CY2021 we once again achieved our goal of having no high risk suppliers. Going forward, we aim to have all major suppliers ranked as low risk in terms of CSR by 2025.

Comment

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?
Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Other

Tools and methods used

WRI Aqueduct

WWF Water Risk Filter

Internal company methods

External consultants

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Comment

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Other

Tools and methods used

Internal company methods

External consultants

Contextual issues considered

Water availability at a basin/catchment level

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Employees

Suppliers

Comment

Our supply chain ethics requirements are based on the Code of Conduct of the Responsible Business Alliance (RBA), of which Epson is a member. Epson, which has mapped each of its supply chain initiatives to one or more of the Sustainable Development Goals (SDGs) of the United Nations, will help to achieve the SDGs by taking action throughout the supply chain. The SAQ survey of suppliers is conducted by screening the top 80% of companies by transaction value. The survey was administered to approximately 300 companies in 2021.

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

[Related issues and stakeholders]

We use a lot of water at our direct operations, including in the manufacture of semiconductors. A number of our production facilities are located in East Asia, Southeast Asia and South America, where water resources are relatively scarce. Given this, the assessment of water availability in river basins is important.

-Local communities/other water users in the river basin: In direct operations, we need to manage water consumption and quality as well as communicate with local communities and other water users in the river basin to avoid conflicts and friction. We need to work with local communities to conserve Status of ecosystems and habitats.

(- Water availability -Water quality - Stakeholder conflicts concerning water resources - Status of ecosystems and habitats)

-Government/regulatory authorities: To keep the business running without delay the use of water, especially drainage water quality, must comply with the regulatory values set by governments and local authorities .

(-Water availability - Water quality - Water regulatory frameworks)

-Customers/investors/NGOs: There is a risk of a loss of customers' and investors' trust if wastewater that exceeds regulatory values is discharged. As a risk avoidance measure, we engage other water users through disclosure and other means. We also engage with NGOs by providing information in accordance with the Epson Group Communication Regulation in addition to responding to inquiries and requests from CDP and other NGOs. We consider them to be entities that represent the demands of society.

(-Water quality - Stakeholder conflicts concerning water resources)

-Employees; employees are the resource responsible for managing these water uses and wastewater. In addition, without access to sufficient quantities of safe drinking water and wash services, there is a risk of health impacts to employees and an impact on plant operations.

(-safely managed WASH services)

-Suppliers: We also have suppliers in our supply chain that use large volumes of water to manufacture the raw materials they supply to us. Therefore the impact on the manufacture of our key products and the supply of raw materials will be significant if, for example, a drought were to make it difficult for our direct operations or suppliers to withdraw water.

(- Implications of water on your key commodities/raw materials)

-Water utilities at a local level: Approximately 90% of the water we use at our direct operations is purchased from water utilities. Therefore, disruptions to the supply of water from water utilities and increases in water rates are a major risk to our business continuity.

(-Water availability at a basin/catchment level - Water quality at a basin/catchment level)

[Assessment method and organisation's response process]

1-1. Water risk assessment concerning our direct operations is carried out as part of the climate change risk and opportunity assessment (internal company method) led by the department in charge of CSV and CSR, and assesses physical risks related to water (flooding and high tides). The water-related risks assessed here are reviewed by the Corporate Strategy Council and reported to the Board of Directors, and then reflected in medium- to long-term business strategies and financial plans for the entire company and each business unit.

1-2. Other water risk factors (water availability, water quality, conflict, biodiversity importance, water, sanitation and hygiene (WASH) services, etc.) relating to our direct operations are assessed by the department in charge of environmental issues using the WRI Aqueduct and WWF Water Risk Filter. If, as a result of the risk assessment, there is a water-related risk that needs to be addressed, the department discusses the risk with relevant internal departments, as necessary, and then brings it up for discussion at the Corporate Strategy Council. These risks are then discussed and deliberated by the Corporate Strategy Council and if the risks are deemed to be significant, the Board of Directors decides response measures and manages the progress of the response.

2-1. Water risk assessments for suppliers are conducted as part of our Socially Responsible Procurement Program by sending suppliers a Self-Assessment Questionnaire (SAQ) which includes water-related questions such as the types of wastewater, wastewater treatment methods, and systems for dealing with floods and other disasters. Suppliers that account for more than 80% of our global procurement spend are asked to respond to the SAQ and are evaluated by being ranked and we provide suppliers with feedback on the outcome of such evaluations. We then support suppliers' improvement activities through on-site verifications and audits of high-risk suppliers.

We receive advice from external consultants on how to conduct water risk assessments involving direct operations and suppliers to continuously improve the way we conduct assessments.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?
No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

<Direct Operations>

Our assessment of climate change risks and opportunities, including our assessment of water-related risks at direct operations, establishes the following impact levels:

- High: 10 billion yen or more per year
- Medium: 1-10 billion yen per year
- Low: Less than 1 billion yen per year

If a risk assessment deems the impact to be "High" we consider the financial impact to be substantive.

Under our overall company-wide risk management system, we have traditionally treated an approximately 1% impact on sales as a level that makes it difficult to conduct business and we have adopted this rule of thumb in our assessment of climate change risks and opportunities. Based on this definition, given that Epson's FY2021 sales were 1128.9billion yen, 1% of that amount (10 billion yen) is the threshold for judging the impact to be "High", in other words, there is a substantive financial impact. Water-related physical risks, such as damage to business sites/facilities due to flooding and rising sea levels, were included in our assessment of water risks. When we updated the results of our 2020 risk assessment in 2021, the results indicated that the impact of severe weather events due to climate change was relatively small with respect to water-related physical risks, and there were no water-related physical risks or specific examples of physical risks with a "high" impact.

<Suppliers>

Water-related risks at suppliers are assessed as part of our Socially Responsible Procurement Program, and Self-Assessment Questionnaire (SAQ) responses from suppliers are comprehensively evaluated and ranked as follows:

- High risk: 65 points or less
- Medium risk: 66-85 points
- Low risk: 86-100 points

If risks are assessed to be high, suppliers are judged to have a substantive strategic impact and we have a system to conduct on-site verifications and provide improvement support.

Under this program, with respect to water, we assess suppliers' systems for responding to floods and other disasters and their plans to reduce resources, including water. The 2021 assessment results did not identify any high-risk suppliers or specific risk cases.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	As a result of risk assessments based on the following substantive impact threshold relating to direct operations responded to in W4.1a, we did not find any water-related risks that may have a "high" financial impact (in other words, water-related risks with the potential to have an impact exceeding 10 billion yen). Therefore, we have not identified any water-related risks that may have a substantive impact on our direct operations. - High: 10 billion yen or more per year - Medium: 1-10 billion yen per year - Low: Less than 1 billion yen per year We have selected seven assessment targets in the transition risk, physical risk, and opportunity categories to assess the importance of climate change related risks and opportunities (including water related risks and opportunities). Our assessment found that two of the seven targets are high, one is medium, and four are low. The physical risk related to water was assessed as low. The physical risks related to water include we analysed floods, high tides and drought risks using RCP 8.5 as a pessimistic scenario and RCP 2.6 as an optimistic scenario for sites/facilities in Japan and abroad. After assessing each business site for high tides, flooding and drought, we concluded that the change in future operational risk to Epson due to flooding (river flooding), high tides and drought, is limited.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	As part of our Socially Responsible Procurement Program, Epson collects and evaluates information from key suppliers who account for 80% of our global procurement spend, using a questionnaire (SAQ) developed independently by Epson based on the RBA standards. There are questions relating to the environment on the SAQ, including those relating to water, for example questions on the type of wastewater, the treatment method, systems for dealing with floods and other disasters, and plans for reducing resources, including water. As a result of risk assessments based on the following substantive impact threshold relating to suppliers in our Socially Responsible Procurement Program responded to in W4.1a, we did not find any high risk suppliers. Therefore, we have not identified any water-related risks that may have a substantive impact on suppliers. - High risk: 65 points or less - Medium risk: 66-85 points - Low risk: 86-100 points In our latest Socially Responsible Procurement Program, 293 companies were evaluated and we had the following results. - High risk: 0 % - Medium risk: 9% - Low risk: 91%

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Products and services

Primary water-related opportunity

Sales of new products/services

Company-specific description & strategy to realize opportunity

In 2015 we developed PaperLab, a dry office papermaking machine capable of recycling paper in the office. PaperLab uses Epson's proprietary technology to make new paper from used paper with almost no water. Epson proposes Eco-Conscious Offices to customers that are sustainable in terms of resources, working styles, and the environment, as an office environment suited to the SDG era and we have started to introduce such offices at our own sites/facilities. PaperLab is an integral component of the Eco-Conscious Offices concept and an important part of our sales strategy. We recognize that a large amount of fresh water is needed to recycle paper and believe that solving this issue will lead to the conservation of water sources and water-related opportunities. We are trying to create PaperLab business opportunities by demonstrating to customers that, by combining PaperLab and inkjet printers in the Eco-Conscious Offices, they can reduce their burden on the environment, including water use, as well as gain economic benefits in terms of cost reductions and increased security, while taking advantage of the convenience of paper such as perspicuity and visibility. In 2018 Paperlab was awarded the Minister of Economy, Trade and Industry's Prize at the First EcoPro Awards, and its external recognition has led to further sales opportunities. The impact of COVID-19 meant that we were unable to adequately promote PaperLab at exhibitions and other conventional style events. We promoted sales by inviting visitors to our environmentally conscious office centre and to Epson Square Marunouchi showroom. We are also involved in a regional co-creation project, KAMIKURU, in Kitakyushu City in Fukuoka, Japan that upcycles paper products using PaperLab. PaperLab is being used as a technology to create paper circulation in the region. While it is difficult to produce short-term results in environmental businesses such as PaperLab, we will continue our efforts to capture more futuristic opportunities.

Estimated timeframe for realization

More than 6 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

1000000000

Potential financial impact figure – maximum (currency)

10000000000

Explanation of financial impact

Epson conducted scenario analysis in the transition risk, physical risk, and opportunity categories to assess the importance of climate change related risks and opportunities. "Progress in the paper circulation cycle in the office" has been selected as an opportunity assessment target and assessments are conducted by establishing the following two scenarios to assess the importance of the assessment target. -Increased paper recycling costs due to higher used paper prices and confidential document collection and disposal costs -Popularized paper recycling culture in the office by improving environmental awareness and confidentiality management, and developing recycling technology, etc. Our assessments found that opportunities to sell PaperLab increased due to increases in the cost of recycling paper and the popularization of paper recycling culture. The impact of this opportunity assessment target has been rated "medium", in other words, the financial impact is rated between 1 and 10 billion yen per year, and there is a medium-term manifestation period, in other words, between 10 and 50 years.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Description of water-related standards for procurement</p> <p>Reference to international standards and widely-recognized water initiatives</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to water-related innovation</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace</p> <p>Acknowledgement of the human right to water and sanitation</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>In our Sustainability Report (SR), we indicate our basic policies and perceptions relating to water. This is the Epson Group's company-wide policy. Specifically, the SR explains and states the following: - Water is closely linked to other environmental factors including climate change - Our business activities rely on water and affect the external water environment - The importance that all employees have access to safe drinking water and a sanitary water environment</p> <p>Quantitative Targets: To improve business profit intensity and total water withdrawal from the previous year</p> <p>Water Quality Objectives: discharge to a level higher than the legal standard</p> <p>This target and goal correspond to our water-related performance standards for direct operations. Epson has announced our commitment to contributing to the SDGs in the name of our president (CEO). We have established "Creating new products and services with leading technology" as one of our water-related Key CSR themes, thereby contributing to the innovation of water-related technologies. Consent to the human right to water and sanitation: We are a member of the Responsible Business Alliance (RBA), a global alliance of companies in the electronics industry that promotes CSR. And Linking the company's materiality and key sustainability themes to the SDG targets. As part of our Socially Responsible Procurement Program, Epson collects information from and evaluates suppliers using our own questionnaire (SAQ) based on the RBA's auditing standards. Specific examples of questions relating to water in the SAQ include questions about the type of wastewater, the treatment method, and systems for dealing with floods and other disasters, and the responses we receive are used to evaluate suppliers for procurement purposes. Lake Suwa is located in the Suwa area where Epson headquarters is located. Local governments, citizens, and organizations in the region have organized the "Suwa Lake Creation Vision Promotion Council" to improve the water quality and desirable use of the lake. Epson is committed to this council through the Suwa Branch of the Nagano Environmental Conservation Association, which is organized by local companies. In order to appropriately disclose information externally, Epson bases information disclosure on compliance with core options in the GRI standards, an international initiative for sustainability reporting, that includes water, and publishes a GRI standards comparison table, that includes water.</p>

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	<p>All final decisions on environmental management, including water and climate change, are made and enforced by the Board of Directors, which is chaired by the Chairman. The Board of Directors manages information on environmental management, including water and climate change related issues and maintains a process for confirming what we should do based on that information at lower levels meetings. Environmental activities related to water and climate change are a Group-wide activity, and therefore fall under the responsibility and authority of our Group's Chief Executive Officer (President). In FY2020, the Board of Directors made revisions to Environmental Vision 2050 and made decisions on Epson 25 Renewed. And the final decision of revisions to Environmental Vision 2050 and Epson 25 Renewed was made by the President (CEO). Example of a decision related to water made by our CEO (President): In FY2021, the results of our climate change risk and opportunity assessment, including the assessments of physical risks relating to water (flooding, high tides and droughts) at direct operations, the impact on operations, and the financial impact are ultimately approved by our Board of Directors and CEO, following a directional review by our Sustainability Strategy Council.</p>

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	The Board of Directors makes decisions on basic business policies, important business affairs, and other matters that the Board of Directors is responsible for deciding as provided in internal regulations. Business affairs that the Board of Directors is not responsible for deciding are delegated to executive management, and the Board monitors these. As such, matters discussed by the Board of Directors are limited to motions of the highest importance (e.g., governance, capital policy, compliance, risk management, deliberations on megatrends and mid- to long-term strategies). Environmental activities, including water-related issues, are also considered one of the highest important issues. Management meeting bodies have been established for executing operations. Among them is the Corporate Strategy Council, which usually meets about once a week to allow Directors, Executive Officers, and Special Audit & Supervisory Officers to exhaustively discuss important business themes that affect the entire Epson Group and matters brought up before the Board of Directors. Environmental initiatives, including water-related issues, are positioned as a important business theme, and the executive officer in charge of the environment regularly reports to the Corporate Strategy Council. The Council discusses reviews to targets and strategies for the environmental initiatives and revises budgets and plans in line with such reviews, and then submits the result of their discussions to the Board of Directors.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Other, please specify (Regular reports are made and discussions are held by the executive officer in charge of environmental issues, who is responsible for a specialised organisation under the Board of Directors)	Scenario analyses and target reviews to respond to environmental issues including water related issues are regularly reported by the executive officer in charge of environmental issues, who is responsible for a specialised organisation under the Board of Directors, and discussed at the Board of Directors. For this reason, the Board of Directors considers that it has a certain level of competence on environmental issues including water related issues and has not appointed a director specifically responsible for those issues. However, in the future, we plan to appoint a director with competence to accelerate our efforts towards realizing Environmental Vision 2050. That person will be invited to join the Board of Directors as outside director with the expectation that he or she will provide useful recommendations on environmental issues including water related issues for the company from an objective position.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Executive Officer (CEO)

Responsibility

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Corporate Strategy Council meets on a weekly basis to deliberate important execution of business as an advisory body to the CEO. The Council was established as a place for executives to discuss important management topics pertaining to the entire Group and is chaired by the CEO (President). Environmental initiatives, including water risks, are positioned as a key management theme, and the executive officer in charge of environment reports such initiatives to the Corporate Strategy Council. As an example of water-related case study, in FY2021, we assessed the water-related physical risks (flooding, high tides and droughts) at direct operations as part of our climate change risks assessment, and the water-related risks assessed here have been reviewed by the Council and reported to the Board of Directors. The President (CEO) is responsible for the final decision on matters related to our environmental management and environmental activities, including water related issues.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO)	Other, please specify (ESG management (environment assessment, CSR survey ranking) including water related issues.)	ESG management (environment assessment, CSR survey ranking) as a qualitative evaluation based on the progress of strategies toward achieving the operating performance targets of the Epson 25 Renewed.
Non-monetary reward	Director on board Other C-suite Officer (Executive Officers) Other, please specify (Presidents of subsidiary companies)	Reduction of water withdrawals Reduction in consumption volumes Improvements in efficiency - direct operations Improvements in waste water quality - direct operations Increased access to workplace WASH	Our President Award include an environmental award, as a non-monetary award system aimed at recognizing business units (including directors and executive officers in charge of business units) and sites/facilities (including presidents of subsidiary companies) that have demonstrated high performance through outstanding overall environmental activities. In relation to water, units and sites/facilities that reduce water consumption, improve water use efficiency, improve wastewater quality, and improve water-related sanitation are eligible for the award. Many of these water related activities at business units and sites/facilities have relation to our water policies (detailed at W6.1a). Units and sites/facilities are comprehensively evaluated on a 100 point scale in terms of their specific environmental activities such as reducing water consumption, environmental management, and environmental indicator achievement, and the units and sites/facilities that achieve 80 points or more are eligible to receive an environmental award of excellence. The FY2021 Environmental Award was awarded to a site that reduced water consumption by approximately 10% by introducing a water recycling process. The site manufactures printer ink cartridges. One of their initiatives involved installing an ink wastewater treatment system that enables distilled water produced during wastewater concentration to be safely used in daily use, such as in toilets.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	21-30	In March 2021, we revised our Environmental Vision 2050, which describes our vision for where we want to be in 2050, as a long-term strategic business plan for the environment. The environmental aspects of our long-term vision, Epson 25 Renewed, which is based on the Environmental Vision 2050, states that we are committed to decarbonization and resource recycling, as well as to providing products and services that reduce the impact on the environment and to promoting the development of environmental technologies. The conservation of water resources is positioned as one of key actions for our materiality "resources/forming a circular economy." Water is closely linked to other environmental aspects, including climate change. Epson relies on a large volume of water resources in our business activities, and we are working to conserve water resources by not polluting or consuming more water than necessary and by recycling and reusing water based on our awareness that the sustainability of water resources has a major impact on business continuity.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	21-30	We are working to conserve water resources by not polluting or consuming more water than necessary and by recycling and reusing water based on our awareness. In our production processes, we are actively working to improve the factory wastewater recycling rate and to comply with stricter water quality regulations, and we are introducing more energy-efficient water treatment facilities to reduce our overall environmental impact. The entire Group has achieved and maintains improvements in wastewater above the legal standards. For example, the FY2021 Environmental Award was awarded to a site that reduced water consumption by approximately 10% by introducing a water recycling process. It is also important that all employees have access to safe drinking water and a sanitary water environment, and we are working to educate employees about water conservation and pollution prevention, and to install water-saving and sanitation equipment. Water risk assessments concerning our direct operations are carried out as part of the climate change risk and opportunity assessment (internal company method) led by the department in charge of CSV/CSR, and assesses physical risks related to water. Going forward, we will develop technologies in anticipation of expanding environmental businesses opportunities that apply our proprietary dry fibre technology in areas in which new market growth is expected following the shift to a circular economy.
Financial planning	Yes, water-related issues are integrated	21-30	The environmental aspects of our long-term vision, Epson 25 Renewed, which is based on the Environmental Vision 2050, states that we are committed to decarbonization and resource recycling, as well as to providing products and services that reduce the impact on the environment and to promoting the development of environmental technologies. Risk assessments concerning water-related issues are conducted as part of our climate change risk and opportunity assessment led by the department in charge of CSV and CSR, and we assess physical risks related to water (flooding, high tides and drought) at direct operations. The results of our climate change risk and opportunity assessments and response policies are reviewed by the Corporate Strategy Council and reported to the Board of Directors, and then reflected in medium- to long-term strategies and financial plans for the entire company and each business unit.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

-67.46

Anticipated forward trend for CAPEX (+/- % change)

327.38

Water-related OPEX (+/- % change)

3.63

Anticipated forward trend for OPEX (+/- % change)

-1

Please explain

We calculated CAPEX based on actual capital expenditure relating to water and projected investment. Capital expenditures are mainly for renewal of wastewater equipment, piping, pumps, tanks, etc. In FY2021 we planned to upgrade the wastewater treatment facilities at some sites, but we decided to postpone the upgrades until FY2022. In FY2022 CAPEX is expected to increase significantly. OPEX is the cost of water withdrawal calculated based on actual water and wastewater rates. OPEX decreased last year as a result of the decrease in both total water withdrawal and total discharge volume. OPEX began to increase again in FY2021. In addition to the increase in water consumption, the rise in water and sewage rates are thought to be a factor in the increase in OPEX. We assume that there is a correlation between changes in water and sewage rates and changes in electricity consumption. Given electricity consumption, we estimate that in FY 2022 OPEX will decrease by 1% compared to FY2021.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	<p>We have analysed scenarios in the transition risk, physical risk, and opportunity categories to assess the importance of climate change related risks and opportunities (including water related risks and opportunities). As a result, we have achieved the following water-related outcomes.</p> <p>■Physical risks We analysed floods, high tides and drought risks using RCP 8.5 as a pessimistic scenario and RCP 2.6 as an optimistic scenario for sites/facilities in Japan and abroad. [Time horizon] Our assessment was based on the year 2050 with long-term time points of 2085 for floods and 2090 for high tides and droughts. [Summary of scenario analysis] For floods, a future hazard grade was assigned taking into consideration future changes to the current 100-year replication period reported in Global flood risk under climate change (by Hirabayashi et al., 2013). For high tides, a high tide hazard grade was established based on inundation hazard information and topographical conditions, and the future hazard grade was assessed by adding the projected sea level rise of the IPCC WGI Interactive Atlas: Regional information (Advanced), CMIP6-Sea Level Rise (SLR). For droughts, baseline hazard grade was established using the WRI Aqueduct Water Risk Atlas and the future grade was assessed based on future change projections using the IPCC WGI Interactive Atlas, selecting parameters of Regional information (Adapted), CMIP6 Standardised Precip Index (SPI-6), Annual. ■Opportunities As a climate change scenario, we analysed opportunities associated with the development of future paper circulation cycles and industrial structure innovation, focusing on the IEA 2DS. This scenario analysis was revised in line with the 1.5°C scenario in 2021. [Time horizon] Assessment time horizons were assumed for the short-term (up to 2030) and the medium-term (up to 2070). [Summary of scenario analysis] We assessed environment-related businesses opportunities on the assumption of an increase in social demand for innovation in driving the circular economy and industrial structure, which is one of our materialities.</p>	<p>■Physical risks After assessing each business site for high tides and flooding, we graded the future risk to Epson due to flooding (river flooding), high tides and drought from A to E. As a result, we confirmed that the impact will be slightly higher in China and other sites, but concluded that the impact would be limited.</p> <p>■Opportunities Market growth in climate solutions and market growth in waste treatment and effective use of resources is expected. Going forward, we will develop technologies in anticipation of expanding environmental business opportunities that apply our proprietary dry fibre technology in areas in which new market growth is expected following the shift to a circular economy.</p>	<p>■Physical risks The risks of flooding (river flooding), high tides and drought is limited and the impact on our business strategy will also be small. Climate changed related physical risks involve a plethora of uncertainties. The Production Planning Division's Production Planning Dep. and Environmental Planning Dep. spearhead efforts to collect and analyse information on suppliers BCPs to raise the accuracy of our information and forecasts. We also encourage our suppliers to address risks. Epson, which calls its system for managing and minimizing business damage and losses "BCM" (business continuity management), has asked its suppliers to build a BCM. ■Opportunities In our environmental business, sales revenues are expected as a result of the development of products that are expected to reduce the use of water resources, which will contribute to the shift to a circular economy. We are promoting the development and commercialisation of products that use dry fibre technology as part of the commercialisation of environmental technology development. In 2021 we established a consortium to jointly develop technology for Pararesin, a biomass plastic, as an initiative using dry fibre technology. Going forward, we aim to be able to supply 200,000 tonnes of biomass plastic per year by 2030.</p>

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

We are currently collecting and reviewing information on our use of water pricing.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	Yes	Developed by Epson, PaperLab is an in-office dry office paper recycler. PaperLab produces recycled paper from used paper without the need for a water supply and drainage system and with only a very small amount of water for humidification. Traditionally, the production of paper consumes large quantities of water both to grow trees, its raw material, and in the manufacturing process, and requires related equipment and energy, such as water treatment and drainage. The production of recycled paper also requires large quantities of water. PaperLab revolutionises the recycling of used paper, which was previously a large-scale process, and enables in-office recycling on a smaller cycle. PaperLab enables customers to recycle confidential documents, that must be securely destroyed, themselves, rather than outsourcing destruction to a third party.	<Not Applicable>	According to P.R. VAN OEL & A.Y. HOEKSTRA (2010), 7759 m³ of water is required to produce standard paper, including during the tree growing stage. PaperLab uses 71 m³ of water, or 1% of that amount, to produce recycled paper.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level Specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	For our medium- to long-term environmental targets, including water, our Group regulations stipulate that the department in charge of environmental issues drafts comprehensive measures for medium- to long-term environmental activities and obtains approval from the general administrative manager in charge of environmental affairs. However, due to reviewing our Environmental Vision 2050, which is based on our environmental activities, and the impact of Covid-19, we do not currently have any medium- to long-term water targets. In the future, we intend to establish medium- to long-term water targets based on Environmental Vision 2050 (revised in March 2021) and Epson 25 Renewed. For this reason, we have set a Group-wide water-related target for FY2020 of an absolute reduction in total water withdrawals to below FY2019 levels. Some units and sites/facilities have set a water-related target of reducing water consumption as one of their ISO 14001 environmental goals and are monitoring and assessing the implementation and performance of such activities. For example, a site/facility in Nagano Prefecture, Japan, sets the water target by subtracting the water volume associated with reduction activities of each year from the water withdrawals volume based on the business plan of the year. We have set improving discharge to a level higher than the legal standard as our water goal. The Group's regulations on pollution prevention stipulate that each site/facility should set its own self-management values for discharge and operational control values (Reference values for detecting abnormalities in routine inspections). Self-management standards have basically been set aiming for half of the legal standards, while operational control values have been set aiming for one-tenth of the legal standard. Emergency measures to be taken in case the respective standards are exceeded are also stipulated in the Group's regulations. Self-management values and operational control values are set and altered by the division responsible for preventing and controlling pollution at sites/facilities, which includes the pollution prevention officer and the pollution prevention manager.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water use efficiency

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

We rely on a large volume of water resources in our business activities, and we are working to conserve water sources by not polluting or consuming more water than necessary and recycling and reusing water based on our awareness that the sustainability of water resources has a major impact on business continuity. We have set the water withdrawal per business profit as Target for FY2021 and aim to improve the basic unit from FY2020.

Quantitative metric

% increase in water withdrawal efficiency (i.e. revenue generation per water withdrawal volume)

Baseline year

2020

Start year

2021

Target year

2022

% of target achieved

100

Please explain

We set a Group-wide water-related target for FY2021. That is to reduce the business profit intensity of water withdrawal to below FY2020 levels. The business profit intensity of water withdrawal in FY2021 was 8,900 cubic meter per 100 million yen. This is a significant improvement from 12,800 cubic meter per 100 million yen in FY2020. This is because water withdrawal was kept at the same level as in FY2020 through water conservation and other efforts, while business profit increased significantly in FY2021.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Improve wastewater quality beyond compliance requirements

Level

Site/facility

Motivation

Corporate social responsibility

Description of goal

Given that Epson was founded close to Lake Suwa, an area of rich nature, the local community expects us to engage in water quality protection activities, and we have taken strict wastewater management measures. In the 1970s, when pollution attracted public attention, we set self-management values which were stricter than the legal standards set in laws and ordinances, and painstakingly worked to prevent water pollution. At present, the Group's regulations on pollution prevention stipulate that each site/facility should set its own self-management values for discharge and operational control values, and self-management standards (Reference values for detecting abnormalities in routine inspections) have been set at each site/facility at half of the legal standards, while operational control values have been set at one-tenth of the legal standard. Through these measures, the entire Group has achieved and maintains improvements in wastewater above the legal standards. "Control of water and drainage" is one of our key CSR themes. We believe that the establishment of group-wide self-management standards and operational control values for wastewater will contribute to water quality protection not only in the vicinity of Lake Suwa, but also in countries around the world where our sites/facilities are located.

Baseline year

1970

Start year

1970

End year

2022

Progress

Given that our water quality protection efforts are permanent, for convenience we have chosen reporting year (2022) as the final year. We have been working to protect water quality since the 1970s by setting self-management values, so we set the baseline year and start year as 1970. To evaluate the effort, we use each water quality item measured at each site/facility as an assessment indicator, and at a minimum, we take the threshold for judging success as each water quality item not exceeding the legal standard. For example, in FY2021, the Hirooka Plant regularly measured water quality for approximately 20 items, including pH, BoD, and SS. As a result, the self-management value(e.g., pH 5.8-8.6) was confirmed to meet the standard. No plants exceeded legal standards for wastewater in FY 2021.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Water consumption data for a total of 43 Epson Group sites.	ISAE 3000	An external verification organization verified water-related data at a total of 43 Epson Group sites through document reviews and on-site verifications.

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Approved by the CEO at a meeting of the Board of Directors	Chief Executive Officer (CEO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	1128900000000

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	Yes, for all facilities	

SW1.2a

(SW1.2a) Please provide all available geolocation data for your facilities.

Identifier	Latitude	Longitude	Comment
Seiko Epson Corp. Head Office	36.053441	138.115102	
Seiko Epson Corp. Hirooka Office	36.152927	137.951959	
Seiko Epson Corp. Fujimi Plant	35.936918	138.207244	
Seiko Epson Corp. Suwa Minami Plant	35.932436	138.217333	
Seiko Epson Corp. Shiojiri Plant	36.105029	137.969383	
Seiko Epson Corp. Matsumoto Minami Plant	36.158039	137.976186	
Seiko Epson Corp. Toyoshina Plant	36.302507	137.93012	
Seiko Epson Corp. Ina Plant	35.922437	137.981375	
Seiko Epson Corp. Hino Office	35.672129	139.404145	
Seiko Epson Corp. Chitose Plant	42.790328	141.699172	
Seiko Epson Corp. Matsumoto Plant	36.23786	137.95752	
Seiko Epson Corp. Kanbayashi Plant	36.190331	137.922326	
Seiko Epson Corp. Sapporo Software Center	43.03619	141.499813	
Seiko Epson Corp. Oita Software Center	33.3368	131.488987	
Epson Repair Corp.	35.458523	134.242694	
Epson Mizube Corp.	36.059804	138.110602	
Epson Atmix Corp. Head Office	40.538114	141.505235	
Epson Atmix Corp. Kita-Inter Plant	40.546493	141.427934	
Miyazaki Epson Corp.	31.843367	131.375137	
Akita Epson Corp. Head Office	39.204422	140.498671	
Epson Avasys Corp. Head Office	36.363437	138.22757	
Epson Avasys Corp. Ueda Office	36.360368	138.221103	
Epson Telford Ltd.	52.717943	-2.465233	
EPSON DO BRASIL INDUSTRIA E COMERCIO LTDA.	-23.495573	-46.835783	
Epson Portland Inc. Head Office	45.548269	-122.890335	
Epson Portland Inc. Longview Office	46.14722	-122.987502	
PT. Indonesia Epson Industry	-6.327955	107.116783	
Epson Precision (Philippines), Inc. Lipa Plant	14.011959	121.173149	
Epson Precision Malaysia Sdn. Bhd.	3.205032	101.616882	
Epson Precision (Thailand) Ltd.	13.603507	101.343337	
Epson Precision (Johor) Sdn. Bhd.	1.515206	103.730026	
PT Epson Batam	1.069511	104.019875	
Epson Engineering (Shenzhen) Ltd.	22.554459	113.936268	
Tianjin Epson Co., Ltd.	39.118648	117.148828	
Epson Precision Suzhou Co., Ltd.	31.311885	120.527987	
Epson Wuxi Co., Ltd.	31.548771	120.353937	
Epson Surface Engineering (Zhenjiang) Co., Ltd.	32.162478	119.614982	
Singapore Epson Industrial Pte. Ltd. Main-Plant	1.334589	103.641393	
Singapore Epson Industrial Pte. Ltd. Plating-Plant	1.326158	103.691228	
Epson Taiwan Technology & Trading Ltd.	25.034263	121.567851	
Tohoku Epson Corp. Head Office	38.884787	139.814495	
Epson Precision (Thailand) Ltd. Branch office 2	13.600013	101.340177	
ETF	35.493851	139.682834	

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms