EPSON
EXCEED YOUR VISION

Epson Group

Sustainability Report 2019

Management Philosophy

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

EXCEED YOUR VISION

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

EPSON
EXCEED YOUR VISION

Epson conducts its business activities with the aim of becoming a company that is indispensable to customers and society. These activities are rooted in our Management Philosophy and in the employee mission underpinning the “Exceed Your Vision” tagline.

Contents

Reporting Period

April 2018 to March 2019

Note: Contains some information on activities conducted after March 2019.

Scope

This report describes the sustainability efforts of Seiko Epson Corporation and 85 Group companies. The scope of environmental reporting, however, covers Seiko Epson Corporation, and 54 Group companies.

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

Organizational Changes in This Reporting Period

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

Guidelines

This report has been prepared in accordance with the Core option of the GRI Standards 2018[*1]. ISO 26000: 2010/ JIS Z 26000: 2012 (Guidance on social responsibility) was used as a reference.

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

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

Previous Reports

Epson has been publishing a report every year since 1999. In 2003, the name of the report was changed from Environmental Report to Sustainability Report.

Date of Report Publication

October 3, 2019 (previous report: September 28, 2018)

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WEB CSR activity website
https://global.epson.com/SR/

Disclaimer

This report includes forward-looking statements, estimates, and plans based on the information available at the time of publication. Actual results may be different from those discussed.

Editorial Policy

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

Information has been reported in accordance with the Core option of the GRI Standards 2018. In addition to this report, Epson has been working to improve communication with its stakeholders through the publication of an Integrated Report, its websites, and other media.

Group Outline

Corporate Outline

Company Name	Seiko Epson Corporation
Founded	May 18, 1942
Head Office	3-3-5 Owa, Suwa-shi, Nagano, Japan
Paid-in Capital	¥53,204 million

Revenue (consolidated)

¥1,089.6 billion

(FY2018)

Number of employees

Epson Group (consolidated): **76,647**

Parent company: **12,713**

(as of March 31, 2019)

Group companies

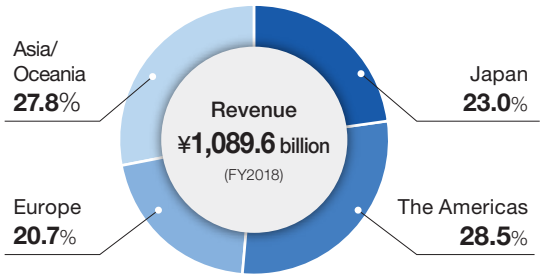
85

(includes parent company)

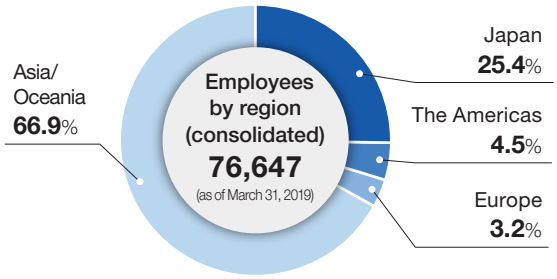
Japan: **17**, Overseas: **68**

(as of March 31, 2019)

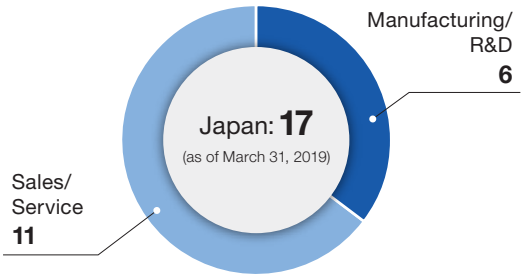
Sales revenue by region



Employees by region (consolidated)



Group company breakdown



FY2018 Business Overview by Segment

Consolidated

Revenue ¥1,089.6 billion

Business profit ¥70.4 billion

Printing Solutions Business segment

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

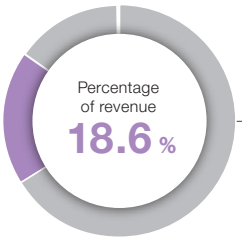
Revenue ¥723.6 billion

Segment profit ¥94.5 billion

Printers, scanners, office papermaking system, others

Visual Communications Business segment

Epson will hone the competitive edge of its microdisplay and projection technologies to provide exciting visual experiences and a natural visual communications environment in business and home settings.



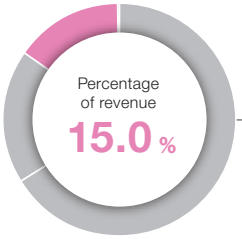
Revenue ¥203.3 billion

Segment profit ¥21.2 billion

Projectors, smart glasses, others

Wearable & Industrial Products Business segment

Epson will create new value by capitalizing on the strengths of its technology in areas such as precision machining, high-density board assembly, low power designs, high-precision sensing, and advanced precision mechatronics.



Revenue ¥163.4 billion

Segment profit ¥5.5 billion

Marketed by Seiko Watch Corp.

Watches

Industrial robots

Microdevices, others

Other

Revenue ¥0.9 billion

Segment loss -¥0.5 billion

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

Message from Management

Aiming to Make Epson an Indispensable Company for the World

The world expects companies to operate responsibly to achieve social sustainability. I am confident that Epson can contribute substantively to sustainability because the efficient, compact, and precision technologies we employ in our products reduce environmental impacts.

Epson was founded in 1942. It began as a watch manufacturer, with a factory near Lake Suwa, in Nagano prefecture. Our business activities have always been guided by the keywords “integrity and effort,” words that exemplified the character of founder Hisao Yamazaki. In the early days, we developed mechanical watches with original designs that were different from the industry standards of the day. We later went on to develop and mass-produce the world’s first quartz watches, timepieces that boasted far better accuracy than mechanical watches. Over time, this drive to innovate became a hallmark of our corporate culture. Epson’s creativeness and willingness to take on challenges have yielded a wide range of products, from printers and projectors to watches, robots, and microdevices, all of which employ the efficient, compact, and precision technologies that evolved out of watch manufacturing.
Epson has maintained a strong commitment to both local and global environmental preservation, starting with a pledge to keep Lake Suwa clean and later exemplified by Epson becoming the first company in the world to declare that it would eliminate ozone-depleting CFCs from its operations, which it did across the Epson Group in 1993. We have always sought to help solve societal challenges through our business activities. Epson joined the United Nations Global Compact in 2004, and we have aligned our business practices with the 10 principles of the compact relating to human rights, labor, environment, and anti-corruption. Furthermore, in 2018, we declared a commitment to contribute to the U.N. Sustainable Development Goals (SDGs).

Currently, we at Epson are looking to transform industry and drive the circular economy by innovating the office and production environments. Our printers employ Epson’s own piezoelectric inkjet technology. Unlike laser systems, piezoelectric systems do not use heat in the printing process. They also have a simpler structure and consume far less electricity. We also provide value by equipping our high-speed line inkjet multifunction printer and the printers with high-capacity ink tanks that reduce users’ environmental impacts while boosting their operational efficiency. These printers can be combined with our dry process office papermaking systems to create an in-office paper recycling loop and shrink the office’s environmental footprint. We also offer smooth, projector-based communication as value needed in offices of the future.
Meanwhile, our piezoelectric inkjet systems are driving a technology shift from analog to digital printing in the textile printing industry. On-demand digital textile printing not only allows short-run jobs of limited quantities along with faster turnaround, it also renders conventional analog printing plates and cleaning processes obsolete. Digital processes thus reduce the amount of dye wasted and the amount of water used for clean-up. This makes digital textile printing more environmentally friendly and improves the work environment.

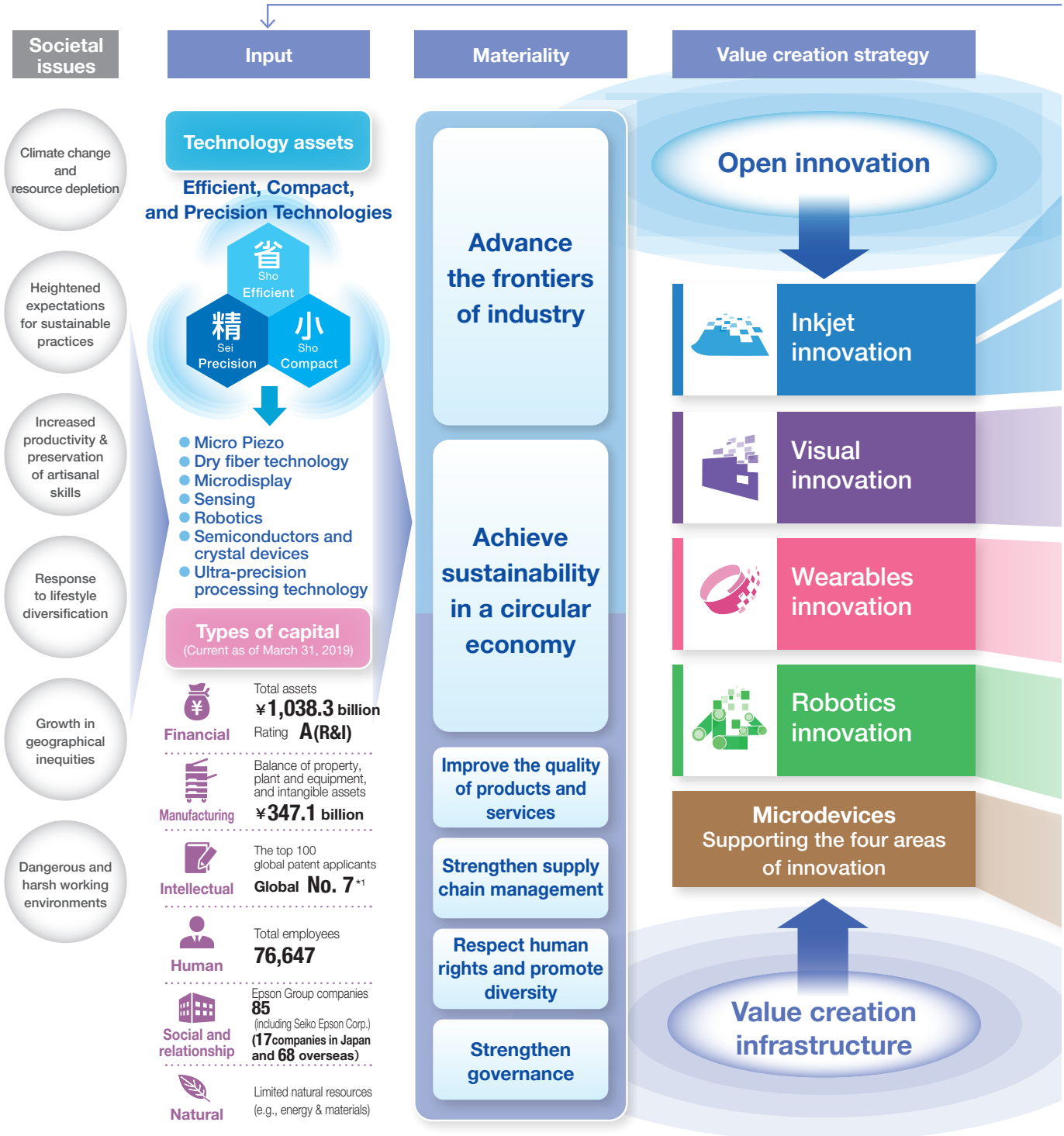
As stated in our Management Philosophy, Epson aspires to be an indispensable company. To become indispensable, we must continue to offer products and services that benefit customers and that can help address societal challenges. We will continue to examine customer needs and honestly face and exceed their expectations by using our efficient, compact, and precision technologies to drive innovations, create the kind of new value that only Epson can, and contribute to the realization of a sustainable society.

Minoru Usui

Minoru Usui
President
Seiko Epson Corporation

Value Creation Story

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



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2050 Environmental Vision 2050

2030 SDGs

2025 Epson 25 Corporate Vision

Value proposition

- Inkjet-based solutions for improving productivity and saving energy and resources
- Dry fiber technology-based solutions for in-office resource recycling
- Projection technology for amazing visual experiences and easy visual communications
- Unique wearables that are a pleasure to wear
- Collaborative and smart robotic solutions that serve people
- Device technologies that enable smart communities

Outputs

Expansion of the office market

- Inkjet printers
- Office papermaking systems
- Projectors
- Scanners

Expansion of the commercial and industrial markets

- Commercial and industrial printers
- High brightness projectors
- Robots

Reinforcement of the consumer market

- Wearable products
- Smart glasses
- Inkjet printers

FY2025 financial objectives

Revenue

¥1,700billion

Business Profit*2

¥200billion

ROS*3 12%

ROE*4 15%

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

Outcome

Achieving a sustainable society

Indispensable company

*1 Ranking from 2003 to 2013, announced in 2015

*2 Business profit is very similar to operating income under Japanese accounting standards (J-GAAP), both conceptually and numerically. Epson began using business profit as an indicator after adopting International Financial Reporting Standards (IFRS).

*3 Business profit/revenue

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

Output example

Transforming the office environment

- Higher productivity
- Lower environmental impact
- Advanced communication

Transforming the production floor

- Higher productivity
- Lower environmental impact
- Improved work environment

Feature Article **Contributing to Sustainability**

Materiality: Advance the Frontiers of Industry/ Achieve Sustainability in a Circular Economy

Transforming the Office Environment

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

Example 1 Extending the Office for Smoother Communication

Societal Issues & Needs

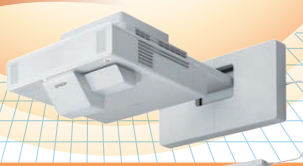
To address societal issues, we must bring together a more diverse range of ideas and rapidly create new value. Meanwhile, as globalization progresses, people want tools that allow them to better communicate without time and distance constraints.

Projector solutions

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

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

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



Value Proposition

- Foster a sense of unity with face-to-face communication.
- Speed up information sharing and increase productivity.
- Minimize wasteful travel, reduce CO_2, and save time.

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

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

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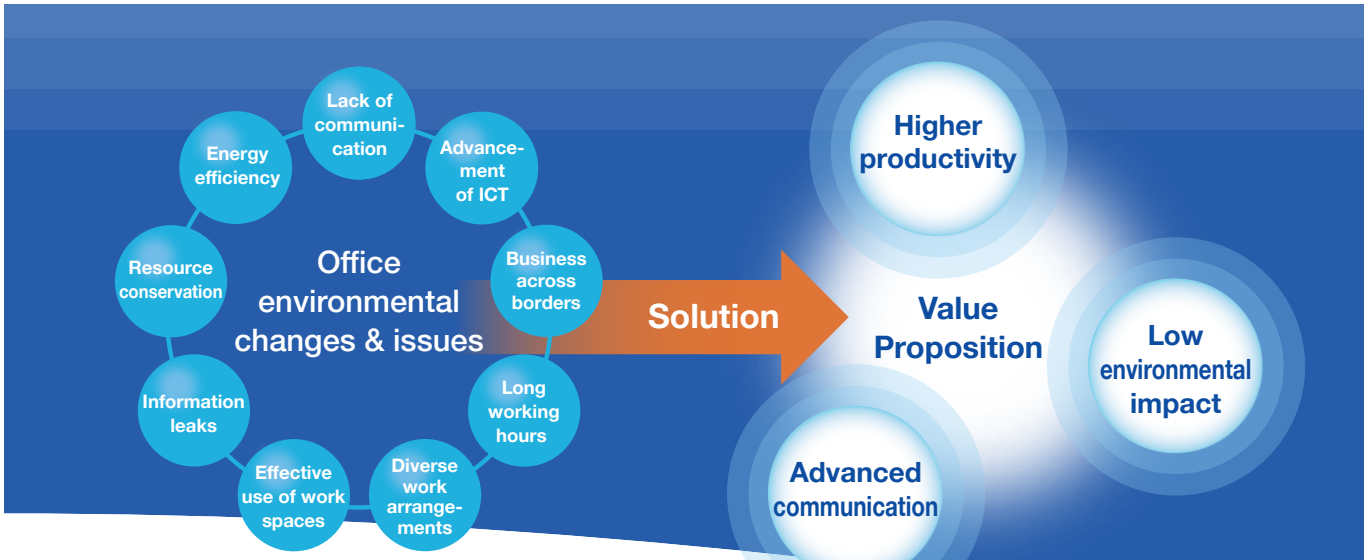


Example 2

Facilitating Enriched Paper-Based Communication

Societal Issues & Needs

Going to extremes in promoting paperless processes in order to reduce printing-related costs and environmental impacts can end up negatively affecting productivity. Paper-based information can help boost productivity by providing a fuller view of information that is easier to read and understand. These advantages underpin the demand for an office environment that allows people to print efficiently and without hesitation.

Print costs approx. 1/10th*1

Power consumption approx. 1/8th*2

Print speed 100*3 pages/minute

High-capacity ink tank printer

High-speed linehead inkjet multifunction printer

A solution that combines inkjet printers and an office papermaking system

Epson's own water-free paper recycling technology*4

Make new paper from used copier paper on the spot.

PaperLab A-8000 dry process office papermaking system

POINT 1

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

POINT 2

Build a paper recycling loop in the office

Value Proposition

- Enrich paper-based communication at sharply lower cost and environmental impact.
- Contribute to the conservation of forest and water resources through in-office paper recycling.
- Maintain information security by dissolving paper into fibers.

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

*2 Power consumption of a WF-C20590 high-speed linehead inkjet multifunction printer. Comparison with the average per-page power consumption for the 10 top-selling A3 color MFPs in the over 45ppm class (Source for 2017 shipments: IDC's Worldwide Quarterly Hardcopy Peripherals Tracker 2017 Q4). TEC values are based on registered information on energystar.gov/ as of February 2018. Per page power consumption is calculated based on TEC condition by Epson.

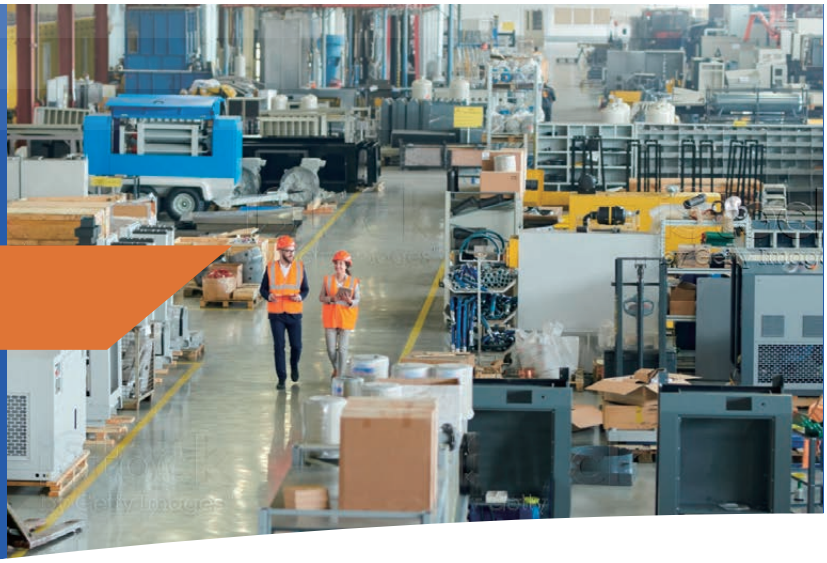
*3 Print speed of a WF-C20590 high-speed linehead inkjet multifunction printer. A4, landscape, single-side printing. Print speeds are measured in accordance with ISO/IEC 24734. Actual print times will vary based on system configuration, software, and page complexity.

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

Feature Article **Contributing to Sustainability**

Materiality: Advance the Frontiers of Industry/ Achieve Sustainability in a Circular Economy

Transforming the Production Floor



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

Example 1 Lowering the Barriers to Automation and Putting People to Work in More Creative Jobs

Societal Issues & Needs

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

Robotic solutions

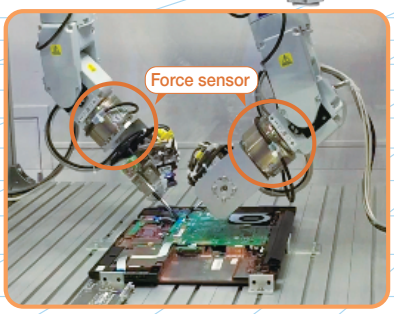
- POINT 1 **Provide compact robots that can work in the same space as humans without changing production lines**
- POINT 2 **Provide force sensors that give robots human-like touch**
- POINT 3 **Use image processing to enable numeric sensory testing**
- POINT 4 **Enable easy teaching**

Force sensor

A six-axis robot in the N series

Value Proposition

- **Offer easy installation in existing production lines**
- **Automate processes that relied on human touch and sight**
- **Transition people from menial labor to creative work**
- **Leave behind long, harsh working conditions**



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

See a movie demonstration.

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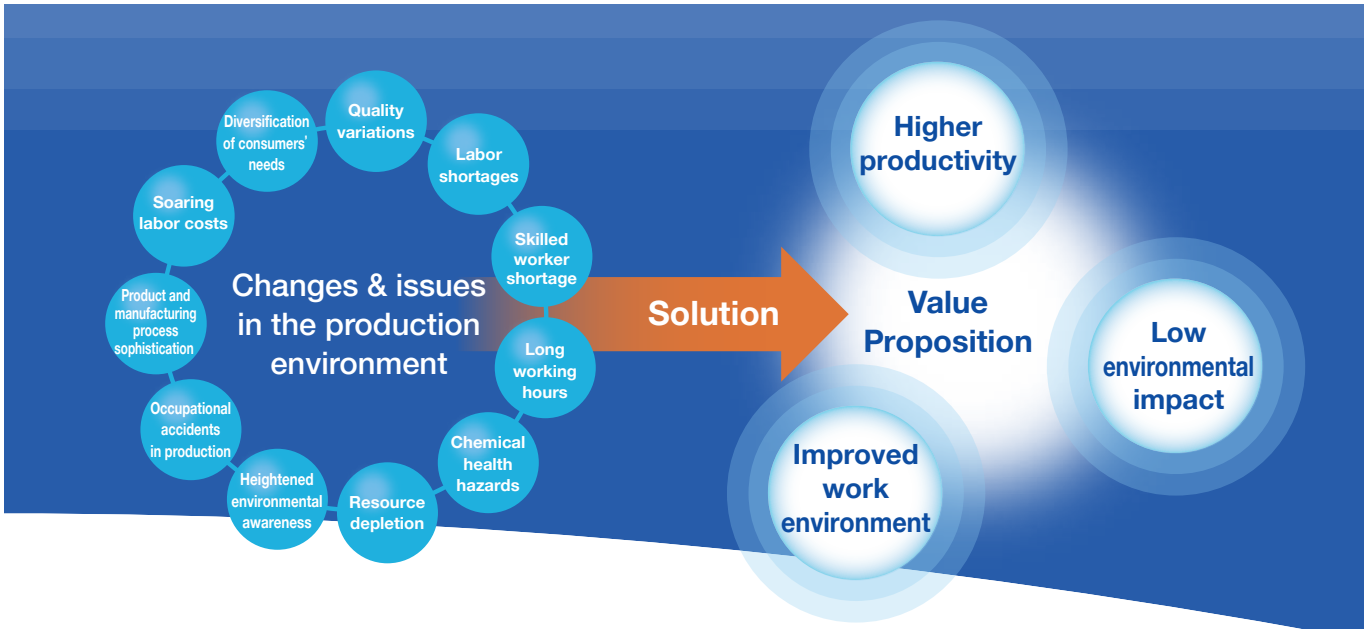


Example 2

Achieving Low-Resource, High-Efficiency Processes

Societal Issues & Needs

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

Digital printing solutions

POINT 1 Respond to small-lot production with plateless printing

POINT 2 Involve fewer processes and no ink mixing

POINT 3 Use less ink and no cleaning water as there are no plates

POINT 4 Need less frequent contact with chemicals

Inkjet digital textile printers

Value Proposition

- Printing that flexibly adapts to demand fluctuations and rapid turnarounds, reducing dead stock and disposal losses
- Reduce waste ink associated with printing plate production, water for cleaning, and space for storing work in process
- Offer a clean and safe printing environment

■ Comparison of Analog and Digital Textile Printing Processes

Analog textile printing	Digital textile printing
Image arrangement	Pre-processing
Plate making	Image arrangement
Ink mixing	Sample printing
Sample printing	Mass printing
Plate washing & storage	Post-processing
Mass production ink waking	
Mass printing	
Plate washing & storage	
Disposal of unneeded ink	
Post-processing	
1.5 to 2 months	3 days to 2 weeks
Complex work process Substantial waste	Fewer steps Low environmental impact

Business Vision

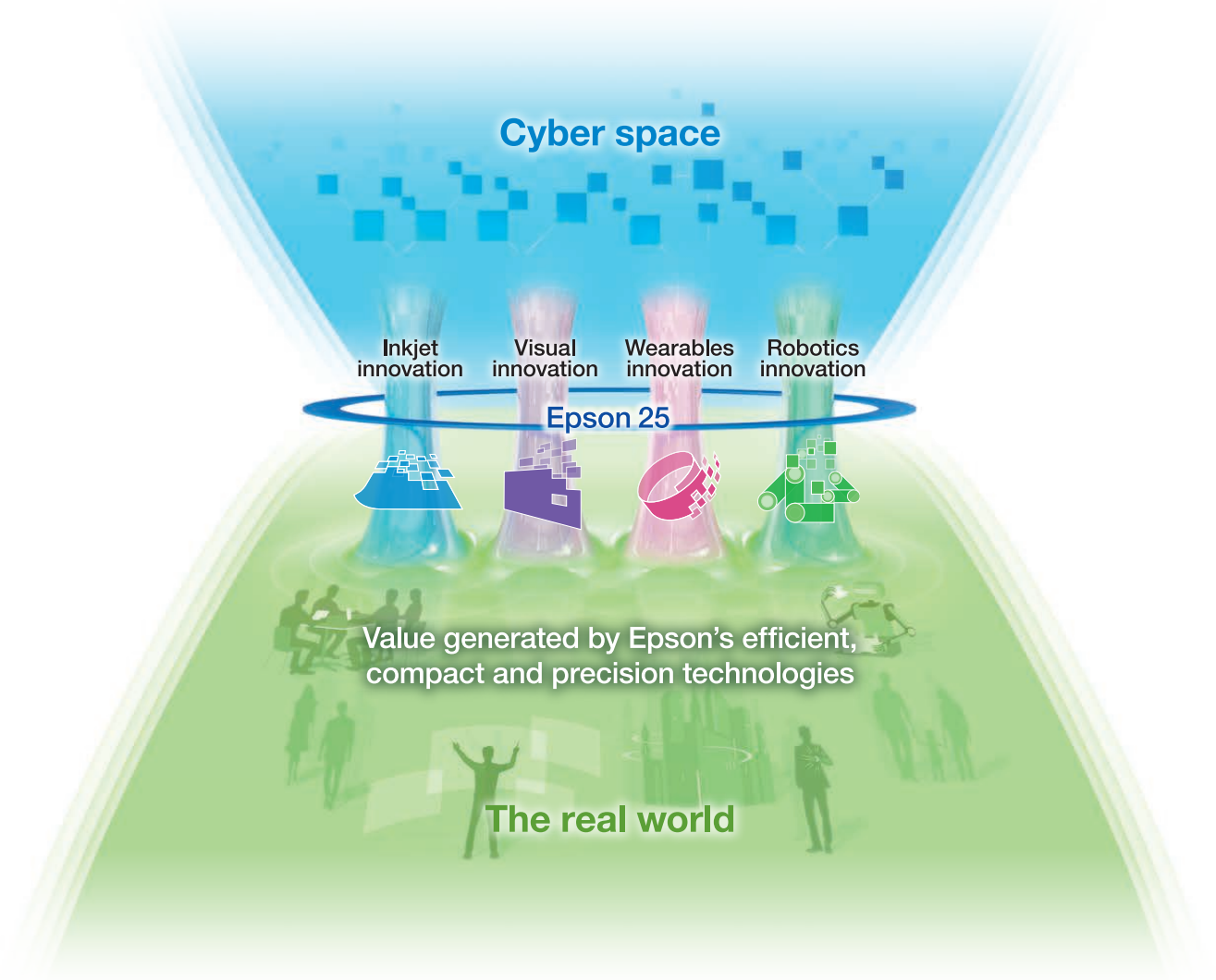
Epson 25 Corporate Vision

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

Vision statement

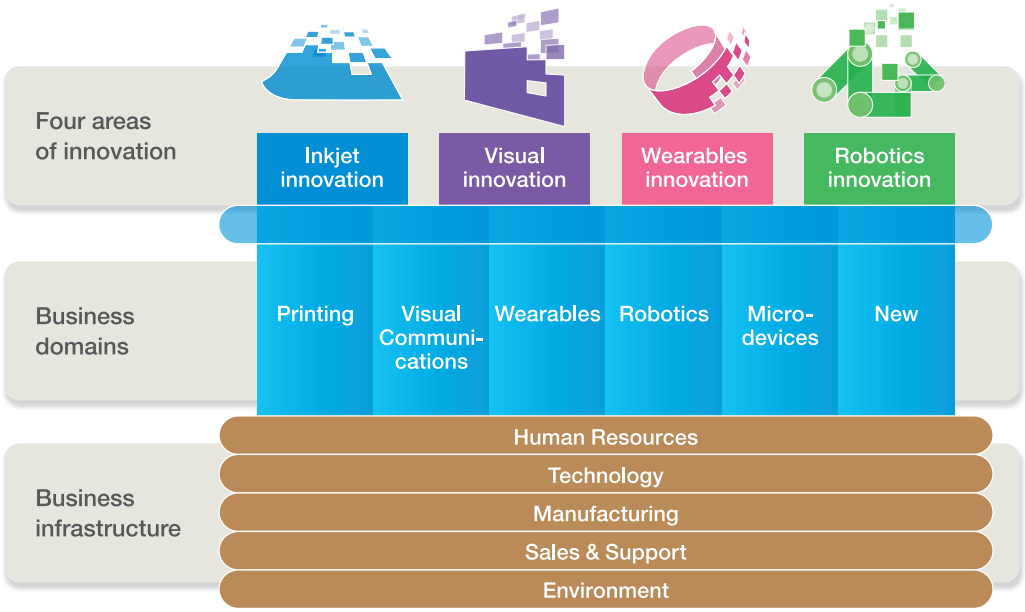
Creating a new connected age of people, things and information with efficient, compact and precision technologies

Advances in information and communications technology mean increasing amounts of information will become available on the internet, and so-called cyber space will continue to expand. Epson believes that products acting as the interface between cyber space and the actual or real world where customers operate will be of critical importance. As a company that specializes in generating value in the real world, Epson's vision is to create a new connected age of people, things and information by leveraging its efficient, compact and precision technologies to drive innovation in four areas.



Epson's four areas of innovation

Epson will generate value with its efficient, compact and precision technologies in printing, visual communications, wearables, robotics and microdevices to drive innovations in four areas. We will also strengthen our business infrastructure to support these efforts.



Inkjet innovation

Printing domain

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

Visual innovation

Visual communications domain

Refine original microdisplay and projection technologies, and create outstanding visual experiences and a natural visual communications environment for every aspect of business and lifestyles.

Wearables innovation

Wearables domain

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

Robotics innovation

Robotics domain

Combine our core technologies with sensing and smart technologies in manufacturing, expand applications, and create a future in which robots support people in a wide variety of situations.

Microdevices

Microdevices domain: Supporting the Four Innovations

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

Mid-Range Business Plan

Objectives (FY2019-2021)

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

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

FY2025 targets

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

Assumed rates: ¥115/ USD, ¥125/ EUR

Basic Policies (FY2019-2021)

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

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

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

Strengthen global sales company functions under Head Office control

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

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

- Rebuild product portfolios based on priorities
- Strengthen financial discipline

Epson's CSR

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

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

Management Philosophy (Please refer to page 227 of "Appendices")

Management Philosophy, Principles of Corporate Behavior, and CSR Activity

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

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

Principles of Corporate Behavior (Please refer to page 228 of "Appendices")

CSR Guided by International Standards

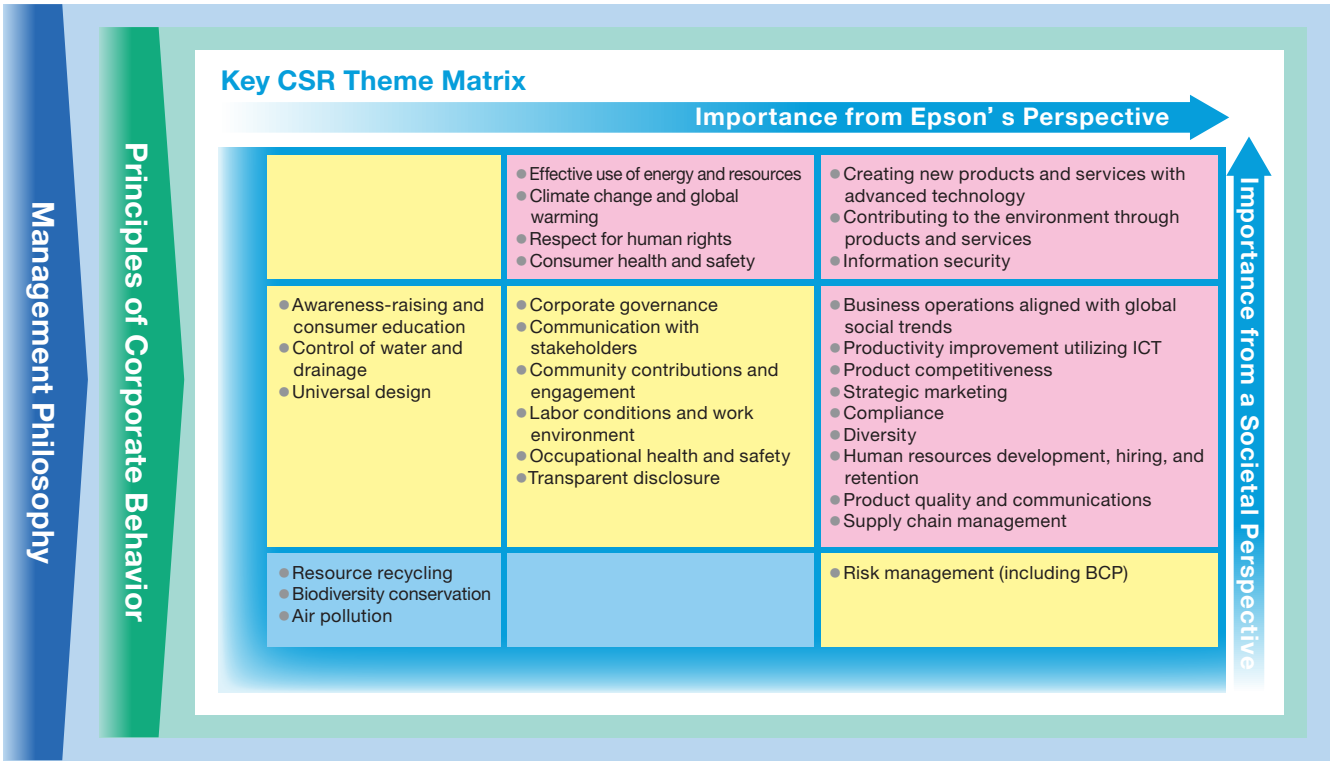
At Epson, we have closely aligned our Principles of Corporate Behavior with internationally recognized standards to help ensure that we serve the role that society expects of us. Epson also understands and respects the laws and regulations in the countries and regions in which it operates.

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

Key CSR Themes

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

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



Identifying Key CSR Themes

Recognize social trends and company direction	Evaluate materiality from a company perspective	Evaluate materiality from a societal perspective	Determine validity of themes
Understand mid- and long-term trends and identified 466 potential key themes in select areas[*1]	Epson's CSR Executive Council and CSR Management Committee evaluate their materiality	Outside board members and experts evaluate their materiality	Epson's CSR Management Committee determines the validity of the CSR themes and selects key themes

[*1] Select areas

Direction of company management	General social trends	Electrical & Electronics Industry trends and societal demands	General societal demands
• Management Philosophy • Principles of Corporate Behavior • Corporate Vision Epson 25 • Mid-term Business Plan • Environment Vision 2050	• Global Japan • White Paper Information and Communications in Japan 2016	• RBA Code of Conduct	• GRI • SASB • ISO 26000 • SDGs • SRI survey item

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

CSR Stakeholder Dialog

Epson conducts dialogue with stakeholders continuously to improve the quality of CSR activities.

Global Compact Network Japan Annual Symposium

Masayuki Kawana, Seiko Epson director and head of the CSR Management Office, took the stage for a panel discussion titled “Human Capital Development in the SDG Era” at a symposium held on February, 2019, to commemorate the 15th anniversary of the founding of the Global Compact Network Japan (GCNJ).

During the panel discussion, speakers shared their knowledge and views on the topic of human capital development in the SDG era.

Mr. Kawana spoke about the necessity of meeting a wide range of social needs and continuously creating value to make Epson an indispensable company for the society. He described how Epson fosters an inclusive culture that engenders mutual respect and maximizes the abilities of its diverse human capital while working toward achieving a long-term corporate vision of driving progress on select SDGs.

This was followed by a passionate discussion about topics such as the necessity of having exceptional, innovative human capital given the urgency of addressing the SDGs, actions that can be taken to actually develop human capital, and expectations for other sectors.

Environmental Engagement in Hino

Seiko Epson invited eight people from the Hino City Environmental Department, the Hino City Environmental Planning Council’s CO_2 Group, and private business to discuss CSR and environmental actions. The discussion was held at Seiko Epson’s office in Hino, a city in the Tokyo metropolitan area. Seiko Epson explained its CSR initiatives and the environmental actions being taken at the Hino Office. The guests were then shown Epson’s PaperLab A-8000 dry process office papermaking system and an LX-10000F high-speed linehead inkjet multifunction printer. The guests were surprised by the speed of paper production and the speed of the printer. They also offered thought-provoking ideas and expressed confidence in the company.

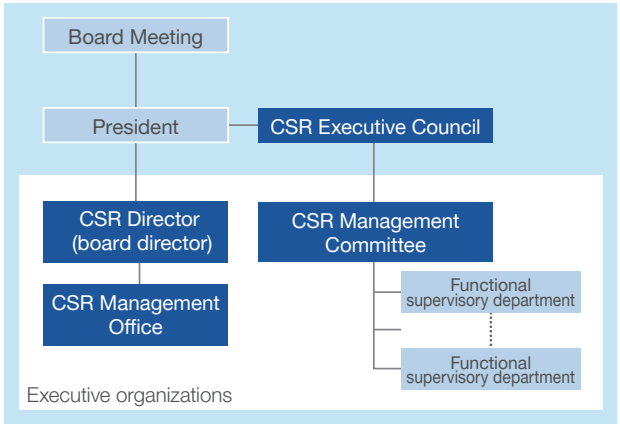
Their feedback will be used to improve Seiko Epson’s future CSR and environmental actions.

CSR Organization

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

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

CSR Organization



Epson's CSR Executive Council, which is made up of board members, serves as an advisory body to the president and steers the CSR activities of the global Epson Group. The council also reviews our CSR activities and deliberates action plans for the most important challenges.

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

Under the control of the CSR Director, the CSR Management office and the CSR Management Committee are responsible for the execution of business related to CSR activities.

Key CSR Themes

FY2018 Action Items, Achievements and Results

Epson has identified 29 key CSR themes. Below we have listed the 16 themes that we consider to be the most important for society and for Epson. We have indicated our FY2018 action items for each of these, as well as our achievements and results.

Materiality	Key CSR themes	FY2018 action item categories	Achievements & results in FY2018	Relevant SDGs
Advance the frontiers of industry	Business operations aligned with global social trends	• As the importance of smart technologies and the environmental performance grow increasingly important, Epson, as a real world manufacturing company, will continue to create smart products that contribute to the environment and demonstrate unrivaled performance	• Made Shinko Sellbic a wholly-owned subsidiary to acquire compact injection molding technology • Forged capital ties with AI venture company Cross Compass to acquire AI technology • Declared our commitment to SDGs • Rated Gold in two consecutive years in sustainability assessment by EcoVadis • Selected as a constituent of the FTSE4Good Index Series, a Socially Responsible Investment (SRI) Index, for the 14th consecutive year	
	Creating new products and services with leading technology	• Connect cyberspace and the real world toward creating a new connected age of people, things and information, and provide the value of our efficient, compact and precision technologies to the real world in every business	• Increased PrecisionCore printhead production capacity • Continued quantifying the environmental performance of PaperLab A-8000 • Launched high-lumen laser projectors and new lighting products • Won awards in the Product Design category at the internationally acclaimed Red Dot Awards for 2018 (3 printers and 1 projector) • Sponsored the Epson TeamLab Borderless digital museum as a projection partner	
	Productivity improvement utilizing ICT	• Maintain high-quality, high-efficiency productivity by leveraging Epson's unique IT, sensing, and automation technologies in manufacturing	• Increase efficiency and saved manpower by using machine learning to automate the sensory evaluation of parts • Automated the collection and totaling of manufacturing and quality data through direct communications with production equipment, and continuously developed efficient manufacturing management • Advanced development of highly sophisticated automation using robots and sensing technologies	
	Products competitiveness	• Continue to provide high-quality, cost-competitive products that other companies cannot easily imitate, and do so in a timely manner through improvements in operation efficiency and personal productivity	• Completed construction on a new factory for inkjet printheads at the Hirooka Office to triple inkjet print chip production capacity • Started constructing a new building at the Hirooka Office that will house a trial production and mass production facility for large commercial and industrial printing systems, as well as a test lab for textile printing to improve operation efficiency and personal productivity	

Materiality	Key CSR themes	FY2018 action item categories	Achievements & results in FY2018	Relevant SDGs

Advance the frontiers of industry	Strategic marketing	• Optimize regional sales organizations, improve planning quality with a market-driven (market-in) approach, and transform the brand image	• Improved BtoB sales organizations and revamped sales functions
			  • Developed channels for BtoB sales in Japan and Western Europe
			  • Launched billing plans in Japan and Western Europe
			  • Set up solution centers in Japan, US, Korea, and Taiwan
			  • Invited BtoB channel partners from around the world to our Global Partner Days event and strengthened relationships with key accounts (twice a year)	

Achieve sustainability in a circular economy	Contributing to the environment through products and services	• Carry out SBT-compliant actions to reduce CO_2 emissions, and publish the results (set scope 3 emissions intensity targets and reduce emissions)	• Set long-term GHG emission reduction targets
			  • Established science-based Group-wide GHG reduction targets (scopes 1, 2 and 3) and obtained SBTi approval for the targets (Nov. 2018)
			  • SBTi approval targets (FY2017 is the baseline year)
			  • Reduce scopes 1 and 2 GHG emissions by 19% by FY2025
			  • Reduce scope 3 (categories 1 and 11) GHG emissions as a percentage of business profit by 44% by FY2025
			  • Results
			  • Scopes 1 and 2 emissions: 500,000t-CO_2e (15% reduction vs. FY17)
			  • Scope 3 emissions: 3.6 thousand t-CO_2e/100 mil. yen (6.5% increased vs. FY17)
			  • Concluded long-term procurement contracts for renewable energies (e.g., hydroelectricity) Reduction of 63,000t-CO_2 (FY18)
			• Disclosed GHG data
			  • Disclosed data in the Integrated Report and Sustainability Report (all scopes)
			  • Received third-party verification of results data and disclosed the verification results
			• Implemented a field survey to reduce the GHG emissions of the supply chain and created good practice scenarios
			• PaperLab A-8000: Won the Economy, Trade and Industry Minister's Prize in the 1st Eco Products Awards
			• High-speed linehead inkjet multifunction printers: Won the Director-General's Prize, The Agency for Natural Resources and Energy, of the FY2018 Grand Prize for Excellence in Energy Efficiency and Conservation
				

	Effective use of energy and resources	• Carry out SBT-compliant actions to reduce CO_2 emissions, and publish the results (scopes 1, 2 and 3: Reduce total CO_2 emissions) • Reduce CO_2 emissions (Draft a plan for introducing renewable energy)		
	Climate change and global warming	• Carry out SBT-compliant actions to reduce CO_2 emissions, and publish the results (scopes 1, 2 and 3: Reduce total CO_2 emissions) • Reduce CO_2 emissions (Draft a plan for introducing renewable energy)		

Materiality	Key CSR themes	FY2018 action item categories	Achievements & results in FY2018	Relevant SDGs
Improve the quality of products and services	Product quality and communications	• Visiting customers directly to gather and analyze information about their wants and needs, closely examining customer wants by analyzing customer inquiries, using the findings to shape future products and services, and improving quality and customer satisfaction	• Product planners and design engineers visited customers to learn their wants. They analyzed these wants and used the results to shape products and maintain and improve product quality **Printing Solutions Business, Example 1** In Asia and in emerging nations for office printer market Epson launched monochrome inkjet printers. Our monochrome inkjets are equipped with high-capacity ink tanks that are quick and easy to refill with ink from large ink bottles, so replacing ink reduces trouble and mess **Printing Solutions Business, Example 2** Large-format inkjet printers for commercial and industrial applications have a space-saving, lightweight design that enables their installation even where space is often limited, such as in architectural firms, construction sites, and school faculty rooms **Visual Products Business, Example 1** High-brightness projectors are often permanently installed in places such as shopping complexes and entertainment facilities, where ceilings and walls are predominantly white. Users expressed a desire for white replacement lenses and white ultra-short-throw zero-offset lenses for these projectors so that they would blend in with the surroundings, so Epson responded by commercializing white models **Visual Products Business, Example 2** ICT administrators and boards of education members wanted to quantitatively assess actual projector use and benefits in the classroom so that they could promote more effective use of classroom projectors. Epson quickly responded by developing and providing an online software tool for analyzing the use of permanently installed projectors • Monitored Internet shopping sites and exposed counterfeit goods mainly in China and the Middle East, where infringements frequently occur, and educated the police and customs officials	

	Consumer health and safety	• Continue strengthening our prevention activities
		  • Standardize product safety risk assessments
		  • Improve the product safety education curriculum
			• No serious product-related accidents in FY2018
			• Standardized the use of product safety risk assessments
			  • Implemented risk assessments of nine novel key components in the product commercialization process
			• Enhanced the product safety training curriculum
			  • Provided functional safety training on machine control 12 times
			  • Introduced risk assessment elements to a product safety training curriculum for new employees and implemented the training 8 times
				

Materiality	Key CSR themes	FY2018 action item categories	Achievements & results in FY2018	Relevant SDGs

Strengthen supply chain management	Supply chain management	• Asking key suppliers to observe the Epson Supplier Code of Conduct
		• Supplier questionnaires and feedback on results
		• Supplier on-site verification and corrective action
		• Conflict minerals survey
			• Established a supply chain management strategy and disclosed it on the Web
			• Disclosed commitment of the person responsible for the supply chain management on the Integrated Report
			• Held supplier briefings and asked them to observe the procurement guidelines
			  • Japan: 447 suppliers, Overseas: 685 suppliers
			• Established and notified business partners about channels they can use to report issues and opinions
			• Surveyed all production materials suppliers with questionnaires and returned the results as feedback
			• Extended the scope of the questionnaire to non-tier 1 suppliers
			• Implemented supplier on-site verification and took corrective action
			  • Completed improvements in 3 out of 6 suppliers found to be high risk based on questionnaire results
			  • Developed supplier direct diagnosticians
			• Implemented a field survey to reduce the supply chain GHG emissions and created good practice scenarios
			• Implemented conflict minerals surveys (Send surveys to 910 companies and received responses from 838 companies, for a 92% return rate)
				

Respect human rights and promote diversity	Respecting human rights	• Communicating and enforcing “The Policies regarding Human Rights and Labor Standards”
		  • Continue to communicate during training of CEOs of our overseas affiliates & training to prepare personnel for overseas assignments
		  • Continue to provide anti-harassment training for personnel at each echelon
		• Continue responding to and monitoring personal data protection requirements
		• Follow up on self-check questionnaires
		  • Explore means to control future global human rights risk based on questionnaire results
			• Communicated and enforced “The Policies regarding Human Rights and Labor Standards” at the meeting attended by HR managers from overseas affiliates
			• Completed GDPR compliance for employee personal data in Europe, and continued gathering information on other countries and regions
			  • Strengthened security when gathering information
			• Implemented self assessments at overseas Group companies and confirmed that there were no material issues
				

Materiality	Key CSR themes	FY2018 action item categories	Achievements & results in FY2018	Relevant SDGs

Respect human rights and promote diversity	Diversity	• Measures to increase the number of women in management positions
		  • Formally introduce a new promotion test system & telecommuting system
		  • Execute new training plans for managers (Foster an internal culture)
		  • Plan measures to promote the retention of women under 30
		• Execute plans to achieve the female hiring target
		  • Expand support for women interested in pursuing careers in science and engineering
		• Maintaining and increasing employment of persons with disabilities
		  • Develop new job opportunities in the Tokyo region, etc.
		  • Act to increase the percentage of employees with disabilities in subsidiaries (Develop job opportunities)
		  • Build a system for gathering global information on the employment of persons with disabilities
			• Implemented measures for promoting the advancement of women
			  • Attracted 22 participants in the rikochalle events, expanded internship seminars for women
			  • Provided diversity management training for managers on a trial basis to further change the mind-set of management
			  • Held discussions between management and female employees, and continued providing support by identifying and sharing worries and concerns
			  • Expanded and enforced a support program related to dependent care (introduced a tel-ecommuting system)
			  • Conducted three seminars on how to balance work with caregiving responsibilities. The seminars were attended by approximately 400 employees in total
			• Created jobs for persons with disabilities by installing PaperLab A-8000 dry process office papermaking systems
				

Materiality	Key CSR themes	FY2018 action item categories	Achievements & results in FY2018	Relevant SDGs

Respect human rights and promote diversity	Human resources development, hiring, and retention	• Recruiting, hiring, and retaining talent in a shrinking labor pool
		  • Continue large-scale hiring in Japan (approx. 550, Group consolidated)
		  • Explore actions (training, etc.) to stimulate older employees
		• Build infrastructure for managing human resources information (a talent management system) and develop human resource appointment, placement and training policies through personnel reviews
		• Training programs and assessing their results
		  • Continuously improve, expand, and enhance training for executive management candidates (e.g., transfer future leaders overseas and have candidates participate in exchanges with the Ministry of Economy, Trade and Industry and others outside our industry)
		  • Begin assistance manager training
		• Review 360-degree surveys and employee motivation surveys, explore future actions, and establish a direction
			• Implemented hiring programs in Japan and hired 562 new employees Group-wide
			• Interviewed 256 workers who were new-hires from three years ago
			• Continued giving lifetime career support training for workers at the ages of 40 and 50
			• Built and began implementing a rotation program mainly for managers and young workers
			• Introduced an assistant manager system and started up assistant manager training
			• Continued implementing personnel reviews to list succession candidates
			• Studied the introduction of a talent management system
				

Materiality	Key CSR themes	FY2018 action item categories	Achievements & results in FY2018	Relevant SDGs

Strengthen governance	Information security	• Information security measures
		  • Establish a global security monitoring and response system
		  • Assess cyber security measures and formulate a response plan
		  • Check the customer information security situation of new business partners
		• Strengthen product security
			• Took information security measures
			  • Started global security monitoring
			  • Assessed cyber security measures and identified items that need to be addressed
			  • Checked the information security of new business partners
			  • Responded to GDPR requirements for personal data protection
			• Strengthened product security
			  • Implemented guidelines for deciding responses to vulnerability on a trial basis
				

	Compliance	• Begin Group compliance activities by introducing a compliance program
		• Explore a global whistleblower system
		• Compliance awareness program
		  • Put in place a model system
		  • Prepare a global employee code of conduct
			• Introduced a global compliance program to Epson Group companies
			• Prepared a global whistleblower system that is to be introduced in FY2019
			• Established the Epson Group Global Code of Conduct
			• Started sharing information about compliance violations within the Group
				

FY2019 Action Items

Epson established action items for the FY2019 based on performance with respect to the 2018 action items for key CSR themes and the reception by the general public.

Materiality	Key CSR themes	FY2019 action item categories	Relevant SDGs
Advance the frontiers of industry	Business operations aligned with global social trends	• Strengthen global operations under Head Office control • Enhance public disclosures, including about SDGs and other non-financial information, and strengthen dialogue	
	Creating new products and services with leading technology	• Accelerate growth by engaging in collaboration and open innovation • Strengthen the solution selling business • Rapidly strengthen product lineups, including through collaboration • Strengthen external sales businesses using core devices, and actively encourage open innovation • Invest management resources in robotics to accelerate its growth into a core business	
	Productivity improvement utilizing ICT	• Continuously improve productivity to achieve high quality and high efficiency using sensing and automation technologies that are grounded on Epson's unique manufacturing and IT infrastructures and brought about by the efficient, compact, and precision technologies	

Materiality	Key CSR themes	FY2019 action item categories	Relevant SDGs
Advance the frontiers of industry	Products competitiveness	• Further improve sites to increase production competitiveness, including by completing construction of a new building at the Hirooka Office	

	Strategic marketing	• Strengthen the global sales strategy and management functions to build BtoB sales organizations
		  • Use high-capacity ink tank printers to accelerate office market penetration
		  • Share knowledge about business printer sales acquired in Japan and Western Europe to North America and other areas
		  • Improve sales sites in the Middle East, Africa, etc.	

Achieve sustainability in a circular economy	Contributing to the environment through products and services	• Establish a reduction scenario for achieving a science-based target and implement concrete reduction measures
		  • SBTi approved target (FY2017 is the baseline year)
		  • Reduce scope 3 (categories 1 and 11) GHG emissions as a percentage of business profit by 44% by FY2025
		• Disclose GHG data
		  • Disclose data in the Integrated Report and Sustainability Report (all scopes)
		  • Receive third-party verification of results data and disclose the verification results
		• Calculate and disclose the contribution to the reduction by product
		  • First introduce to inkjet printers
		• Implement a field survey and improvement initiatives to reduce the GHG emissions of the supply chain
			

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

	Climate change and global warming		
Improve the quality of products and services	Product quality and communications	• Visiting customers directly to gather and analyze information about their wants and needs, closely examining customer wants by analyzing customer inquiries, using the findings to shape future products and services, and improving quality and customer satisfaction • Continue to combat counterfeiting globally and on Internet shopping sites to help reassure customers that they can buy genuine Epson brand products	
	Consumer health and safety	• Further enhance the product safety training curriculum • Conduct industrial machinery risk assessment training	
Strengthen supply chain management	Supply chain management	• Ask key suppliers to observe the procurement guidelines • Survey suppliers using questionnaires • Implement supplier on-site verification and take corrective action • A field survey to reduce supply chain GHG emissions and improvement activities, etc. • Conduct conflict minerals surveys • Establish supplier reporting channels (overseas)	

Materiality	Key CSR themes	FY2019 action item categories	Relevant SDGs
Respect human rights and promote diversity	Respecting human rights	• Check and address any issues concerning freely chosen employment of foreign workers • Plan and start human rights due diligence related to labor suppliers	

	Diversity	• Promote the advancement of women
		  • Implement programs in line with the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children
		• Promote the advancement of non-Japanese employees
		  • Further visualize overseas affiliate talent and promote their development
		• Promote the participation of the elderly
		  • Review and shape a hiring policy by focusing on the extension of the retirement age
		• Promote hiring of persons with disabilities by further introducing PaperLab A-8000 dry process office papermaking systems
			

	Human resources development, hiring, and retention	• Continue building the talent management system
		  • Monitor the operation of the rotation system
		• Provide career support to young workers
		  • Study lifetime career support training for workers at the age of 30
		• Continue implementing employee motivation surveys and 360-degree surveys
		  • Study a system for using the survey results for HR measures
			

Strengthen governance	Information security	• Implement information security measures
		  • Establish a system for globally responding to security incidents
		  • Establish a response plan for cyber security measures and implement the measures
		  • Expand the scope of checking business partners' information security
		• Strengthen product security
			

Strengthen governance	Compliance	• Introduce a compliance program to operations divisions and divisions
		• Start operating a global whistleblower system
		• Implement education and training to instill compliance awareness
		  • Improve the code system
		  • Start using the Epson Group Global Code of Conduct
			

Relation to SDGs

Epson's Initiatives and Their Relationship to Our SDGs

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

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

Key CSR Themes and Sustainable Development Goals

There are 169 targets (1.1 to 17.19) under the SDGs. The figures in the table below indicate the targets that Epson is addressing with its initiatives (as of June 2019).

Key CSR Themes (Most important items)	ESG	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Creating new products and services with advanced technology				3.6 3.9	4.1 4.2 4.3 4.4 4.5		6.3 6.4 6.6	7.3 7.a	8.2 8.4	9.4 9.c		11.6	12.2 12.4 12.5	13.2		15.1 15.4		17.16
Business operations aligned with global social trends				3.6 3.9	4.1 4.2 4.3 4.4 4.5		6.3 6.4 6.6	7.3 7.a	8.2 8.4	9.4 9.c		11.6	12.2 12.4 12.5	13.2		15.1 15.4		17.16
Productivity improvement utilizing ICT									8.4	9.4								17.16 17.17
Product competitiveness							6.3	7.3 7.a	8.2 8.4	9.4			12.4 12.5					17.16
Strategic marketing								7.3		9.4								17.16
Effective use of energy and resources	Environment							7.2 7.3						13.2				17.17
Climate change and global warming	Environment							7.2 7.3					12.4	13.2				17.17
Contributing to the environment through products and services	Environment			3.9			6.3 6.4 6.6	7.3		9.4		11.6	12.2 12.4 12.5	13.2		15.1 15.2 15.4 15.5		17.7
Respect for human rights	Social				4.7	5.1 5.5			8.5 8.7 8.8		10.3							
Diversity	Social				4.7	5.5			8.5		10.2							
Human resources development, hiring, and retention	Social				4.4 4.7				8.8		10.2		12.a					
Supply chain management	Social					5.2			8.5 8.7 8.8		10.2 10.3		12.4 12.6	13.1			16.4 16.5	17.17
Product quality and communications	Social												12.8				16.6 16.8	
Consumer health and safety	Social												12.4					
Compliance	Governance																16.4 16.5	
Information security	Governance																16.4	
Epson's initiatives				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓

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

Commitment to the SDGs

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

Epson is creating new value by looking hard at solutions to social issues, understanding the expectations that society has of us, and then providing products and services that far exceed those expectations. We at Epson are committed to the development of sustainable societies through the four areas of innovation identified in the Epson 25 Corporate Vision.

Minoru Usui
President
Seiko Epson Corporation

Communication with Outside Experts

Epson conducts dialogue and communicates with outside experts continuously to contribute to SDGs.

Participation in the Nagano Prefecture SDGs Symposium

The Nagano Prefecture SDGs Symposium was held at the Hokuto Culture Hall in Nagano City on April 26, 2019. The symposium was organized by Nagano Prefecture and interested groups, including the Nagano Promotion Council for the G20 Ministerial Meeting. The symposium, which was designed to promote broader action on the Sustainable Development Goals (SDGs) by companies in the prefecture, included an announcement about the creation of an SDG partner registration system in Nagano Prefecture, the unveiling of a logo mark, a keynote address by an academic expert, and stakeholder case studies.

Seiko Epson, representing companies in the prefecture, presented specific examples of actions it is taking to achieve the SDGs it is targeting. The presentation was followed by questions and comments from the audience. Seiko Epson also attended the FY2018 Nagano Prefecture Regional SDGs Consortium as an observer and engaged in discussions with prefecture government officials and other companies regarding the SDG partner registration system in Nagano Prefecture. Moving forward, we will contribute to community-building SDGs in cooperation with government and private industry.

ESG/SDG Forum (Sasaya Juku)

In February 2019, an ESG/SDG Forum (Sasaya Juku) organized by the Business Research Institute was held at Seiko Epson's Shinjuku Office. The forum provides a platform for increasing corporate value by learning from the most recent social movements and from corporate case studies about environmental, social, and corporate governance (ESG) investment, a topic that is gaining widespread interest, and about the SDGs, which are the universal language of sustainability.

Following a lecture session, forum participants toured Seiko Epson's showroom to see a PaperLab A-8000 dry process office papermaking system and an LX-10000F high-speed linehead inkjet multifunction printer. Afterwards, they joined in a discussion about contributing to solutions to social problems through business, using Seiko Epson's activities as an example.

Seiko Epson will use feedback from the forum to help shape its future activities.

Building Awareness In-house

Lecture on SDGs

In November 2018, Seiko Epson hosted a lecture on the Sustainable Development Goals (SDGs) for directors, executive managers, and middle managers. Hidemitsu Sasaya, then of Ito En, Ltd., was invited to speak on the topic of using SDGs and creating value in the age of ESG. He addressed the question of why companies are now being asked to work toward SDGs and spoke about the expectations for enterprise.

Message from Mr. Sasaya to Epson

The SDGs provide a blueprint for creating a sustainable society that will benefit the world, people, and individuals across generations. Epson's Management Philosophy implies that the company's business activities should benefit Epson, its customers, and society as a whole. Japanese companies should more actively communicate how their business activities are benefiting society, their customers, and themselves and, as a consequence, contributing to the fulfillment of SDGs.

They should assess each of the 17 SDGs in terms of both risks and opportunities. Epson's PaperLab is achieving many of these goals, among them Goals 6 (water), 7 (energy), 12 (recycling), and 15 (forests). The SDGs provide a common language for reporting on efforts to solve societal problems by stakeholders (e.g., countries, enterprises, associations, and individuals). I would like Epson to help solve these problems and increase corporate value by, first of all, creating a platform for cooperation in SDGs and forging win-win relationships.

Comments from Seiko Epson President Minoru Usui

Epson is contributing to society and moving to create a better world by executing the strategies outlined in the Epson 25 Corporate Vision. I am confident that Epson's initiatives and goals are squarely aligned with the global trend toward achieving both social value and economic value and of trying to create a better world over generations.

Epson's actions to drive innovations in inkjet, visual, wearable, and robotics products can genuinely contribute to the SDGs, and we are committed to doing so quickly and as a team.

Introductory Online Course on the SDGs

Starting from October 2018, Epson Group employees in Japan were asked to take an online course on the SDGs to deepen their understanding of the topic and to ensure that we contribute to the SDGs through our business activities.

They learned that the SDGs are a blueprint for achieving a better and more sustainable world for all, and they deepened their understanding of each of the 17 goals, which were explained one by one, to understand why the SDGs are now necessary. The course was completed by over 90% of the approximately 16,000 employees in Japan. Course-takers commented that the course made them want to consider specific actions they can take on the job to achieve the SDGs, address the challenges as a personal matter, and think about how they can help make the world a better place.

Reading Through the 2018 Integrated Report

Seiko Epson issued “Epson Integrated Report 2018” in September 2018. The Integrated Report, which covers both financial and non-financial information, is an effective tool not only for external reporting but for informing our own employees about Epson’s initiatives.

To deepen employee understanding about the relationship between the SDGs and Epson’s value creation strategies and platforms, employees in Japan were asked to read through Integrated Report 2018 in groups. A total of 8,353 people in 513 groups participated. They gained insights into company policies, the work being done in other divisions and departments, and the relationship between their own jobs and the SDGs. It impressed upon them the necessity of understanding the needs of customers and society and motivated them to try to achieve challenging objectives that only Epson is in a position to achieve.

What are Sustainable Development Goals?

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

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

Participation in External Initiatives

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

United Nations Global Compact

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

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

Epson's corporate activities

Management Philosophy

Principles of Corporate Behavior

United Nations Global Compact

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2: Businesses should make sure they are not complicit in human rights abuses.
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.
Principle 5: Businesses should uphold the effective abolition of child labour.
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Principle 7: Businesses should support a precautionary approach to environmental challenges.
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Responsible Business Alliance (RBA)

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

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

Responsible Minerals Initiative (RMI)

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

Other Memberships (Japan)

- Global Compact Network Japan
- Japan Portable Rechargeable Battery Recycling Center
- Japan Electronics and Information Technology Industries Association
- Japan Business Machine and Information System Industries Association
- Communications and Information Network Association of Japan
- Home Electric Appliances Fair Trade Conference
- Japanese Business Federation (Nippon Keidanren) etc.

Customer Commitment

Approach to Customer Commitment

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

Quality Policy

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

Quality Policy

1. We will solve problems by directly observing all of our operations and processes.
2. We will quickly complete the Plan, Do, Check & Act (PDCA) cycle in all situations.
3. We will thoroughly analyze any failures, and establish procedures based on that analysis, so that mistakes are never repeated.
4. We will proactively consider our customers' satisfaction so they will genuinely prefer purchasing Epson products and feel confident using them.
5. We will seize the opportunity presented by customer comments and complaints to inform our decisions when designing new products.
6. We will readily report even negative information.
7. We will foster a climate in which attention is paid to even the most commonplace events.

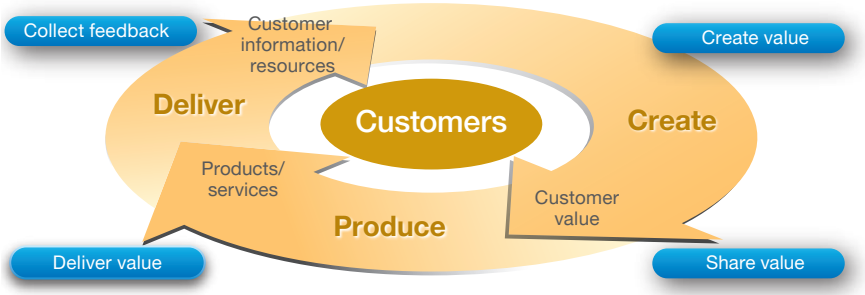
Vision for Mid-Range CS & Quality Initiatives

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

Goal

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

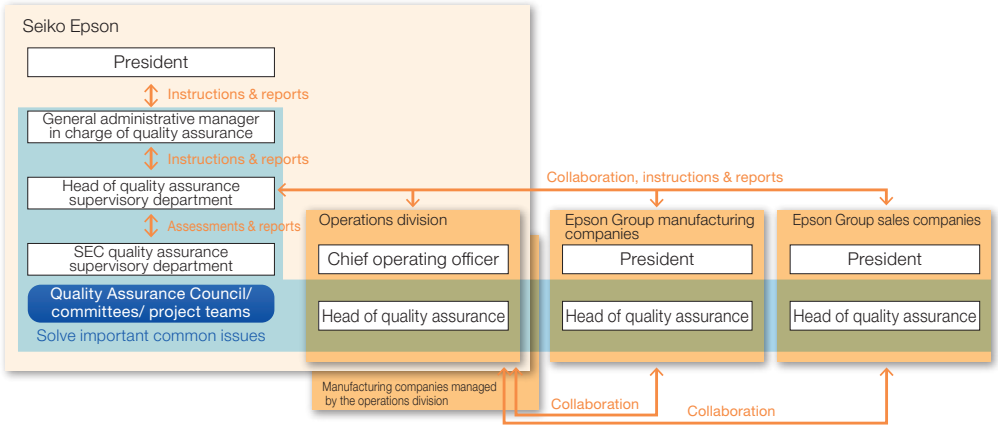
CS & Quality Vision (Creating Customer Value)



Quality Assurance Program Organization

Epson carries out actions to assure quality across the Epson Group. A Quality Assurance Council and project teams solve shared issues and serious problems. In addition, we manage our quality assurance programs by periodically assessing and reviewing the state of quality and the progress of actions, reporting the results to the president, and formulating and implementing policies for further improvement.

Quality Assurance Program Organization



Customer Commitment

Pursuing Customer Satisfaction

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

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

Resolving Tank Refill Issues

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

Issue 1

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

Action

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

Issue 2

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

Action

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

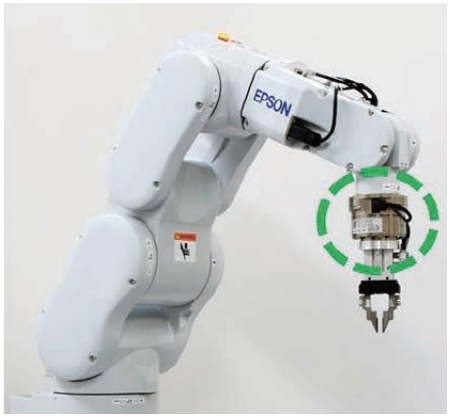
Issue 3

Filling a tank with the wrong color of ink

Action

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

Innovating Manufacturing with New Force Sensors



The S250 series of force sensors

In creating labels for displaying products to their best advantage, there is a need to be able to design color labels with photographs and text for each product, and print them attractively at high speed, on demand. On learning of this customer requirement, Epson developed the TM-C7500 color label printer. Manufacturers, faced with labor shortages and a need to increase productivity, are rapidly automating their assembly processes with robots. However, there are still many difficult, precision tasks that rely on human sensory perception and skilled workers due to task complexity, the fragility of components, and the need for fine adjustments. Epson is making it possible to automate even these challenging tasks with a new series of S250 robotic force sensors.

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

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

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

The S250 series of force sensors enable robots to perform difficult-to-automate tasks that in the past have always relied on humans. Examples include:

- High-precision assembly of fragile parts, such as tiny electronic components with bendable pins.
- Advanced insertion tasks in extremely narrow spaces, such as the insertion of precision components and automotive parts.
- Deburring, sanding, polishing and other finishing tasks that require delicate force control.

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

The TM-C7500 Revolutionizes the Printing Environment

In creating labels for displaying products to their best advantage, there is a need to be able to design color labels with photographs and text for each product, and print them attractively at high speed, on demand. On learning of this customer requirement, Epson developed the TM-C7500 color label printer.

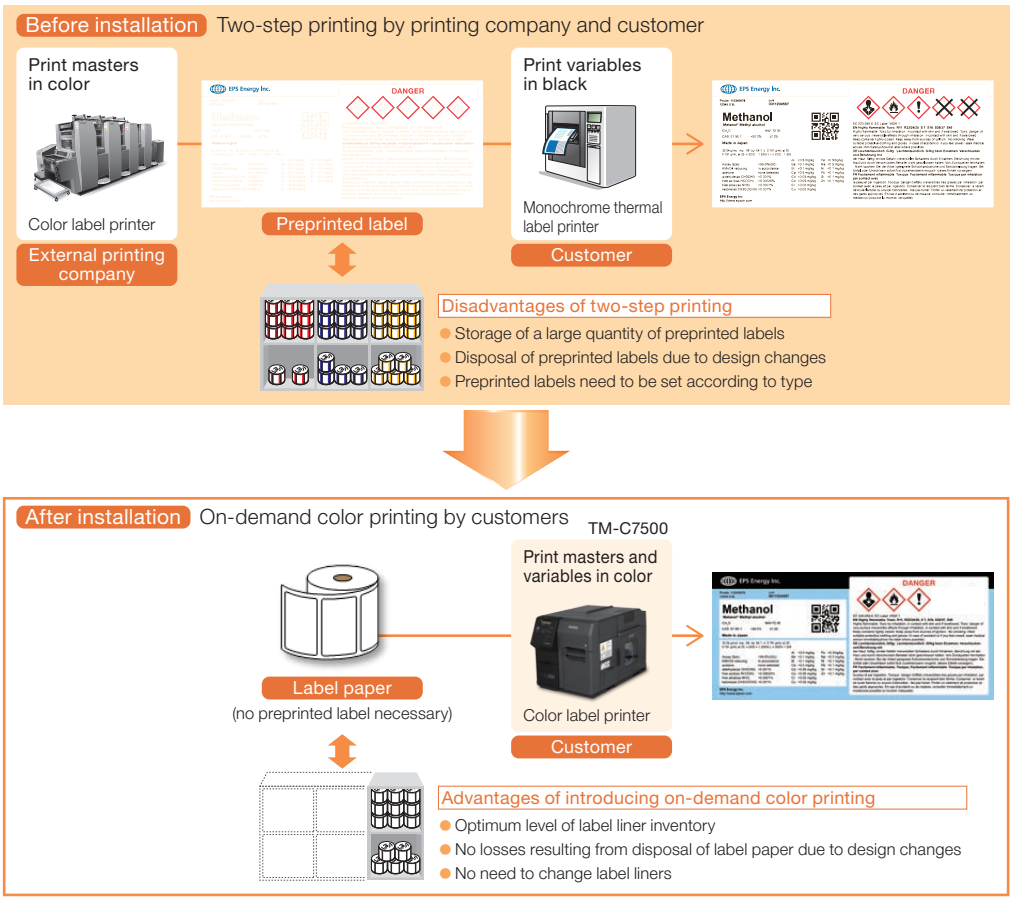
First, we sought to learn how businesses make and use labels, and ascertained what difficulties they encountered. For example, when making GHS (Globally Harmonized System of Classification and Labeling of Chemicals) for chemical containers, we discovered that customers followed a two-step procedure.

First they would ask an external printing contractor to make several varieties of preprinted labels showing the company logo and the red diamond for the picture symbol, in the places designated in the GHS standard.

Then, using their own barcode label software, they would print barcodes, product information, and picture symbols for each chemical on the preprinted labels using a monochrome thermal label printer. As a result, we discovered that customers faced the following issues.

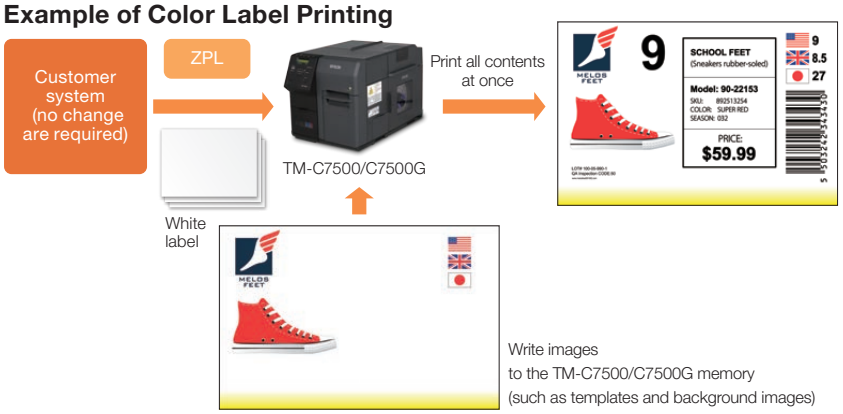
1. It was necessary to prepare several varieties of preprinted labels for the different types of chemical. Also, the printing contractors imposed minimum print runs, resulting in inventory management headaches.
2. The cost of disposing of labels that became obsolete through design changes.
3. Printing the barcodes took time.

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



In order to solve these problems faced by customers, the product plan for the TM-C7500 was developed with a focus on achieving color, high speed and high resolution, and the ability to move to an environment enabling smooth, on-demand color label printing leveraging customers' existing label printing environments.

Example of Color Label Printing



1. To achieve color, high speed and high resolution, the printer is equipped with PrecisionCore lineheads with print speeds of up to 300 mm per second.
2. The internal memory of the printer comes with a stock of images. Equipping the printer with a function for combining this image data with the text and other print information sent from the barcode label software significantly reduces the volume of data sent from the barcode label software. This substantially cuts down the waiting time while data is being sent and read.
3. In order to leverage customers' existing label printing environments, the printer is equipped with ZPLII commands which are standard in the monochrome thermal label printing environments, and ESC/Label commands including Epson's proprietary commands for achieving color printing with an inkjet.
4. By working with companies that produce three types of barcode label printing software popular with customers, we incorporated the three types of software in the TM-C7500 native driver to achieve an environment that enables on-demand color label printing without customers having to change their systems.

The printer is highly regarded by customers in the healthcare packaging business who have been able to simplify product identification with highly expressive labels through high-resolution color printing with highly water and alcohol resistant pigment inks. They value the ability to cut costs through on-demand printing, reducing use of preprinted labels, as well as reducing the impact on the environment over the product life cycle.

Epson will continue to revolutionize the world of label printing by delivering label printing environments that meet wider customer needs.

Product Service and Support that Keeps Businesses Running

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

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

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

Incorporating the Voice of the Customer: Quality Control Improvement in Manufacturing Processes

The role of manufacturing processes is to create products that accurately reflect the voice of the customer captured in product plans and designs. In manufacturing processes, we build products that meet specified quality requirements. We specify a lot of quality controls for product components and processes. Quality control engineers are sent to manufacturing sites worldwide to introduce quality improvement activities so that we can strictly manage required controls at the sites and assure quality.

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

Improvement in collaboration with an overseas affiliate

Customer Commitment

Universal Design

Approach to Universal Design

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

Universal Design within Epson

Internal Guidelines

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

Internal Monitor Program

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

In FY2018, we had 366 registered monitors and asked them to evaluate 10 products prior to release, including printers, projectors, and wearables, to identify things such as product operability, visibility, and receptiveness.

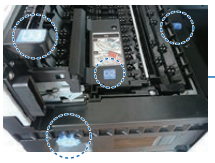
Some of Epson's Universal Design Features

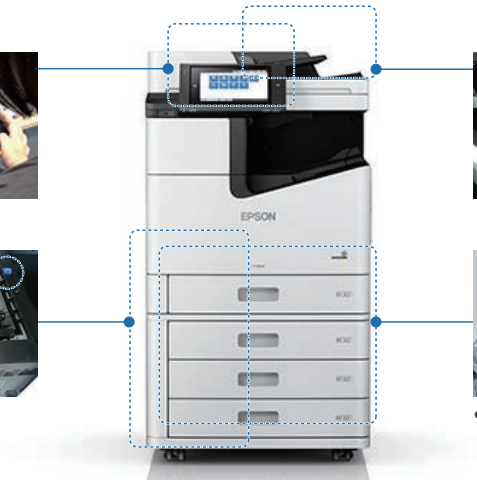
To enable anyone anywhere to operate our products, we decide the configuration of operating panels as well as dimensions, colors, textures, and markings based on data about usage environments and usage applications. We try to maximize the ease with which each product can be handled.

High-Speed Linehead Inkjet MFPs

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

- Different colors are used for internal items such as levers, instruction labels, and edge guides to increase visibility.





- Fin-shaped projections on the paper output tray make it easier to pick up sheets.

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

High-Capacity Ink Tank MFPs

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

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

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

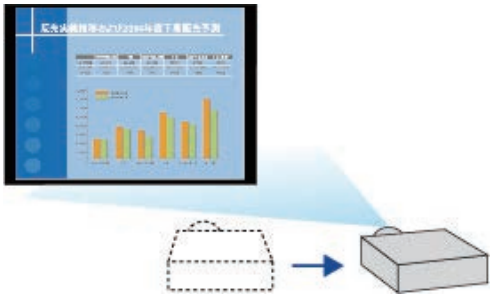
- The amount of remaining ink is easy to check with front-loading ink tanks and ink windows that repel moisture.

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

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

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

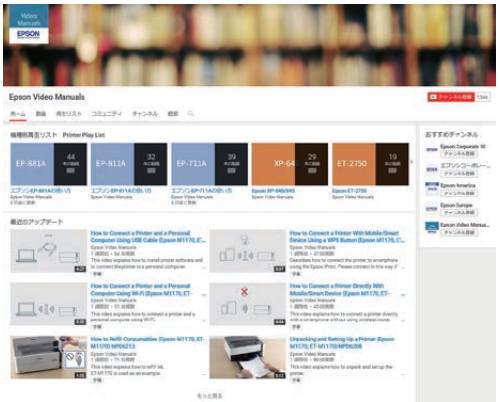
Epson’s EB-1795F business projector has one-touch image position and adjustment features that enable even novice users to effortlessly align images so that they sharp and clear. By eliminating troublesome and time-consuming set-up, we have enabled anyone to smoothly prepare a projector for business meetings.



Easy-to-Follow Video Manuals

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

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



* The video above was provided using the service of YouTube™. YouTube™ is a trademark of Google Inc.

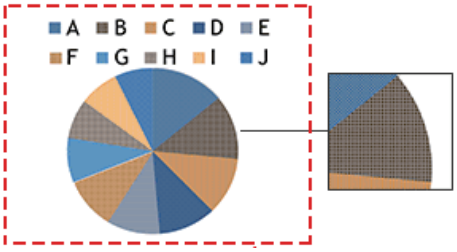
Color Universal Design

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

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

Improving Visibility with Color Universal Design

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



[*2] This technology was developed based on Epson's own criteria and does not guarantee visual accessibility to all.

Colors on Control Panel LCDs, LED Lamps, and Buttons

Large Format Printers

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

Business Inkjet Printers

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

Interactive Projectors

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

Customer Commitment

Sales/Service & Support

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

After-Sales Service for Epson PCs

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

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

Service Personnel Skills Competition

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

The 2018 skills competition was held at the Epson Sales Japan Corp. headquarters in Tokyo, where 19 CEs from around Japan who were selected based on a screening test competed to be the top inkjet customer engineer.

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

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

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

The winner in the Independent Maintenance and Repair Dealer category
Tomohisa Shiraishi of Raymay Fujii Corporation

Service Partner category winner
Junichi Takahashi of ISS Corporation

Epson Square Marunouchi, a Solutions Showroom

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

Epson Square Marunouchi

Smart & Ecological Solutions - For Education

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

Smart & Ecological Solutions - For Business

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

epSITE – Promoting Photography

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


Smart & ecological solutions - For Education


Smart & ecological solutions - For Business


epSITE – Promoting photography

Customer Commitment

Activities to Improve Quality

Activities to Improve Quality

Epson conducts activities to improve the quality of its products, services, manufacturing and sales in order to provide quality that exceeds customer expectations and earns their trust.

Supplier Quality Assurance

Epson internally manufactures key components such as printheads for inkjet printers. At the same time, our suppliers also provide us with many of the parts needed for manufacturing. Therefore, our quality assurance programs go beyond the Epson Group. We share our approach to quality with our suppliers and work with them to improve quality.

For example, we stipulate our basic quality assurance policies and requirements in quality assurance standards, verify the quality of parts by visiting suppliers, and give them advice about ways to improve. In addition, we hold meetings with suppliers and our own people who are in charge of supplier quality control at our operations divisions to improve quality assurance programs.

A meeting of people in charge of supplier QC

Global Sharing of Service & Support Information

Epson has built service and support organizations around the world so that our customers can use our products and services with confidence.

We hold an annual Epson Group Services and Support Conference that is attended by people in charge of these functions at our overseas regional sales headquarters and some sales companies. The purpose of the meeting is to improve the quality of our service and support. At the meeting, we share technical information about service and support, as well as about the use of our products and services by customers. We also review actions and discuss issues to formulate long-term strategies. The results of the meeting are used in our Group companies around the world.

Epson Group Services and Support Meeting

Improvement of Employee Quality Control Skills

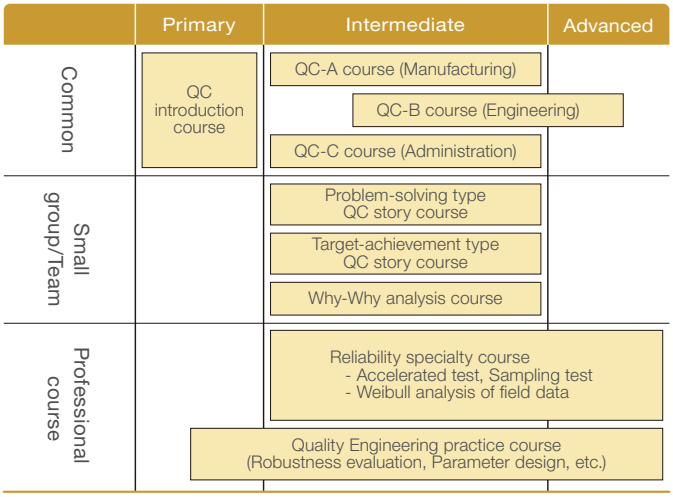
Training

Epson provides quality control training to all employees so that they can help improve quality. Manufacturing personnel, engineers, and office workers separately receive training for the basics of QC first. After that, they receive systematic training to learn the skills required to fulfill their duties and participate in E-kaizen programs (see below).

In addition, we train and certify QC trainers at overseas production sites and certify trainers so that our overseas employees can receive the same level of training as our employees in Japan.

Epson aims to develop people who are able to identify and address the root causes of problems so that we can produce and sell products and services that exceed customer expectations.

Quality Control Training Program



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

Standard QC Courses for All Employees (FY2018, Japan)

Course	People trained	% trained
QC Introduction	457	91%
QC-ABC	194	76%

Licensed Quality Control Training Trainers

Region	Number of Production Sites with Licensed Trainers	Licensed Trainers*1
Southeast Asia	7 companies	97
China	7 companies	79

*1 Number of licensed trainers as of March 31, 2019.

Kaizen Activities

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

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

The 2018 Worldwide Team Presentations conference was held in October, at which five teams from three Japan companies, four teams from three Southeast Asia companies, five teams from three China companies and one team from a Europe company, totally fifteen teams presented their Kaizen results.

A team named “Invincible Warrior” from Epson Engineering (Shenzhen) Ltd. came away with the top prize, the President’s Award, for the elimination of foreign material in printheads.

Worldwide Team Presentations conference held in Japan

The members of the President’s Award-winning Invincible Warrior

Activities to Raise Awareness

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

In FY2018, we used the month as an opportunity to revisit the QC approach, which is the basis for carrying out work logically, and think about increasing the quality of work. One of the events for CS & Quality Month was a talk given by SEC officers. They spoke about user requirements, the market, and the operating environment. The talk, which included numerous specific examples, helped raise awareness of the importance of both customer satisfaction and quality. A large number of employees listened to the talk, both in the main hall and at each of the 15 sites to which it was broadcast. An online training for Epson Group employees was also offered in Japan and completed by 96% of employees. In addition to the talk and the online training, each of our sites and global manufacturing affiliates carried out their own events. We use events like these to help shape our products and services to the needs of our customers.

CS & Quality Month posters

Customer Commitment

Product Safety Initiatives

Approach to Product Safety

Epson has established unified Epson Group regulations governing quality assurance and product safety management to help ensure that it offers the same product quality to customers around the world.

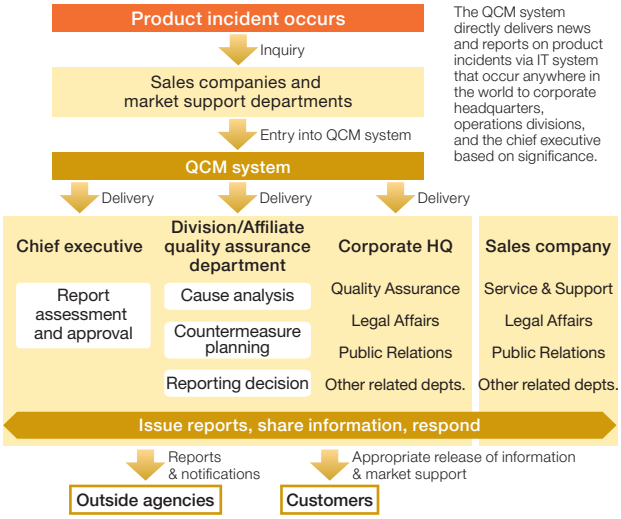
Our product safety and environmental compliance requirements are set forth in the Epson Quality Standard (EQS), a set of unified standards implemented across the entire Epson Group. EQS specifies independent controls that we widely implement to meet or exceed legal and regulatory requirements in each country. Epson painstakingly evaluates product safety in every area and from all angles to prevent product incidents and provide our customers with safe, secure products.

Process for Rapidly Responding to Product Incidents

If there is an incident involving a product, an Epson sales company or market support organization immediately issues a preliminary report using the Epson Group's Quality Crisis Management (QCM) system.

Departments are notified of the incident via the QCM system, and the quality assurance department of the operations division or affiliated company rapidly responds by analyzing the cause and planning countermeasures. The chief executive and affected departments, including those at corporate Head Office, exchange information whenever an incident occurs and, putting the needs of the customers first, announce the incident to the public, provide market support, and furnish outside organizations with the reports and notices required by all applicable laws and regulations.

Epson Product Incident Response Process



Analyses to Prevent Product Incidents

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

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


Burning test at combustion laboratory

Epson has set up a combustion laboratory that enables it to conduct tests that cannot be performed in ordinary laboratories, such as tests that use flames or could cause parts or products to ignite, emit smoke, or rupture. In this lab Epson analyzes the causes of incidents and researches combustion-resistant structures and materials. We use the findings from these and other tests and studies to develop standards for creating safe, secure products, therefore seeking to prevent product-related incidents.

Safety Evaluations on Substances Released by Products

Products can sometimes release trace amounts of chemical substances during use. Epson goes beyond simply evaluating releases of controlled substances specified under the requirements for environmental labels such as Japan's Eco Mark and Germany's Blue Angel[*1], and also evaluates the level and safety of substances for which the Japanese Health, Labor and Welfare Ministry has issued indoor concentration guideline values[*2]. An in-house laboratory enables us to swiftly feed the findings from these evaluations back into our products.

Epson seeks to deliver safe, secure printers, projectors, and other products by verifying that releases from these products meet Epson's strict, independent standards that exceed the rigorousness of the Health, Labor and Welfare Ministry's indoor concentration guideline values.

Measurement of substances released by products

[*1] Blue Angel, introduced in Germany in 1978, is the world's first environmental label.
[*2] Indoor concentration guideline values are the levels of airborne chemical substances that are considered to be unlikely to have harmful personal health effects even if persons take in throughout life the substances at the indicated concentrations.

Product Information Security Initiatives

Once reserved for laser, business inkjet, and other office printers, network connectivity is now routinely provided with home inkjet printers and other consumer devices, which can be accessed via wireless LANs, smartphones, tablets, and other Wi-Fi-capable equipment. Network connectivity is a great convenience, but it also exposes users to security risks, such as cyber-attacks that could lead to the destruction of data or the theft of confidential information by persons or organizations who exploit network device software vulnerabilities[*3].

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

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

Epson and the Environment

Environmental Vision 2050

Environmental Vision 2050

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

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

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

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

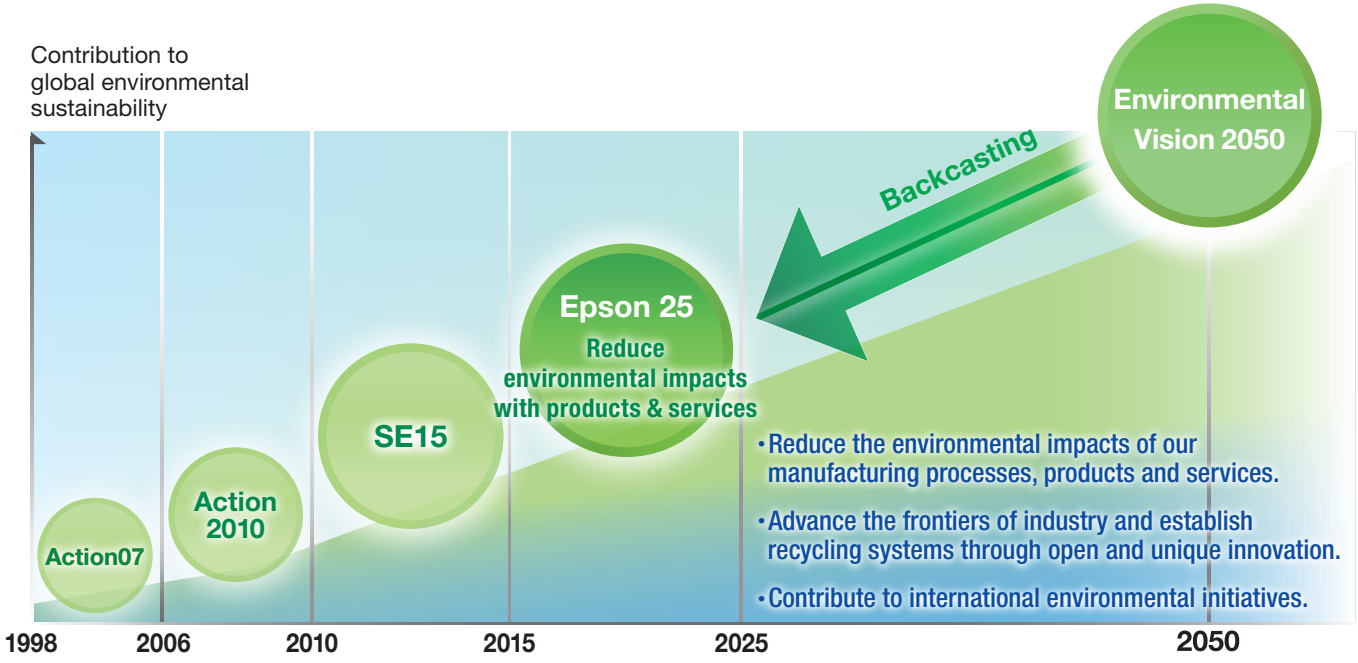
Environmental Vision 2050 and Mid-Term Targets

Approach for Achieving Our Vision by 2050

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

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

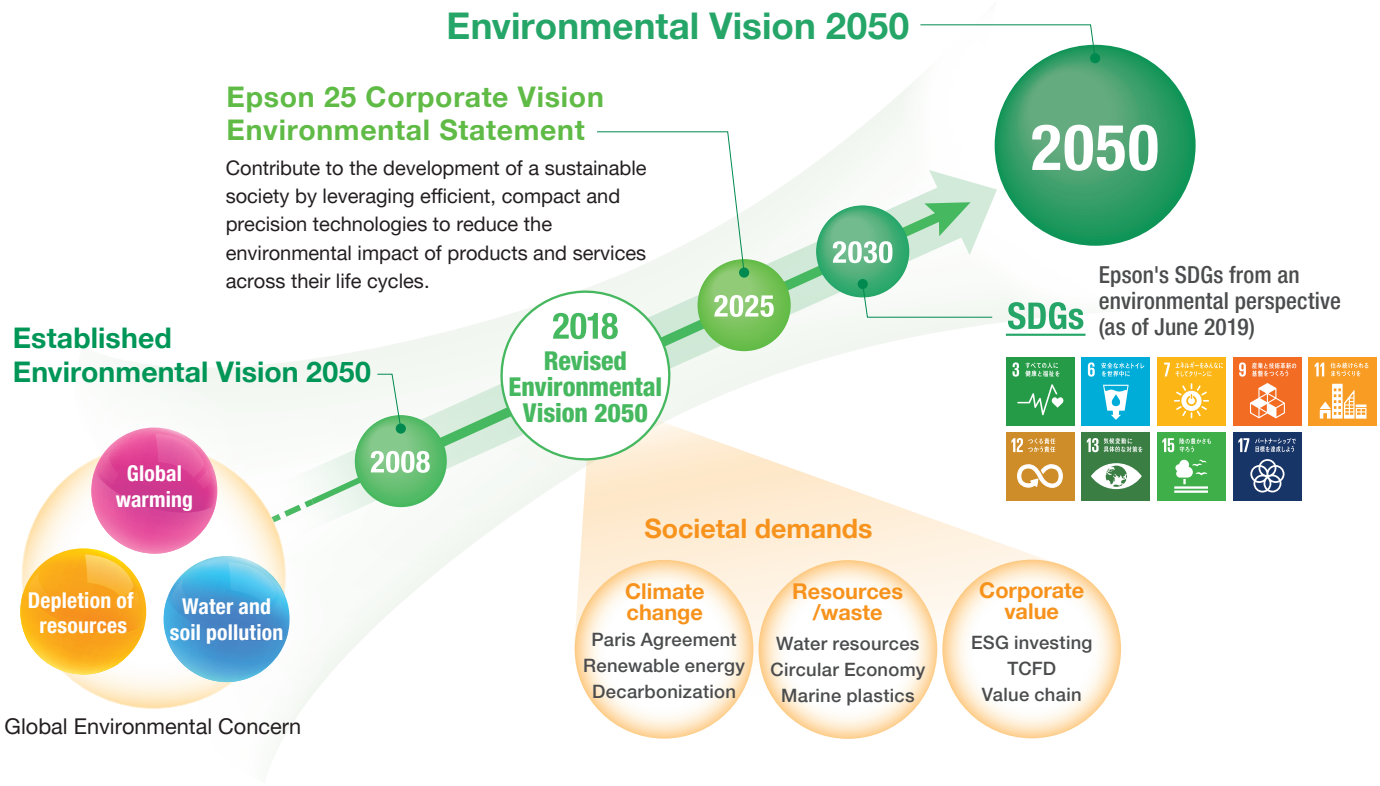
[*1] A planning technique in which a desired outcome or goal is envisioned and planned before the scenario for achieving the outcome or goal is devised.



Striving to Sustainability

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

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

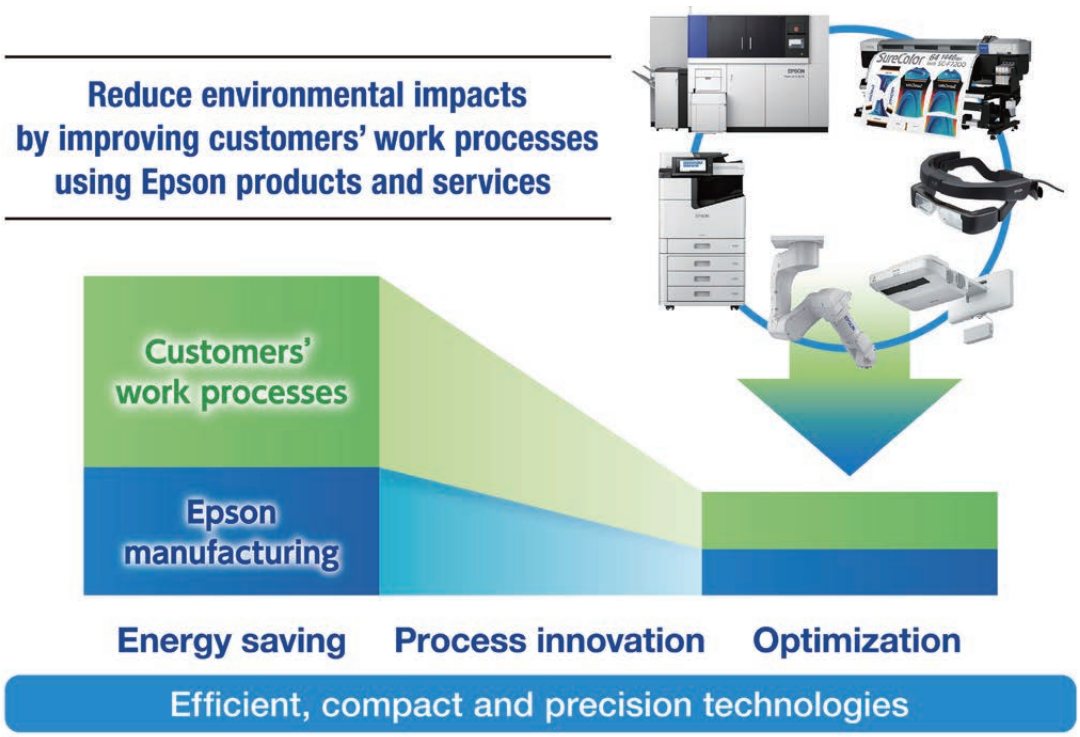


Epson and the Environment

2025 Goals

Epson 25 Corporate Vision Environmental Statement

Contribute to the development of a sustainable society by leveraging efficient, compact and precision technologies to reduce the environmental impact of products and services across their life cycles.



Epson will continue to drive improvements in the basic environmental performance of its products in addition to reducing the environmental impact of their manufacture, transportation and sales. Epson also contributes to broader environmental conservation by reducing the environmental impact of customer work processes through its unique products and to the sustainable development of its customers' business and society in general.

Reducing Greenhouse Gas (GHG) Emissions

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

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

GHG reduction targets

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

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

Epson's Science Based Targets (SBTs)

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

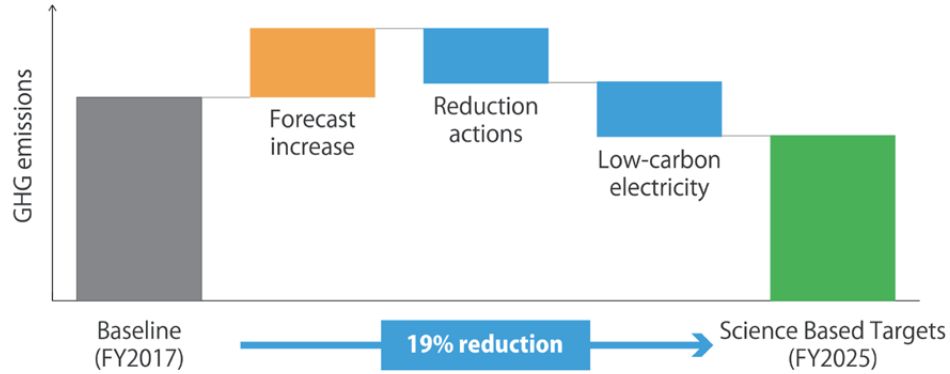
Initiatives to Reduce Scopes 1 and 2 Emissions

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

Main actions for reducing emissions

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

Conceptual image of FY2025 scopes 1 & 2 emissions reductions



Renewable Energy Use

Epson expects its energy use to increase as production increases in line with its long-term growth strategy. Therefore, all Epson sites and businesses are implementing energy-saving measures and increasing the use of renewable energy to achieve our SBT. In 2018, Epson decided to expand its use of renewable energy by purchasing low-carbon electricity for a new factory in Japan that is involved in the production of PrecisionCore printheads, the core device at the heart of inkjet printers. We were able to increase the rate of renewable energy use in FY2018 to approximately 12% and make progress in reducing the Epson Group's total scope 2 emissions. We achieve this primarily by entering into long-term contracts for the purchase of low-carbon electricity and by generating power on-site at our plants overseas.

Carbon Pricing

Carbon pricing, an instrument that captures the costs of GHG emissions across society, is seen as a way to spur action and innovation in support of lower carbon emissions. In FY2018, Epson began trial use of an investment decision-making scheme that incorporates a carbon pricing approach. Based on the information from this scheme, we made a business decision to expand the use of low-carbon electricity.

The issues that lie ahead involve building an organization-wide process for making decisions on investments to address climate-related problems, quantifying the performance of each operations division, and creating a scheme for incentivizing the implementation of decarbonizing measures.

Reducing Scope 3 Emissions Intensity

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

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

Environmental Contributions

Epson's inkjet technology saves resources. Our printers, which do not use heat to print, draw comparatively little electricity while consumables and limited lifetime parts require only infrequent replacement. Using Epson inkjets instead of laser printers can cut users' electricity consumption and reduce the environmental impacts of society as a whole. Epson calculated the contribution of business inkjet printers to avoided emissions in FY2018 to be 8,909 t-CO_2e.[*1]

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

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

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

Climate-Related Issues: Risks & Opportunities

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

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

Climate-Related Risks and Opportunities

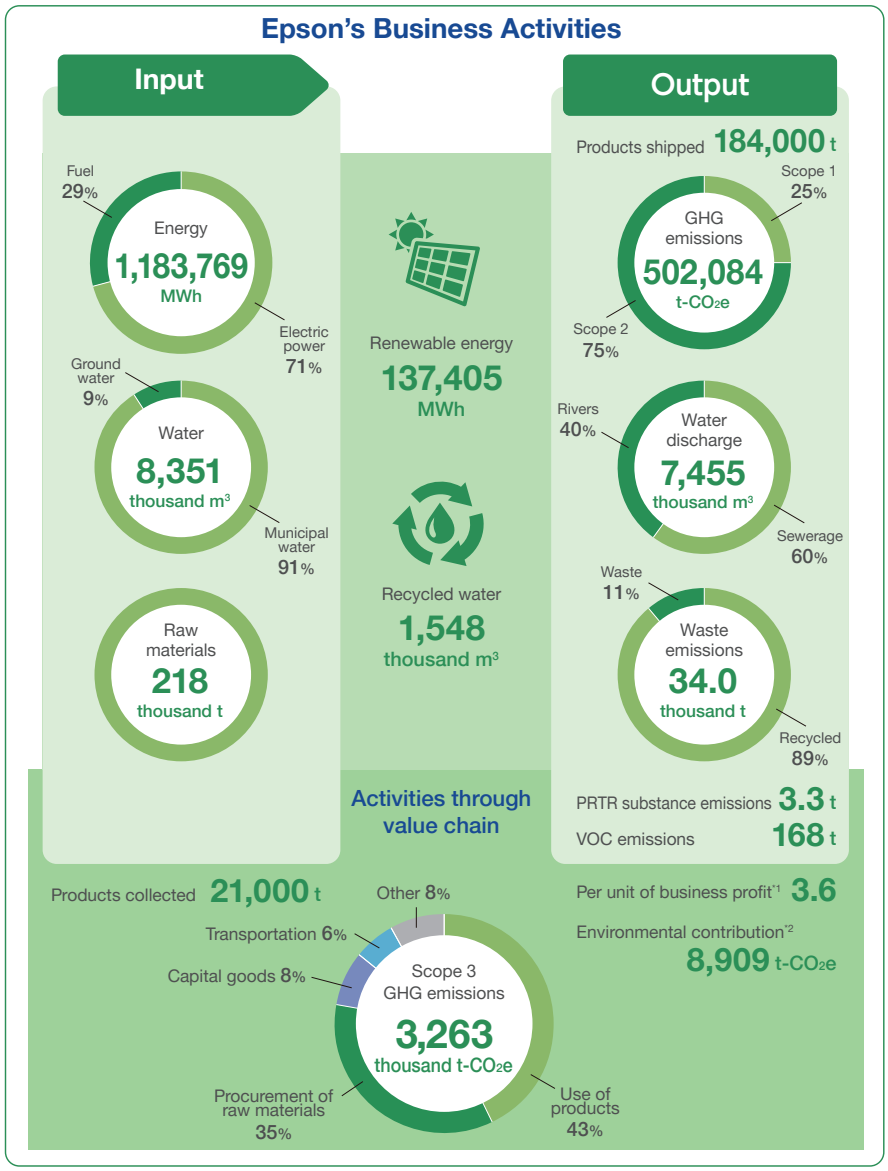
Category	Description
Opportunity	Contribute to the expansion of business opportunities and to global sustainability through open innovation.
	Expand sales opportunities by quickly complying with product regulatory and eco label requirements with low-carbon products and services.
	Enhance the company's reputation and secure human resources by ambitiously responding to climate change and through appropriate information disclosures and communications.
Transition risk	Loss of sales opportunities due to delays in complying with product energy-efficiency regulations and eco label requirements.
	Increased operating costs resulting from penalties imposed against energy consumption and greenhouse gas emissions.
	Reputational damage if information disclosures and communications do not satisfy societal expectations.
Physical risk	Impact on operations due to increasingly severe weather changes caused by climate change (disruption of factory operations or supply chains).

Environmental Performance

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

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

Material Balance (FY2018)



Targets and Achievements*3

GHG emissions	-15%	Reduction of scopes 1, 2 Target: -19% by FY2025 compared to BM value (BM: 592 thousand t-CO_2e)
Water usage	+0.3%	Reduction of usage Target: BM value or less (BM: 8,324 thousand m^3)
Waste emissions	-1.4%	Reduction of emissions Target: BM value or less (BM: 34.4 thousand t)
PRTR substance emissions	-43%	Reduction of emissions Target: BM value or less (BM: 5.7 t)
VOC emissions	-8.8%	Reduction of emissions Target: BM value or less (BM: 184 t)
Scope 3 Per unit of business profit*1	+6.5%	Reduction of per unit of business profit Target: -44% by FY2025 compared to BM value (BM: 3.4)

*1 Scope 3 (categories 1 and 11) GHG emissions per unit of business profit (unit: thousand t-CO_2e/100 million yen)

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

*3 Actual reductions and targets against FY2017 results are used as benchmarks. Figures in parentheses are benchmark values.

Epson and the Environment

Responding to TCFD*1

Epson to Disclose Climate-Related Financial Information in Accordance with Final Report of the TCFD

Epson indicated approval of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in October 2019.

Epson is taking steps to deal with climate change in all aspects of its business. Examples include cutting emissions of greenhouse gases (GHGs) in production (scope 1 and 2) and in the value chain (scope 3). These efforts are intended to help achieve the carbon-free society called for in the Paris Agreement.

In line with the recommendations of the TCFD, Epson will actively disclose climate-related financial information going forward. Such information will address both the risks and opportunities that climate change poses to our business. Consideration will be given to strategy, risk management, governance, and indicators.

*1 Abbreviation of "Task Force on Climate-related Financial Disclosures." The task force was founded by the Financial Stability Board (FSB), an international organization in which central banks and regulatory authorities of major nations and regions take part.

https://www.fsb-tcfd.org/

Epson and the Environment

Global Environmental Positioning Statement

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

Epson and the Environment

Life Cycle Thinking

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

Think
Design products thinking of the entire life cycle

Design for Environment
(Please refer to page 63.)

Choose
Use environmentally conscious materials

Management of Chemical Substances in Products
(Please refer to page 111.)

Paper Products Procurement
(Please refer to page 191.)

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

Climate Change/Realizing a Decarbonized Society
(Please refer to page 99.)
Resources/Forming a Circular Economy
(Please refer to page 104.)
Pollution Prevention & Chemical Management
(Please refer to page 111.)

Deliver
Transport products efficiently

Transport/Value Chain
(Please refer to page 100.)

Use
Eco-performance as customer value

Products and Services that Reduce Environmental Impacts
(Please refer to page 65.)

Recycle & Reuse
Reuse resorces

Product Recycling
(Please refer to page 107.)

Design for Environment

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

Think

Epson takes a life-cycle thinking approach in efforts to minimize customers' environmental impacts by (1) providing products that change the way they work and live, and (2) providing products that offer environmental performance as a basic feature. We set concrete targets for environmental specifications that should be achieved at the product planning stage. And, we have introduced a design-for-environment (DfE) process in which we evaluate how well we did in and after the design stage.

Primary Environmental Performance Features

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

Energy Conservation

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

Resource Conservation

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

Recyclability

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

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

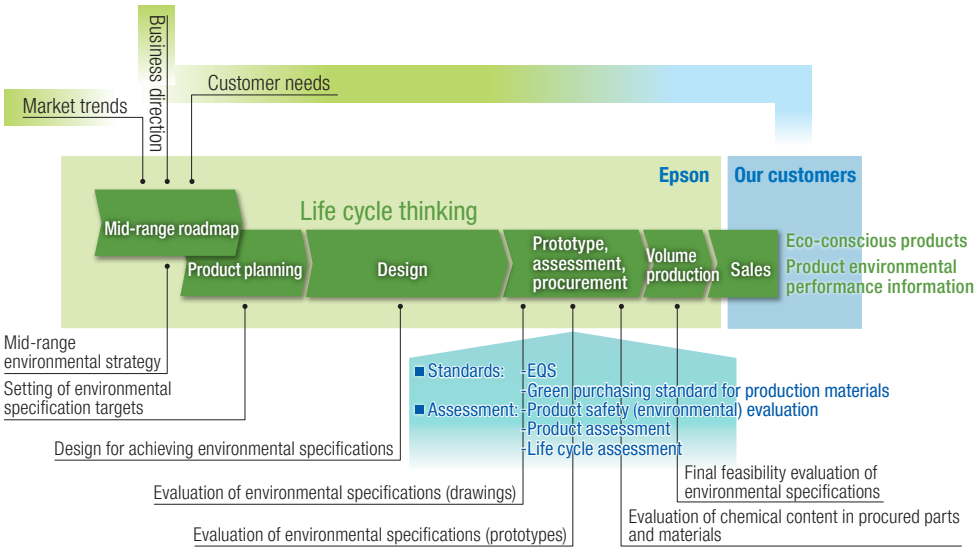
Substance Safety

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

Design-for-Environment Framework

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

Eco-conscious Product Commercialization Flow (Example for the Printer Business)



Standards

- EQS (Epson Quality Standard)
  Includes internal standards for safety and environmental requirements that all Epson Group products and parts must meet in their design, production and procurement
- Green purchasing standard for production materials
  Basic opinion on "Product Chemical Content Guarantees," and written standards covering specific criteria and application, for use when purchasing production materials

Evaluation

- Product safety (environmental) evaluation
  Compliance check
- Product assessment
  Checklists and evaluation sheets for evaluating the feasibility of individual environmental specifications during the drawing stage and experimental manufacturing stage
- Life cycle assessment (LCA)
  Tools for quantifying environmental impacts (global warming impacts) in a product's life cycle and for efficiently and accurately identifying areas whose design should be improved

Epson and the Environment

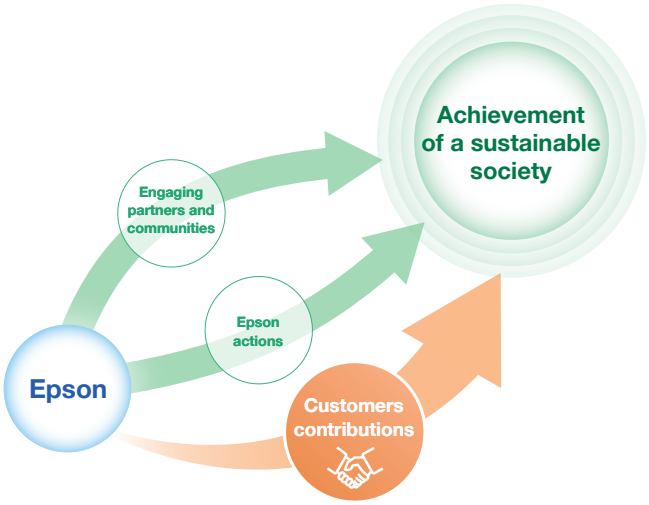
Products and Services that Reduce Environmental Impacts

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

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

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

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



Epson and the Environment

Minimizing Customer Environmental Impacts

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

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

Office

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

With built-in PrecisionCore lineheads, the WF-C20590 is a high-speed multi-function inkjet capable of print speeds up to 100 ppm (pages per minute)[*1]. That's double the output of the typical office laser printer. Enabled by Epson's inkjet technologies, high-speed linehead inkjet multi-function printers (MFPs) take the combination of print performance and energy efficiency to the next level.

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

[*1] For single-sided A4 sheets. WF-C17590: 75 ppm

WorkForce Enterprise
WF-C20590/WF-C17590

ENERGY CONSERVATION GRAND PRIZE

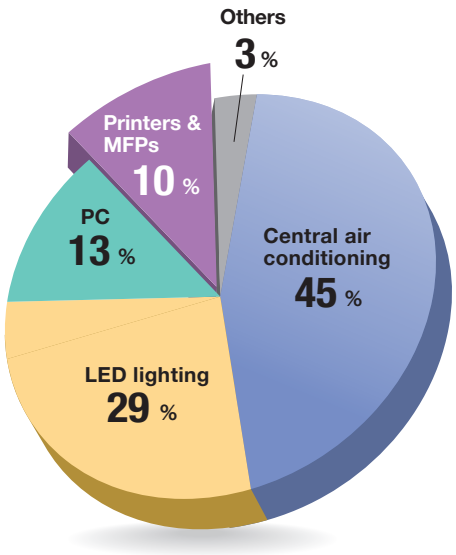
FY2018 Grand Prize for Excellence in Energy Efficiency and Conservation
(Product Category & Business Model Category)
Sponsor: The Energy Conservation Center, Japan

Ideas for the Office

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

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

How Power is Consumed at the Office[*2]

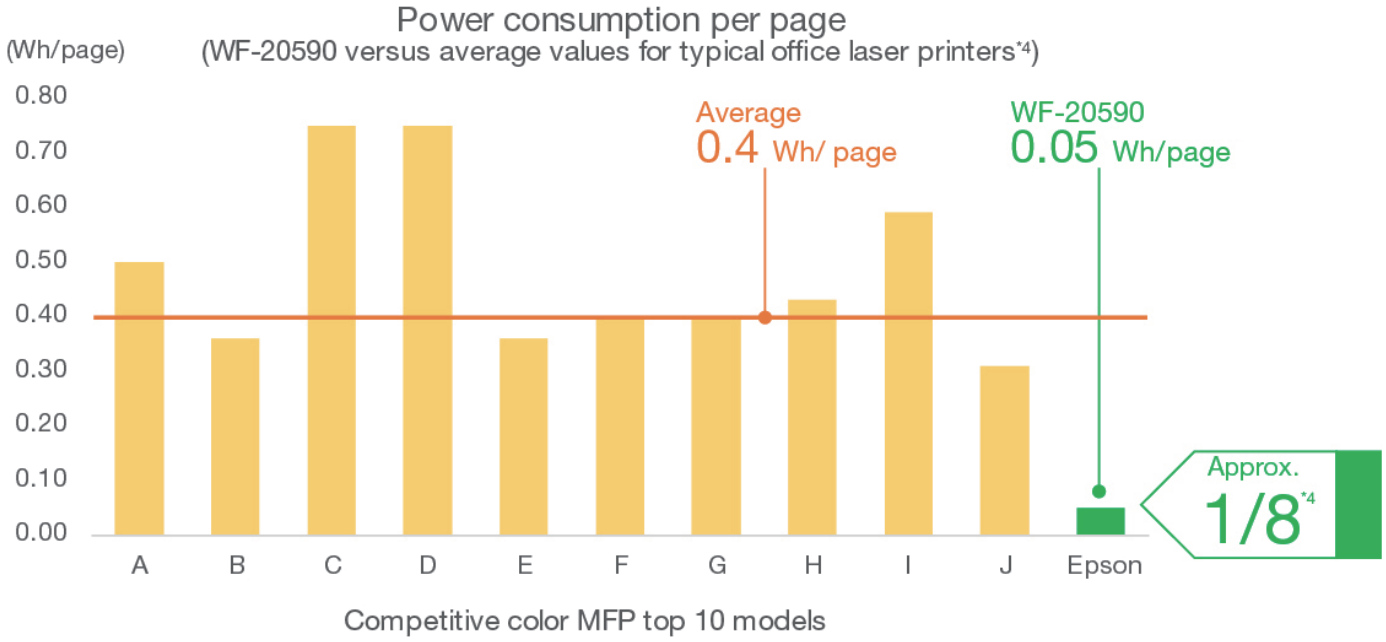


[*2] Epson research based on data from commissioned survey conducted in March 2018 by SOMPO Risk Management & Health Care Inc.

Power Consumed per Page

The graph below shows the estimated energy consumed per page. The figures, which are based on typical electricity consumption (TEC[*3]) values provided by the ENERGY STAR®, may be used as a guide to compare products running at different speeds. The graph indicates the superior energy efficiency of Epson's WF-C20590, which uses only about 1/8th the energy of a typical A3 color laser office MFPs.

[*3] Typical weekly electricity consumption (when cycling through the active, sleep, and off states for five days, and between the sleep and off states for two days)



[*4] Comparative simulation of power consumption per page. Ten of the leading (in terms of unit shipments) A3 color MFPs with outputs of at least 45 ppm were selected, and their average per-page electricity consumption was compared. (Source for 2017 unit shipments: IDC's Worldwide Quarterly Hardcopy Peripherals Tracker 2017Q4.) Our per page calculations are based on the TEC values posted on energystar.gov as of February 2018.

User Comment

Increasing efficiency and reducing energy costs

We at Plan International, a children's aid organization that is active in over 70 countries, have replaced most of our laser printers with Epson inkjet printers. We use Epson's high-speed linehead inkjet multifunction printers for high-volume print jobs in order to maximize speed, quality, and efficiency. Lower energy costs are an added benefit, as are a cooler office environment and better indoor air quality, since inkjets do not heat up a room. We are extremely satisfied with the excellent output and superior printing performance of Epson's printers, as well as their environmental performance, as sustainability is crucial in environmentally conscious Germany.

Plan International Germany CEO
Maike Röttger

Eco Features


WorkForce Enterprise

- High-speed linehead inkjet multi-function printers enabled by Epson's inkjet technologies take the combination of print performance and energy efficiency to the next level.
- Epson's WF-C20590 demonstrate superior energy efficiency, using only about 1/8th the energy of a typical A3 color laser office MFPs.

Adding New Value to Paper Contributes to a Circulating Society

The PaperLab A-8000, the world's first dry-process office papermaking system*1, makes new paper from old right on-site. Epson's unique dry fiber technology represents a breakthrough in paper recycling. It enables scrap paper to be reused not only in new paper production but also in the production of a variety of other pulp-based products.

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

*1 Based on a November 2016 Epson study of the office paper recycling market

PaperLab A-8000
Dry-process office papermaking system

EcoPro Awards

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

Preservation of Water Resources

An ordinary paper recycling process uses about a cup of water to produce a single A4 sized sheet of paper. In contrast, the A-8000 uses only a small fraction of this to maintain humidity within the system, thus helping to conserve precious water resources.

Effective Use of Forest Resources

Paper is produced from wood taken from the forests, and while efforts have been made to conserve this resource by producing cardboard from recycled paper, the A-8000 produces new copy paper from used documents right in the office. Also, any paper produced by the A-8000 may be marked with the eco-label established by the 3R Promotion Forum Japan.

Awareness-Raising

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

Internal Case Study

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

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

Calendars made using recycled paper

Waste ink pads for inkjet printers
(maintenance box)

User Comment

Beyond direct benefits: raise children's awareness of the environment

Toshiyuki Oguchi
Mayor
Shiojiri, Nagano

The city government of Shiojiri decided to install a PaperLab after examining the potential environmental, security, and job creation benefits. We saw that we could promote environmental conservation through local recycling of used paper without stressing water resources. We saw that we could strengthen security by destroying sensitive information on-site. And we saw that we could develop employment opportunities for persons with disabilities. I personally feel that the biggest benefit is that the PaperLab can inspire children. For a resource-poor country like Japan, the development of high-productivity industries is important for the national identity. So, I think it is critical to instill in children a sense of awe and excitement about technology and learning.
A tangible benefit of installing PaperLab is its productivity: We are producing, on average, 18,000 new sheets of paper per month from locally recovered paper and use them to make application forms etc. This has enabled us to reduce the amount of waste paper transported off-site for disposal by 20%.

Eco Features

PaperLab A-8000

PaperLab A-8000 is an office papermaking system that recycles paper right on site using a dry process.

- The dry fiber technology used by the A-8000 represents a breakthrough in paper recycling that contributes to the conservation of water resources.
- "Paper to paper" recycling, where fresh sheets of copy paper are produced from used paper generated on-site, is an effective way to conserve forests.
- The ability to recycle at the office reduces the volume of paper that must be transported to off-site recyclers.

Raising Meeting Productivity with Interactive Communication

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

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

Reduce Your Environmental Footprint with Videoconferencing

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

- Whiteboard Sharing Function

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

- Multi-location Interactive Function

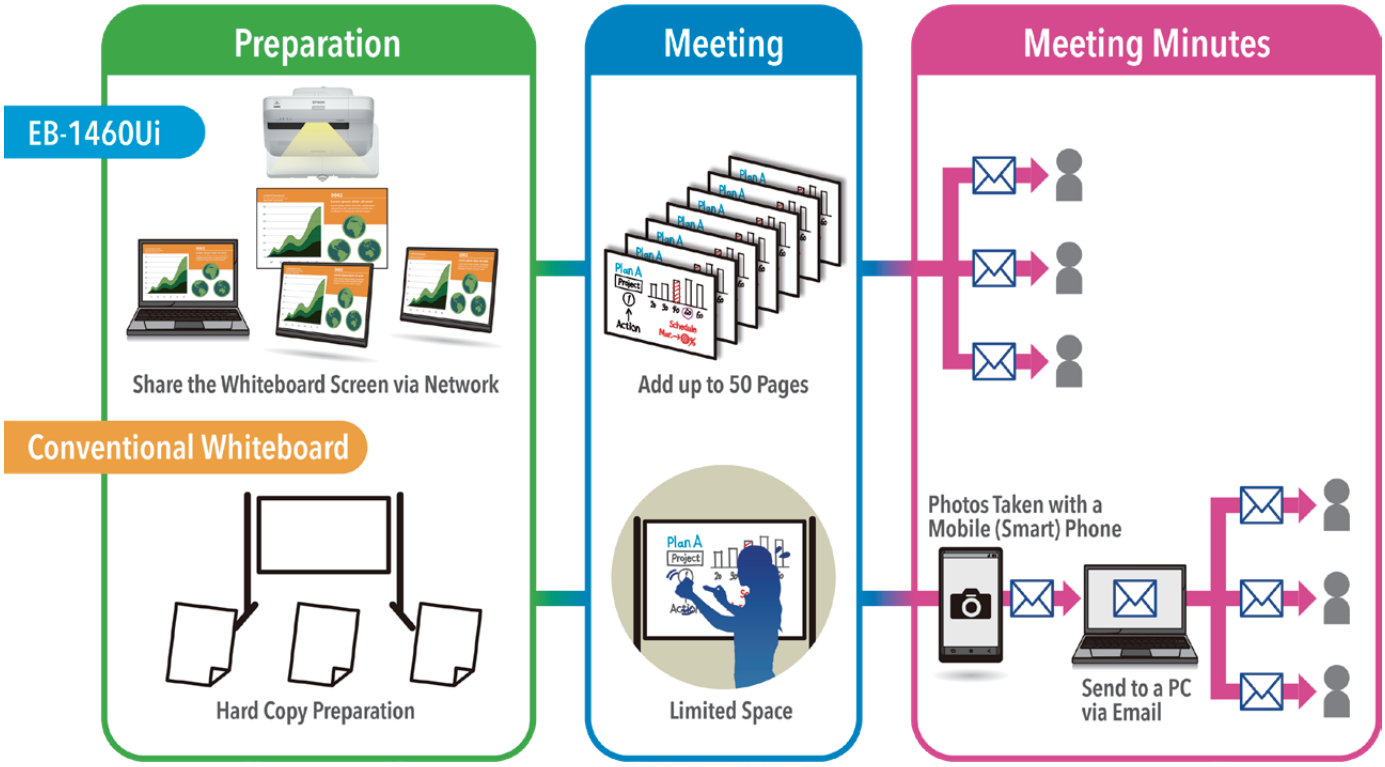
- Share your PC screen with up to four locations.
- Participants in all locations can annotate a presentation and save the content to their PCs.

- Split Screen Function

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

Use as a Copyboard

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



Shorten the total meeting time

Eco Features

EB-1460Ui

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

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

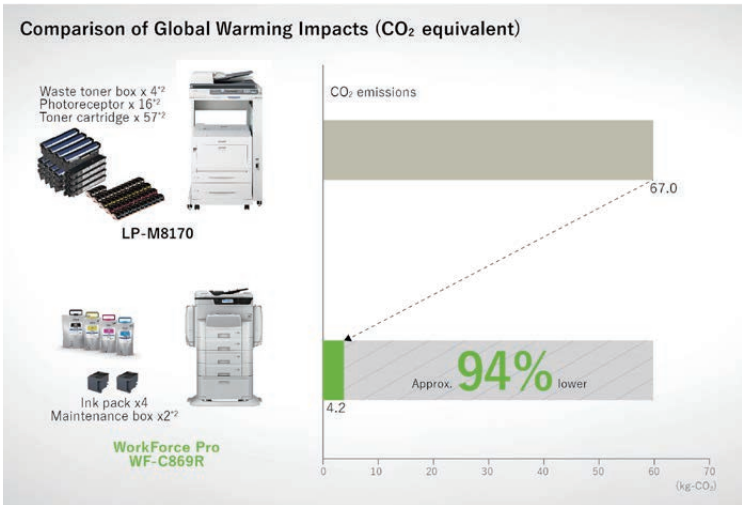
Changing Office Printing with Inkjet Technology

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

High-capacity Ink Pack Model
WorkForce Pro WF-C869R

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

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



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

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

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

*3 Reduction of CO_2 emissions due to recycling.

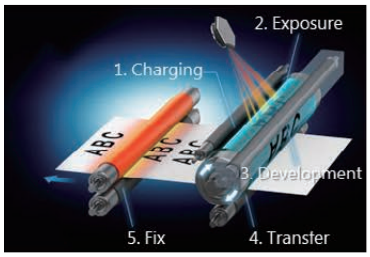
Supporting Energy-Efficient Offices with Inkjet Printing

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

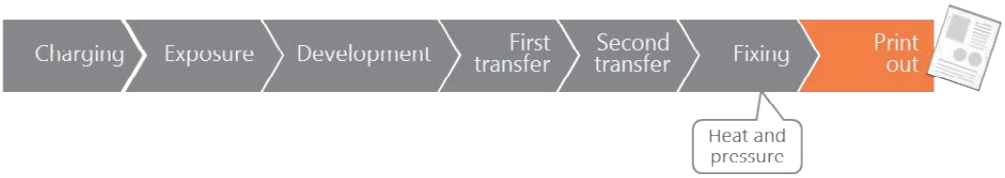
- The Business Inkjet Difference

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

Inkjet printers



Laser printers



Eco Features

WorkForce Pro WF-C869R

- High-capacity ink packs allow you to print up to 84,000 pages without replacing ink and reduce CO_2 emissions by up to 94% compared to their equivalent laser printers, which consume a large number of toner cartridges and photoconductor units.
- Inkjet printers that do not use heat to print consume far less energy than laser printers.

Textiles

Revolutionizing Textile Printing Processes with Digital Technology

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

Digital Textile Printer MonnaLisa Evo Tre[*1]

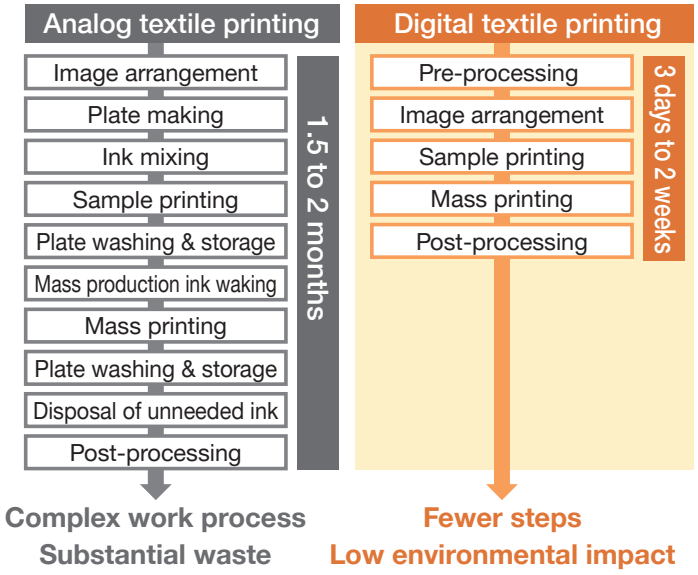
[*1] A digital textile printer developed with Group company, Fratelli Robustelli S.r.l.

Streamlined Manufacturing Process

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

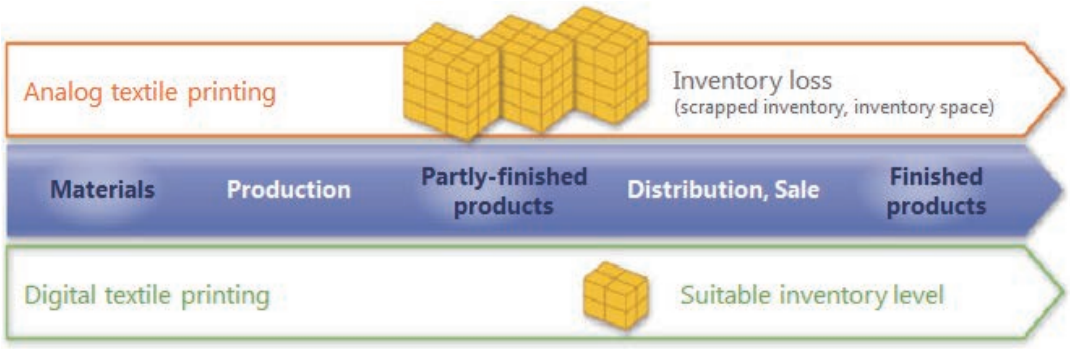
[*2] Based on Epson's own research

Comparison of Analog and Digital Textile Printing Processes



Efficient Inventory Management

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



Eco Features

MonnaLisa Evo Tre

- The digital textile printing process, which is shorter than the traditional analog process and does not require plates, uses anywhere from 40% to 75% less electrical power and water than a traditional process, and wastes far less ink.
- Ideal for small-lot production. Minimizes inventory losses from manufacturing through to sales.
- Digital textile printer inks have acquired Eco Passport certification, indicating that they meet international safety standard for chemical substances of textiles.

An Inkjet Workflow for Brightly Colored Garments with Fineness of Detail

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

Garment Printer
SureColor SC-F2100

Transforming the Garment Printing Workflow

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

Digital prints produced with a SureColor SC-F2100 print digital data from a PC directly onto T-shirts and other garments. So, not only is there no need for screens or plates but images and photos can be reproduced with smooth gradations and in full color. The SureColor SC-F2100 shortens the garment printing workflow.

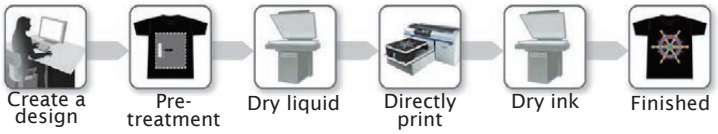
Moreover, the inkjet process saves resources and is more environmentally conscious than analog processes because there are no films, screens, or plates to produce, wash, or store.

Silk screen printing

Direct-to-Garment printing

・For light color T-shirts

・For dark color T-shirts



NOTE: Heat press sold separately.

Infant-safe Prints on Textiles

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

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

Eco Features

SureColor SC-F2100

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

Manufacturing

The Value of Color on Demand

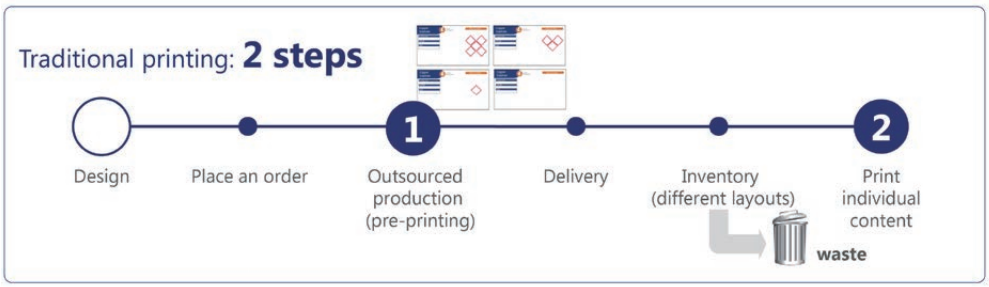
Easily print full-color labels, tickets and tags - where and when users need them and in the quantities required.

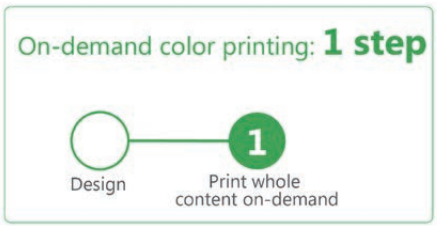
Eliminate large inventories of pre-printed labels on demand by printing labels in short runs.

Epson ColorWorks
Color Label Printers

Epson's ColorWorks Inkjet Label Printers Simplify Traditional Processes

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





Eco Features

Epson ColorWorks

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

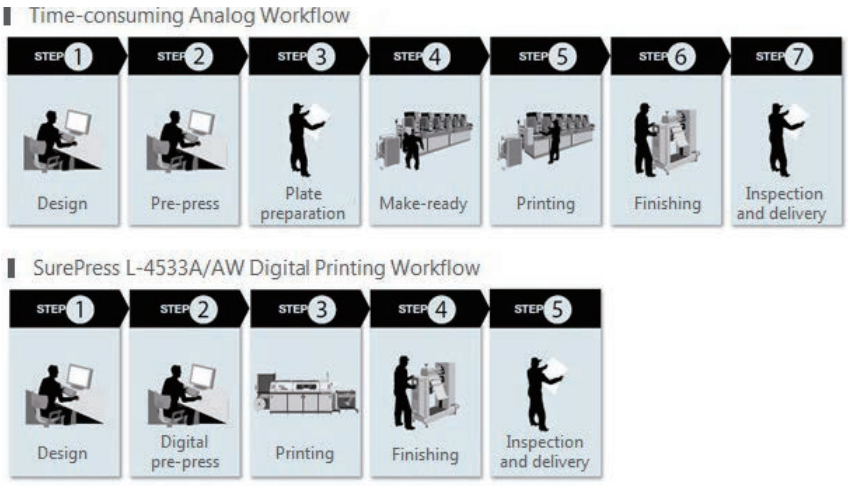
Label Printing Technology Shifting from Analog to Digital

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

Digital Label Press
SurePress L-4533A/AW

An Efficient Label Printing Process with a Low Environmental Impacts

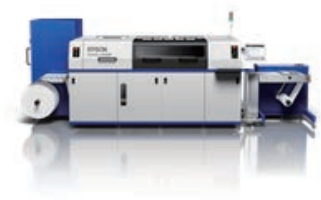
A digital printing process does not need the press plates and other prepress processes required by analog printing processes. And, since a digital process does not use developer or film or plate materials, it conserves resources. Capable of stable, consistent output, a digital process does not require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



SurePress AQ Ink for a Better Printing Environment

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

Eco Features



SurePress L-4533A/AW

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

Reducing Environmental Impacts by Providing Remote Work Assistance with Smart Headsets

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

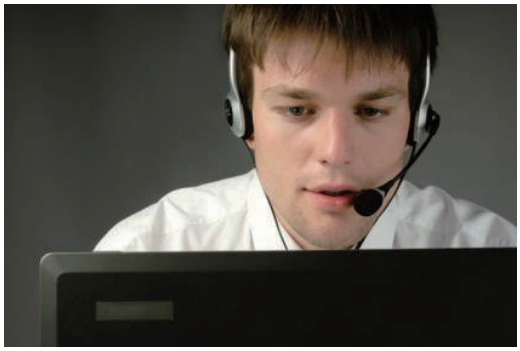
MOVERIO Pro BT-2000

MOVERIO Pro BT-2200
(For helmet)

Remote Work Assistance

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

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



- Advantages

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

Usage Scenes

BT-2000

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

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

BT-2200

- Used for work where wearing a helmet is mandatory

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

Eco Features

BT-2000

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

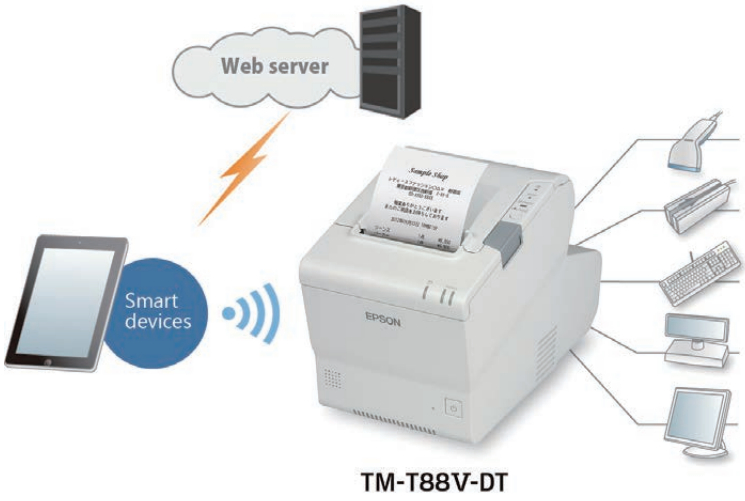
Stores

Intelligent Receipt Printers that Control Peripherals

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

Greatly Simplified System Configuration

The TM-T88V-DT is loaded with interfaces for connectivity with a wide assortment of peripheral devices. Since it can be used with a Web browser and is not dependent on any one OS or terminal type, the TM-T88V-DT greatly simplifies POS system configuration.



TM-T88V-DT

- Easy maintenance

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

- POS configuration flexibility

Because the number of POS systems can be flexibly changed depending on the level of demand, users can reduce the environmental impacts of their operation by removing unnecessary devices.

- Every network terminal is available

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

- Resource-saving design

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

Eco Features

TM-T88V-DT

TM-T88V-i

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

Photo

Revamping the Photo Printing Workflow with Inkjet Minilabs

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

Inkjet Minilab
SureLab SL-D3000

Efficient Photo Printing with Digital Printing

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

[*1] According to Epson research.

Eco Features

SureLab SL-D3000

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

[*2] Without sorter option

Epson and the Environment

Environmentally Conscious Products

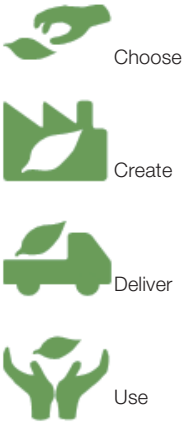
We provide eco-conscious products. Our efforts to reduce environmental impacts are yielding products that increase production process and product energy efficiency, raise resource efficiency, and eliminate the use of harmful and hazardous substances.

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

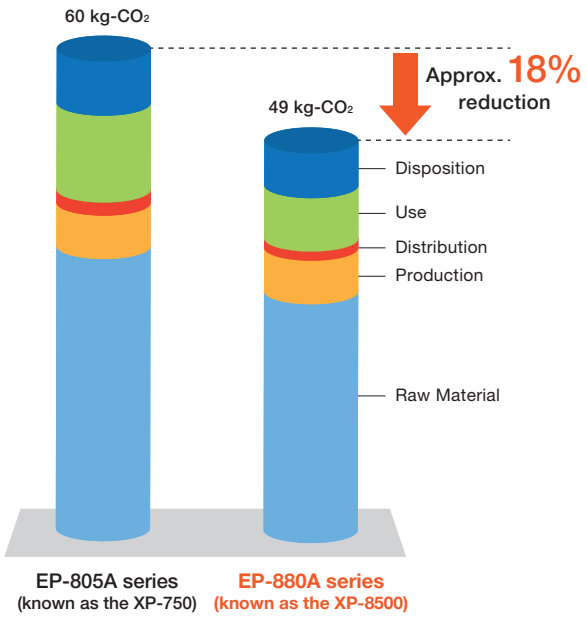
Inkjet Innovation

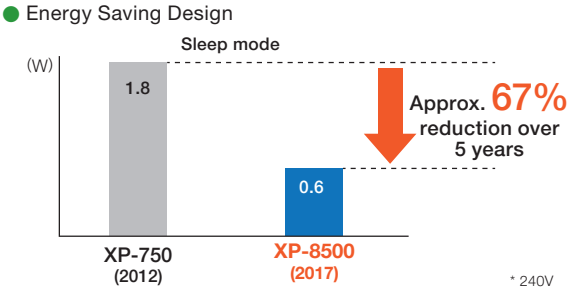
Saving Space and Energy at Home

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



Global Warming Impacts Across Product Life Cycle (CO_2 Equivalent)





* A life Cycle Assessment was used to calculate the global warming impacts of the product at each phase of its assume 3-year life cycle and express this as a CO_2 equivalent. The life cycle includes material & product manufacturing, distribution, use by customer, and disposal/recycling of end-of-life products. Calculated assuming five A4-size color documents per day, per month (with 20 working days a month). Comparisons in Japan specification between the EP-880A (known as the XP-8500) and its conventional 2012 model. The unit indicator by the Japan Ship Technology Research Association is used for calculating emissions during sea transport. Global warming impacts will vary according to the customer's printer usage conditions.

Eco Features

- Compact and lightweight design contributes resource saving.
  - Approx. 10% smaller and approx. 7% lighter main unit[*1]
- Energy saving
  - Sleep mode's energy consumption is less than 1W
  - Approx. 67% less energy in sleep mode[*1]

[*1] Compared with 2012 model XP-750

High-Capacity Ink Tanks Reduce Resource Consumption for Consumables

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

Create

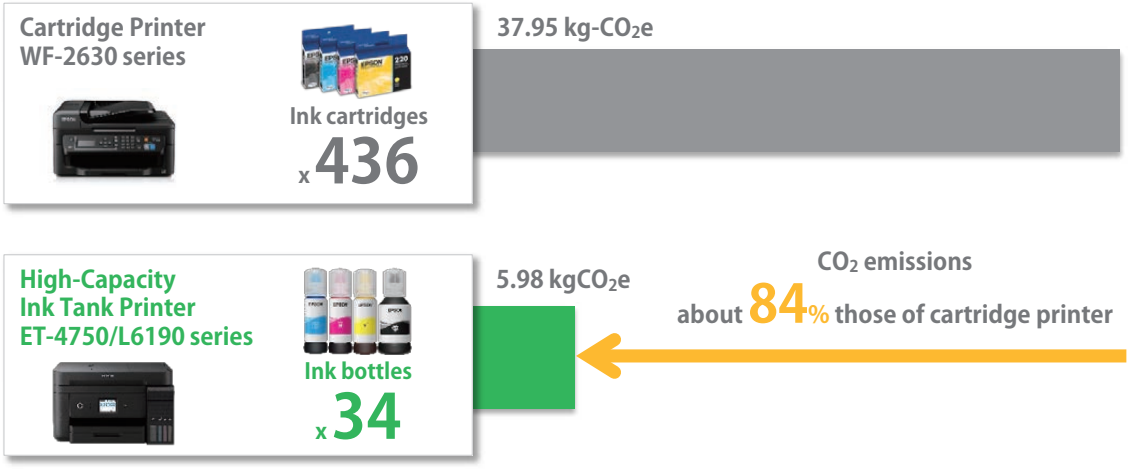
Deliver

Use

ET-4750/L6190 series

CO_2 Emissions of Consumables

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



* Compares CO_2 emissions from raw materials, parts manufacturing, production, distribution, use by customer, and disposal for consumables to print 50,000 pages (A4, color) in 5 years with models ET-4750/L6190 series and WF-2630 series. CO_2 emissions calculated based on Epson's evaluation conditions and will vary depending on customer printer use.
[Evaluated] Cartridge model: ink cartridges, packaging. High-capacity ink tank model: ink bottles, packaging.

Eco Features

- Use of ink tanks means fewer ink refills and resource consumption. In addition, it achieves low electricity consumption with inkjet printers that do not use heat during printing.
  - About 84% reduction in CO_2 emissions of consumables[*1]
- Inkjet printers that do not use heat to print consume less energy.
  - TEC 0.2kWh[*2]

[*1] Compared with WF-2630 series when using consumables to print 50,000 pages.
[*2] Typical electricity consumption (TEC) is based on the ENERGY STAR® program's TEC test method criteria (Ver.2.0) and Epson measured when making 105 prints per day.

A Proofing Inkjet Printer Equipped with the Industry's First Water-Based White Ink

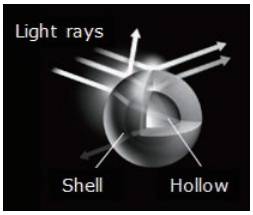
The Epson Stylus Pro WT7900 boasts the industry's first water-based white ink. That helps reduce the burden on the environment while offering improved operational flexibility and efficiency.

Use

Epson Stylus Pro WT7900

Water-Based White Ink

Epson's white ink is made using special hollow resin particles. As well as having a low environmental impact thanks to being water-based, this ink is also easier to handle because it is lighter and less prone to settling than conventional white inks, which use titanium dioxide for color.



Structure of a resin particle used in white ink

An Efficient Proofing Process with a Low Environmental Impact

As all of the ink colors are water-based, they are low-odor, which also makes them suitable for office environments. In addition, these inks help save energy because, unlike their solvent-based or UV-curable counterparts, there is no need for heaters, lamps, or ventilation equipment. Epson inks enable a low environmental impact and efficient proofing process.

Ink types	Facts that increase power consumption		
	Heaters	Lamps	Ventilation
Water-based	No	No	No
Solvent-based	Yes	-	Recommended
UV-curable	-	Yes	Recommended

Eco Features

- Employing ultra low-odor water-based inks, the Epson Stylus Pro WT7900 does not require a special operating environment.
- Low-power because there is no need for heaters, lamps, or ventilation equipment used with solvent-based or UV-curable ink printers.
- ENERGY STAR® qualified.

Compact, Stylish Receipt Printer

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

Choose

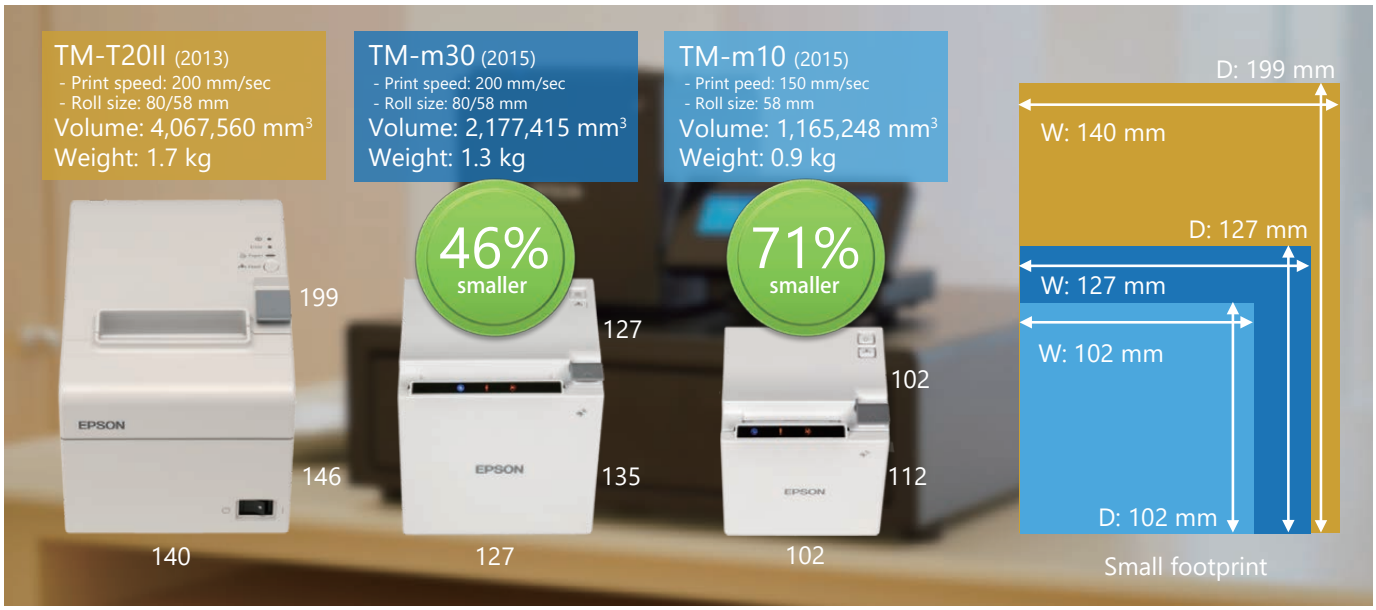
Create

Use

TM-m30/TM-m10

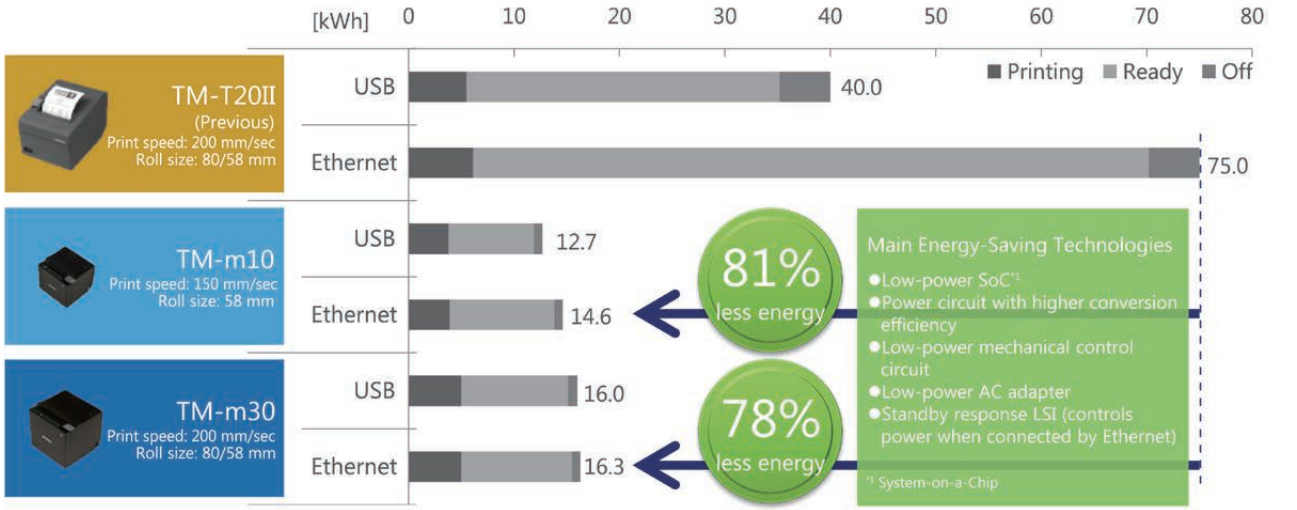
Compact & Lightweight Design

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



Energy Saving Design

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



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

Paper Reduction Function

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

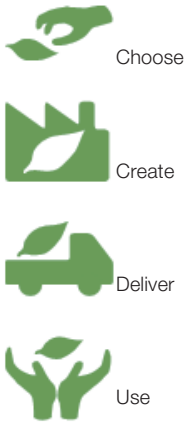
Eco Features

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

*1 Comparison when connected to Ethernet (230 V)

Fully-Integrated, Feature-Rich Compact Teller Device

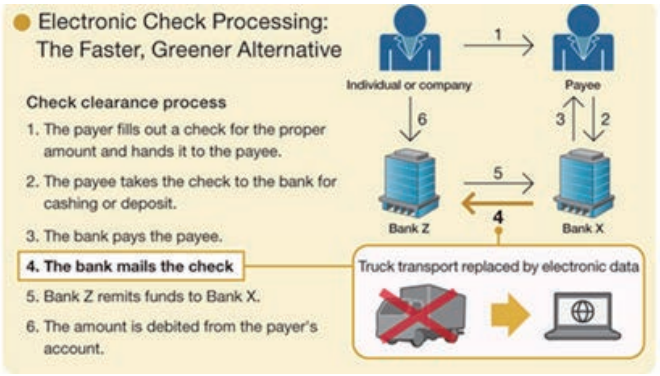
As an all-in-one product, the TM-S9000MJ offers a lower environmental impacts while also lightening the work load of tellers by efficiently processing checks electronically.



TM-S9000MJ

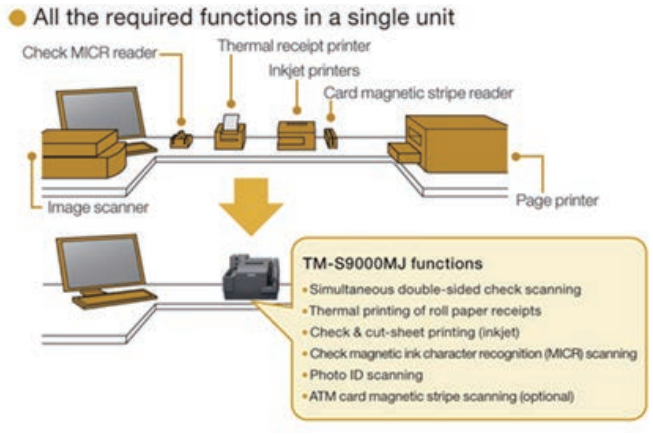
Electronic Check Processing: The Faster, Greener Alternative

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



ALL the Required Function in a Single Unit

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



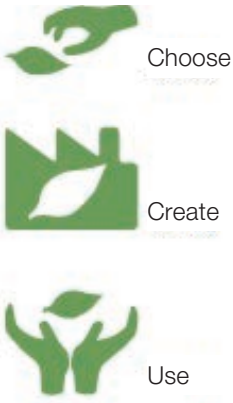
Eco Features

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

Visual Innovation

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

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



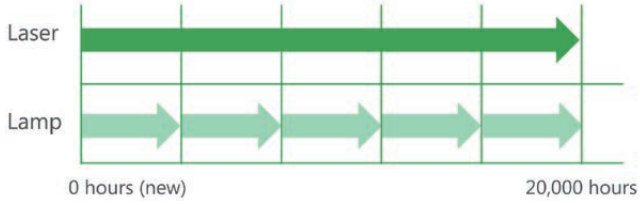
EB-L25000U

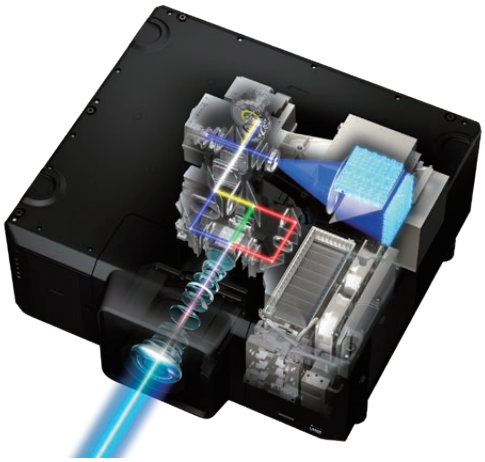
Laser Light Source

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

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

Maintenance period of laser and lamp





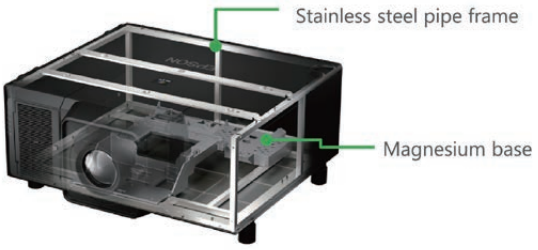
A portion of the light from a blue laser is converted to yellow light after striking a yellow phosphor wheel. This yellow beam is then split into red and green. Thus only a single light source is needed to produce the three primary colors of light (red, green, and blue), which helps to reduce the size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

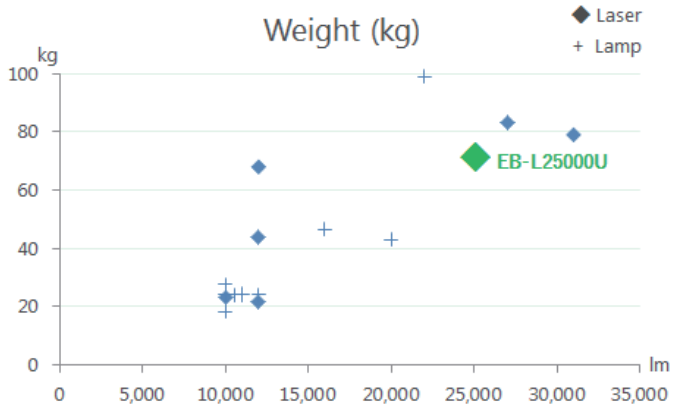
[*1] Approximate time until brightness decreases 50% from first usage. Measured by acceleration test assuming use of 0.04 - 0.20 mg/m^3 of particulate matter. Time varies depending on usage conditions and environments.

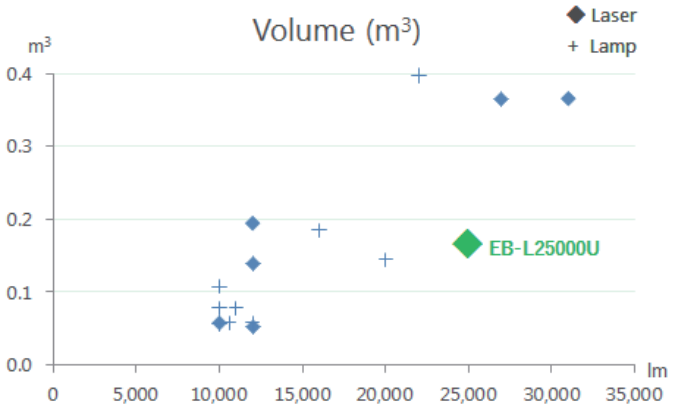
Lightweight Yet Durable

Laser light, which is less susceptible to diffusion than lamp light, can more readily be concentrated, meaning that the mirrors, LCD panels, and other main components in the optical engine can be made smaller and lighter.

A pipe frame and baseplate structure ensure a durable, knock-resistant case. Besides being compact and light, this projector is designed to be easy to install, remove, and transport again and again.



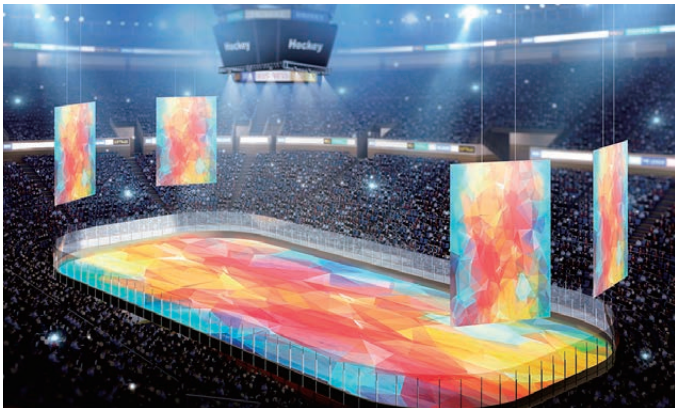




* Compared to the weight and volume of projectors with 10,000 lumens of brightness or more (per Epson research conducted in May 2017). Some projectors use a laser light source, others use a lamp.

EB-L25000U wins iF Design Award 2017.

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



Scene images

Eco Features

- The EB-L25000U supports major events with stunning image productions and a level of reliability that only a laser light source can deliver.
  - Equipped with a 20,000 hours long-lasting laser light source.
  - Compact, lightweight design, improved robustness, and easy installation.
    - Smaller, lighter mirrors, LCD panels, and other main components in the optical engine.
    - A pipe frame and baseplate structure ensure a durable, knock-resistant case.

Experience a New Way with Light and Comfortable Smart Glasses

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

Choose

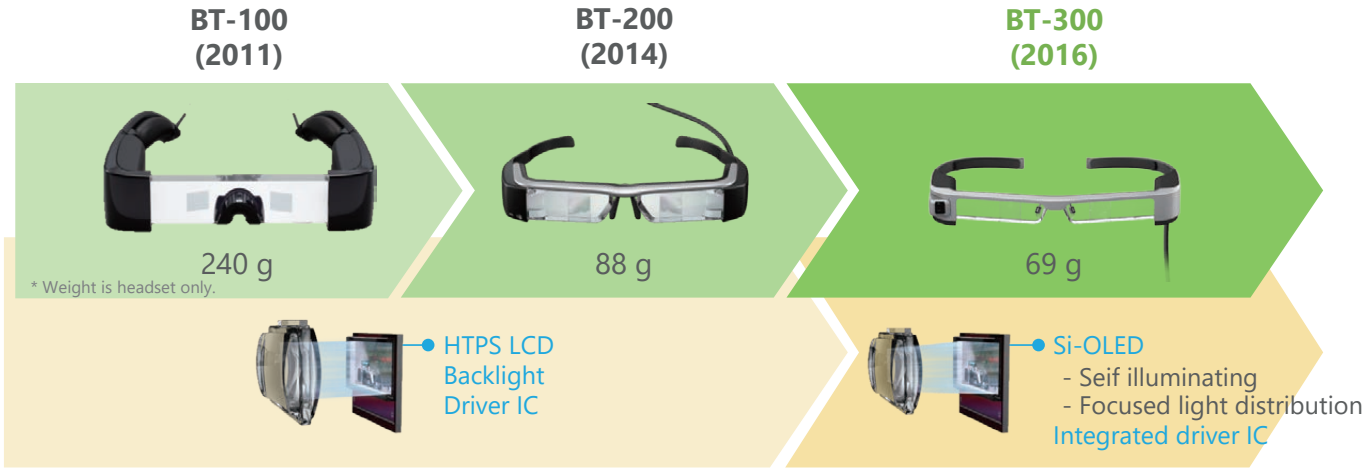
Create

Use

BT-300

Miniaturization of the Optical System

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



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

Eco Features

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

Robotics Innovation

Compact SCARA Robots

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

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

T3/T6

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

[*1] Market share based on revenue and unit of industrial SCARA robots, 2011-2018. (Source: Fuji Keizai "2012-2019 Reality and Future Outlook of Worldwide Robot Market")

Space-Saving and Simple Cabling

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

Epson LS3 SCARA robot and RC90 controller

The T3 has a built-in controller

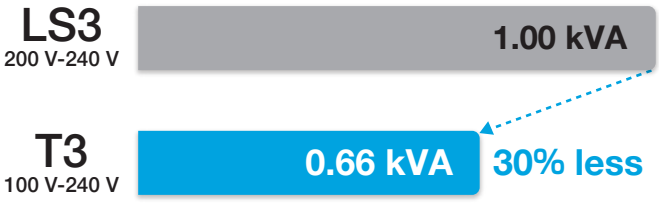
* Weights indicated in the above pictures do not include cables.

Saving Energy and Resources

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

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

Power Comparison Between a T3 and Conventional SCARA Robot



Battery Replacement Cycle

Eco Features

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

[*1] Compared with an Epson LS3 SCARA robot

Product Environmental Information

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

Compliance with Environmental Labels

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

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

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

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

Eco Labels Acquired In different Product Categories

	Type I								
Country/Region	U.S.	Germany	Sweden	China	Taiwan	South Korea	Singapore	Thailand	Japan
Eco Label	EPEAT®	Blue Angel	TCO	China Environmental Labelling	Green Mark	Eco-Label	Green Label	Thai Green Label	Eco Mark
Inkjet Printers (incl. MFPs)	●	●		●	●	●	●		●
Page Printers (Laser & LED)		●			●	●			●
SIDM Printers				●	●			●	●
POS Printers									
Label Printers									
Scanners	●				●				●
Ink/Toner Cartridges					● (Toner cartridge)	● (Toner cartridge)			●
Paper									●
Projectors			●		●	●			●
Label Works									
PCs (incl. monitors)									
Watches									●

	Type II			Type III	Other		
Country/Region	Europe	Japan	Worldwide	Japan	Japan/North America	China	Worldwide
Eco Label	THE ECO DECLARATION	PC Green Label	Epson Type II Environmental Labelling Program	Eco-Leaf	ENERGY STAR®	Energy Conservation Certification	ECO PASSPORT
Inkjet Printers (incl. MFPs)	●		●	●	●	●	● (Textile, garment)
Page Printers (Laser & LED)	●		●		●		
SIDM Printers	●		●		●	●	
POS Printers	●		●		●		
Label Printers	●		●		●		
Scanners	●		●		●	●	
Ink/Toner Cartridges							
Paper							
Projectors	●		●			●	
Label Works					●		
PCs (incl. monitors)		●			●		
Watches							

For more on environmental labeling and environmental information on Epson products, please contact the Epson sales company in the country or region in which you live.

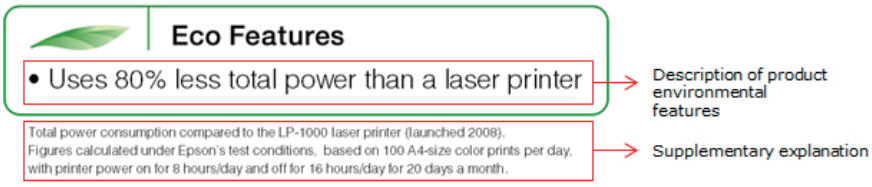
Epson's Type II Environmental Labelling Program

Our program is used to provide environmental information about products that is both transparent and reliable, in accordance with the ISO 14021 (JIS Q 14021) standard.

We have implemented programs for both eco labels and ecology profiles.

Eco Labels

The Epson Group started preparing to use eco labels from December 2009 to communicate the environmental features of its products and services to customers in a simple and straightforward way. The labels are displayed on communication tools such as brochures, product catalogs, and individual product boxes.



Epson Ecology Profiles

The environmental attributes of Epson brand products are published in the form of an “ecology profile.” For finished products such as printers and scanners, the environmental attributes of the product as a whole, including but not limited to accompanying packaging material, supplies, and consumables, are published in the format specified by ECMA-370[*1]. For electronic devices we use our own format to provide quantitative data regarding substances included in these products.

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

Safety Data Sheets for Printer Consumables

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

Epson and the Environment

Climate Change/Realizing a Decarbonized Society

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

Production

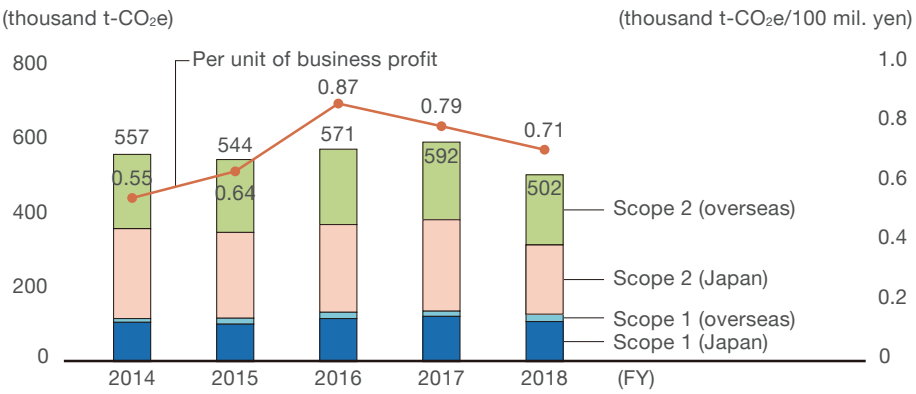
Epson's initiatives to mitigate global warming revolve around reducing CO_2 emissions by conserving energy, and reducing global emissions of greenhouse gases (GHG) other than CO_2.

We set an SBTi-validated target of reducing scopes 1 and 2 GHG emissions by 19% compared to FY2017 by 2025. In FY2018, we made progress toward this target by achieving a 15% reduction in GHG emissions through energy-saving initiatives at each of our sites. A reduction of approximately 63,000 tonnes, representing 70% of the total, was realized in part by signing long-term contracts to purchase renewable energy from hydroelectric power generators and other green utilities. We have raised the rate of renewable energy use from less than 1% to approximately 12%.

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

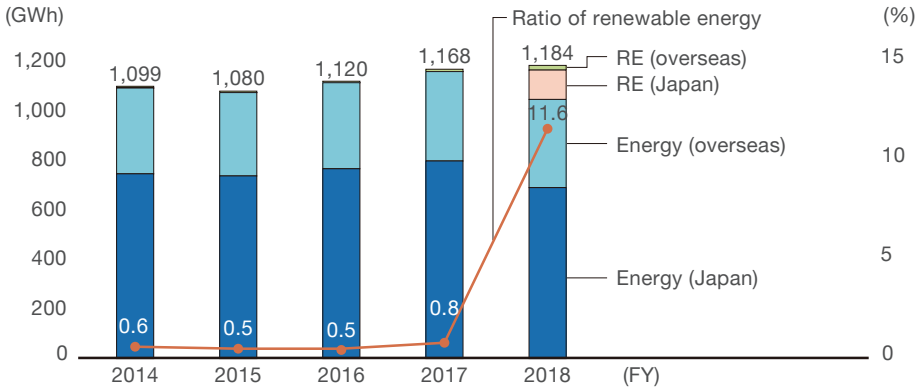
15% Reduction
Scope 1, 2 emissions
(compared to FY2017)

Greenhouse Gas Emissions (Scopes 1 & 2)



* CO_2 conversion factor of greenhouse gas emissions (June 2019 updated)
- Electric power: In Japan, we use the adjusted emissions factors for the load serving entities (i.e., utilities) from which our sites purchase electricity, pursuant to Load Serving Entity Emission Factors—FY2017 Actual Performance, announced by the Ministry of Environment and the Ministry of Economy, Trade and Industry (Dec. 27, 2018).
  Overseas, we use the country emission factors listed in IEA (International Energy Agency) - CO_2 emissions from Fuel combustion 2018 edition or from the load serving entities from which our sites purchase electricity.
- Fuel: The factors announced by the IPCC in 2006 were used for both domestic and overseas data.
- GHGs other than CO_2: Equivalents were calculated based on 100-year GWP values in the Fifth Assessment Report of the IPCC.

Energy Usage



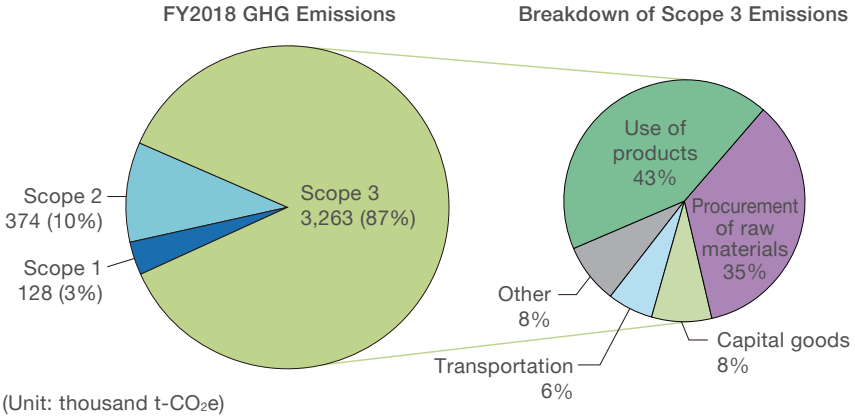
* RE: Renewable Energy

Transport/Value Chain

Value Chain Initiatives

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

Greenhouse Gas Emissions from Value Chain

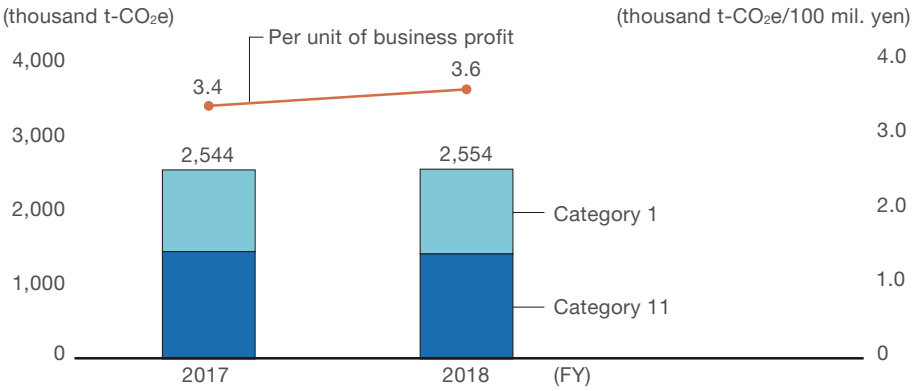


(Unit: thousand t-CO_2e)

6.5% Increased

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

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

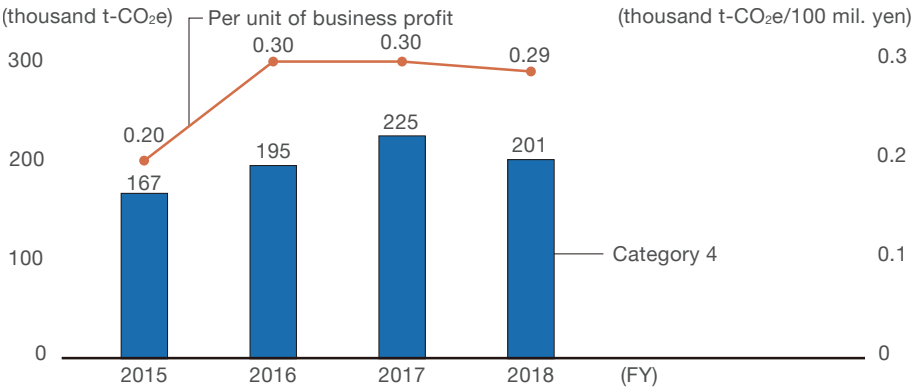


* Coverage of science-based target, Category 1: Purchased goods and services, Category 11: Use of sold products

Logistics Initiatives

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

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



* Category 4: Upstream transportation and distribution

Cooperation with Suppliers

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

Case study - Transport

Epson has manufacturing sites and sales centers in all parts of the world making environmentally-conscious transportation an important consideration. Here we present examples of such environmentally-conscious transportation initiatives in which we introduced high cube containers[*1] and changed our shipping method.

[*1] With a height of 9 ft 6 in (about 2.6 m), they are 1 ft (about 30 cm) taller than standard containers, whose height is 8 feet 6 inches (about 2.3 m).

Topic 1: Improving Transport Efficiency with High Cube Containers

Currently, high cube containers account for about 70% of shipping containers in the marketplace. Hitherto, Epson has used the standard type of container for shipping products from its factories, but with the widespread adoption of high cube containers, we are gradually making the switch.

Since the inner dimensions of the containers are higher, palletizing products for standard containers resulted in wasted space amounting to about 10%. Optimizing the pallets for high cube containers reduces the number of containers required, contributing to reducing environmental impact by raising transportation efficiency.

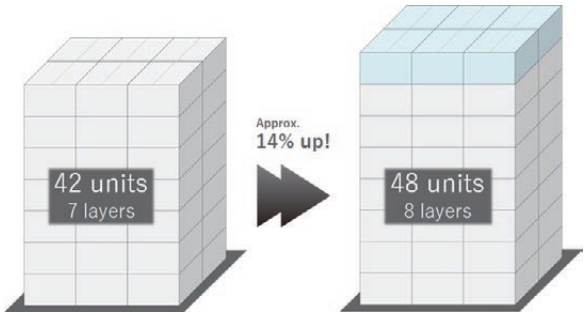
Koyuru Naito

Says Koyuru Naito, in charge of logistics planning, who led the initiative, “All of our arrangements including the number of products shipped and the height of the pallet racks in our warehouses were optimized for pallet sizes to fit standard containers. In order to introduce high cube containers, it was necessary to ask for the cooperation of the warehouse managers at sales companies who receive the containers. We had to ask them to review the layout of their warehouses, optimize the method of stacking and so on. We had a very hard time adjusting the cost factors, but a shared awareness that this would reduce our environmental impact was a very important point in undertaking this activity.”

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

Comparison of Standard and High Cube Containers

	40 ft Standard containers	40 ft High cube containers	Advantages
Container size (LWH)	12,033 x 2,352 x 2,393 mm	12,033 x 2,352 x 2,698 mm	1 ft (30 cm) up
Cubic capacity	67.7 m^3	76.4 m^3	12.9% up
Case of WF-2650 Series			
Packaging dimensions	488 x 434 x 301 mm		-
Pallet dimensions	976 x 1,302 x 2,108 mm	976 x 1,302 x 2,409 mm	1 additional layer
Number of units per pallet	42 units	48 units	14.3% up
Number of units per container	882 units	1,008 units	



Results of Switching Containers for Shipping to the U.S.

* We have calculated the reductions in CO_2 emissions emitted when transporting containers by cargo ship, train and truck from our manufacturing affiliates in Southeast Asia, as a result of reducing the number of containers shipped to the U.S. by about 200. The unit indicator by the Japan Ship Technology Research Association is used for calculating emissions during sea transport.

Topic 2: Reduced Environmental Impact by Changing Printhead Shipping

Previously, printheads for shipping to our printer manufacturing sites in Indonesia were gathered from our plants around Japan at Tohoku Epson in Yamagata Prefecture and transported by truck to Narita Airport for air transportation. By establishing a sea transportation pipeline from Sakata Port, which is located conveniently about 8 km from Tohoku Epson, we significantly reduced our costs and CO_2 emissions.

Containers shipped overseas from Sakata Port

CO_2 Reductions Due to Changing the Shipping Method (Unit: t-CO_2)

	Before		After	
	Distance	CO_2 emissions	Distance	CO_2 emissions
Land	Approx. 500 km	33.9	Approx. 8 km	0.5
Air	Approx. 5,800 km	401.3	-	
Sea	-		Approx. 6,200 km	47.7
Total		435.2		48.2

89% Down!! CO_2 emissions

* We calculated the CO_2 emissions from shipping a 20-foot container from Tohoku Epson to Indonesia's capital, Jakarta. The unit indicator by the Japan Ship Technology Research Association is used for calculating emissions during sea transport.

Epson and the Environment

Resources/Forming a Circular Economy

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

Reduction of Waste (zero emissions)

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

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

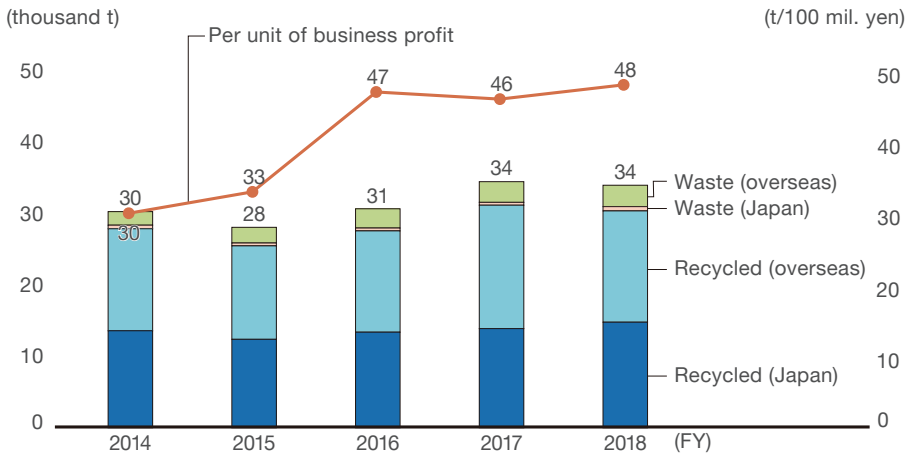
To help combat pollution from oceanic plastic wastes, Epson sales companies in Europe banned disposable cups and other single-use plastics in their office buildings in April 2019.

In the FY2018 we employed control metrics benchmarked against previous year emissions, and we met our Group reduction target.

1.4% Reduction

Wastes emissions
(compared to FY2017)

Waste Emissions



* Waste emissions data includes special wastes that cannot be recycled and wastes that are unrelated to production.

Case study - Reduction of Waste

Topic 1: Making Printer Parts from Used Paper

Epson has established an internal paper resource cycle that uses paper used inside the company as a raw material. For example, we use our dry fiber technology to turn used paper into a raw material for functional recycled parts.

PT. Indonesia Epson Industry (IEI) is our largest printer manufacturing site. Some 12% of the waste created at IEI is paper used in printing inspection processes for printers. We have introduced dry fiber technology to take this used paper and reuse it as raw material for porous pads in printers. The result is a roughly 25% reduction in used paper waste (FY2016 results).

Porous pads, which absorb liquid like a sponge, are included in the maintenance boxes of business inkjet printers and large format printers to boost printer performance. Epson will continue to bring out the potential of paper resources as we develop and take advantage of new high-function parts that enhance product performance.

Porous pad production machine

Maintenance box

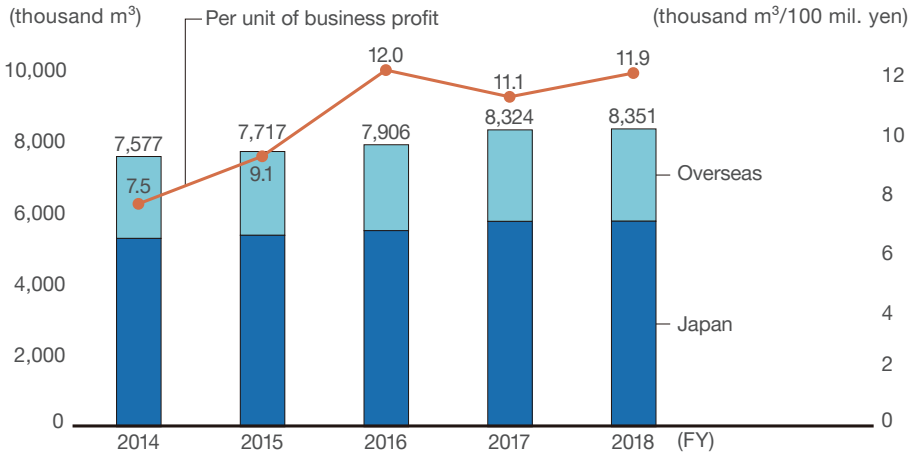
Preservation of Water Resources

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

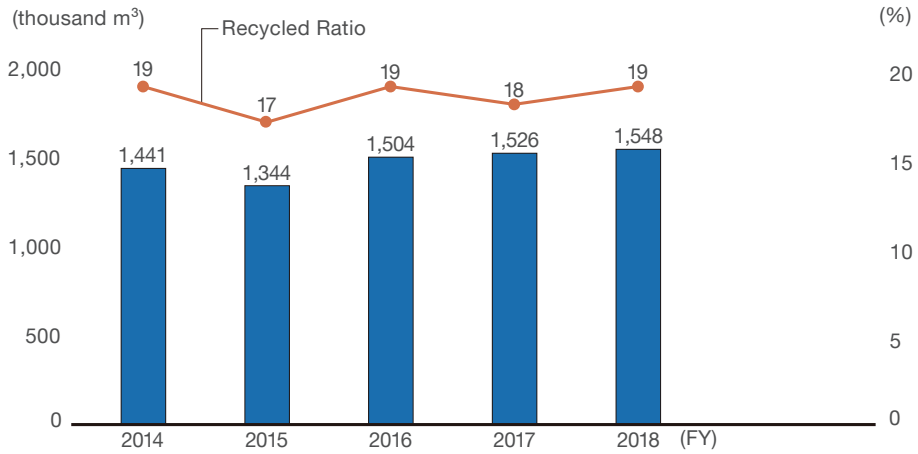
We fell short of our goal of reducing the amount of water used compared to last year, as the 8,351 thousand m^3 of water used in FY2018 was slightly higher than in FY2017.

0.3% Increased
Water usage
(compared to FY2017)

Water Usage



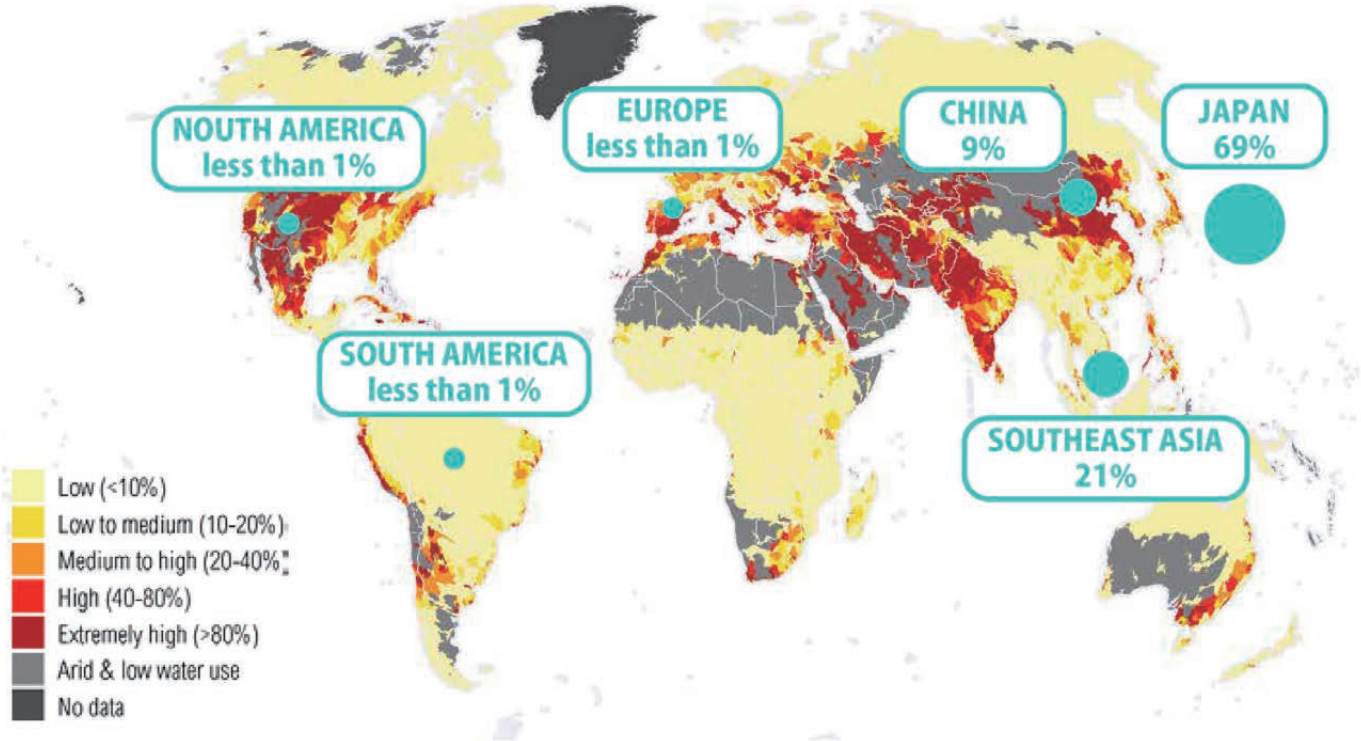
Recycled Water



Addressing Water Related Risk

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

Water Usage Ratio by Region and Baseline Water Stress Map (FY2018)



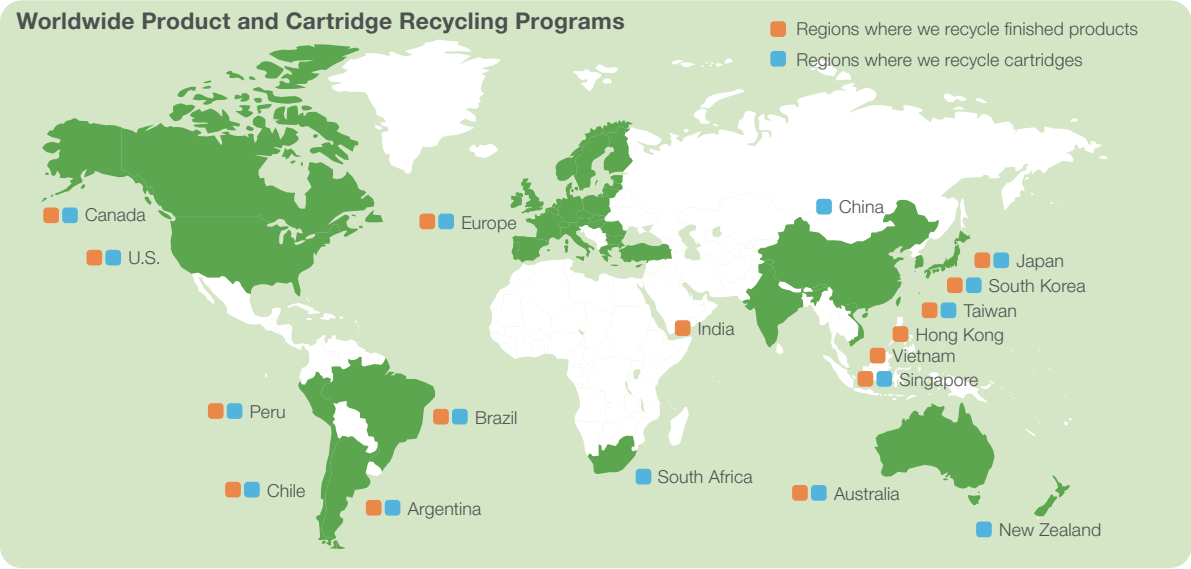
●: The percentage of Epson's total water usage in each region is shown on a baseline water stress map from Aqueduct Global Maps 2.1 (WRI). The size of the circles visually indicates the percentage of water usage in each region.

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

Product Recycling

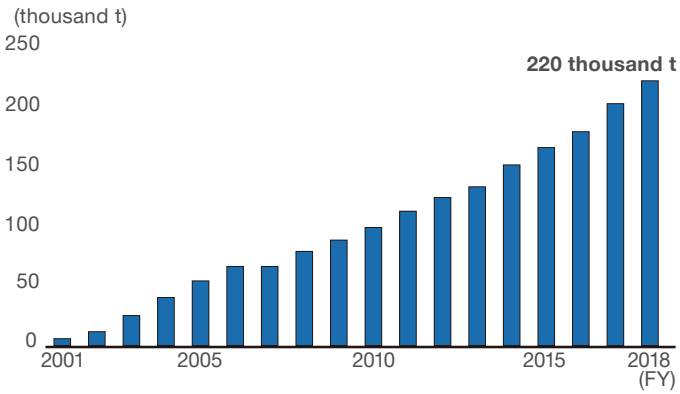
To expand the resource reuse and recycling loop, work with customers, communities, and others in the industry to collect and recycle end-of-life products in countries around the world.

Epson's Global Collection and Recycling Systems



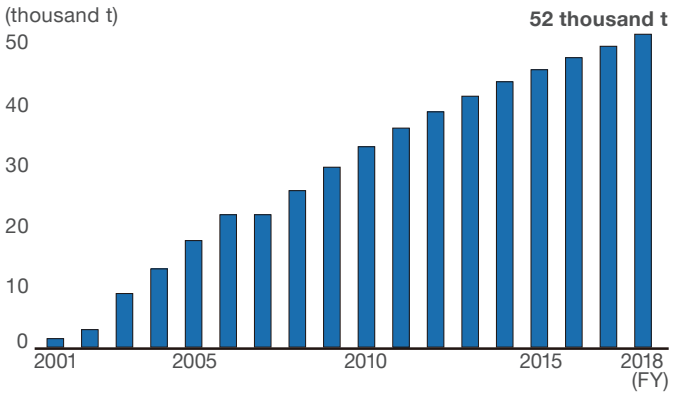
Collection Trends for Products and Cartridges

Finished Products Collected (cumulative through fiscal year)



* Collected either voluntarily or as mandated by local law
* Sum of amount actually collected and amount expected to be collected

Cartridges Collected (cumulative through fiscal year)



Summary of Activities in Each Region

Europe

Finished Products

The European WEEE (waste electrical and electronic equipment) directive has been effective since 2005, and has been reflected in national legislation. To comply with the European WEEE directive, Epson is building recycling systems in each country. Moreover, Epson implements environmentally-conscious design in response to the WEEE directive 2012, that requires manufacturers to increase recyclability of products. Epson also acts quickly to comply with similar legislation that is expected to be adopted in EMEA[*1] nations that are not EU member states.

[*1] Europe, the Middle East and Africa

Cartridges

Epson Europe B.V. (EEB) is building a collection and recycling system for cartridges while monitoring customer needs and legislative trends. In 2013, EEB rebuilt the system to provide customers with more collection options and to increase recycling efficiency.

- Postal Collections

Customers request empty pre-printed envelopes, and return filled envelopes via post for consumer inkjet and LabelWorks cartridges. Customers simply request and attach a return label, and return up to ten cartridges in a package.

- Epson Express Center

Customers return consumer inkjet, laser printer, and LabelWorks cartridges to the nearest Epson Express Center.

- Box Collections

After customers go online and sign up to the program they receive a collection box for large format printer and laser printer (more than 10) cartridges. When the box is full, it will be collected by the recycling company.

Americas

Finished Products

In Canada and the United States, some states are seeking to introduce laws requiring manufacturers to collect and recycle products. In the U.S., Epson America, Inc. (EAI) has run a voluntary take back program since 2002. In addition to the recycling program, EAI and the National Cristina Foundation have joined together with the goal of helping those who are facing economic challenges or have disabilities gain access to the technology of today.

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

PROGRAMA DE COLETA

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

Cartridges

In the U.S. and Canada, EAI has created a mail-based recycling program for ink cartridges. In the U.S., customers can return toner cartridges by attaching an electronic return label printed from a website.

Asia

Finished Products

In India, Epson India Pvt. Ltd. works on promoting recycling program by making an original logo under the India e-waste (Management and Handling) Rules, 2011 Directives.

In Taiwan, Epson Taiwan Technology & Trading Ltd. complies with the Resource Recycling Act.

In South Korea, Epson Korea Co., Ltd. (EKL) is a member of KERC (Korea Electronics Recycling Cooperative) and complies with the Act on the Resource Circulation of Electrical and Electronic Equipment and Vehicles.

Cartridges

In Taiwan, Epson Taiwan Technology & Trading Ltd. set up a system in 2001 using a toll-free number and a website to accept collection requests directly from customers to facilitate on the-spot collection.

In Singapore in 2012, Epson Singapore Pte. Ltd. joined with Canon Inc. to cooperate with the Singapore National Environment Agency and National Library Board to begin promoting The Homecoming Project to collect ink and toner cartridges. Under the program, consumers can deposit ink and toner cartridges from any manufacturer in collection boxes installed in 21 branches of the national library.

Oceania

Finished Products

Epson Australia Pty. Limited. (EAL) is a founding member of the TechCollect Program. The program is one of three government approved co-regulatory arrangements for implementation of the Federal Government's Product Stewardship Act 2011, which began in 2012.

Cartridges

EAL participates in the Cartridges 4 Planet Ark program. EAL is a founding member of this promotion to recycle ink cartridges and toner cartridges. The aim of the program is to prevent cartridges from entering the waste stream and thereby reduce the potential environmental impact arising from the end of life disposal of cartridges.

Japan

Finished Products

Since 2003 Japan has legally required producers to collect and recycle unwanted computers from individuals and as businesses. In 1999, Epson launched a voluntary program to collect and recycle other Epson-brand waste electrical and electronic equipment (WEEE) also, such as printers, scanners, and projectors, from businesses ahead of the enforcement of applicable laws.

Cartridges

Epson has built various cartridge collection schemes while monitoring customer needs. In addition to being good for the environment, Epson's cartridge recycling program provides employment to persons with disabilities at Epson Mizube Corporation, a special subsidiary to support the employment of disabled individuals within the Epson Group.

- Take-Back Service

Epson has set up a collection service for customers who consume large numbers of cartridges. As part of this service Epson makes donations to OISCA[*1] and NACS-J[*2], organizations that work on environmentally sustainable development.

[*1] The Organization for Industrial Spiritual and ultural Advancement-International.
[*2] The Nature Conservation Society of Japan.

- Bellmark Program

Epson has participated in the Bellmark program since 2005. In addition to reducing wastes and helping to preserve the environment, the Bellmark program supports participating schools by awarding them points for ink cartridges collected. Schools use these points to purchase educational materials and equipment.

- Cartridge Collection Program at Epson Sites in Japan

Epson began collecting used ink cartridges at Epson Group sites in Japan in 2011 in order to expand aid to the Bellmark program. Collection boxes have been installed at every Epson business site to collect cartridges from employees, business partners, and members of the community. The collected cartridges are recycled and Bellmark points are granted based on the number of cartridges collected. The points are then donated to the Bellmark Educational Support Foundation, local schools, or schools that were damaged by natural disasters.

- Ink Cartridge Satogaeri (Homecoming) Project

Printer manufacturers in Japan joined forces in 2008 to form the Ink Cartridge Satogaeri (Homecoming) Project, a program that uses approximately 3,600 post offices and local governments across Japan to collect used ink cartridges. The project has donated to environmental protection organizations, allowing customers to indirectly participate in social contribution activities.

Collection box

- Joint Environmental Program

In April 2012, Epson and Catalina Marketing Corporation launched an environmental program where used ink cartridges from coupon printers are collected and refilled. Under the program, Epson collects used ink cartridges from nearly 30,000 inkjet coupon printers installed in retail stores across Japan. Epson then refurbishes and refills the cartridges for reuse at the stores. Except for the label, almost all parts of the cartridge are reused and product quality is managed just as it is for new cartridges.

Eco Benefits

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

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

Epson and the Environment

Pollution Prevention & Chemical Management

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

Management of Chemical Substances in Products

Epson gives preference to lower-impact alternatives when selecting the components and raw materials that make up its products.

Management of Chemical Substances in Products

Increasing international restrictions on substances used in products, notably the RoHS Directive and REACH regulation in Europe, have made it essential to closely control the type and quantity of materials used. Epson systematically controls product substance content at the purchasing, production, and shipping stages to ensure compliance with these restrictions.

Purchasing

- Instruct suppliers to comply with the requirements stated in the Epson Group Green Purchasing Standard for Production Materials[*1]
- Exclude substances that are subject to legal, regulatory, or other restrictions, and obtain information about substances contained in parts and materials.

Production

- Confirm that no restricted substances are present in parts and materials before producing products. (Analyze parts and materials using x-ray fluorescence (XRF) spectrometer.)

Shipping

- Confirm that restricted substances have not been used in products before they are shipped.

[*1] A written standard that sets forth requirements for the building and maintenance of a substance control system by suppliers who provide parts and materials used in Epson products. The standard also defines requirements relating to the elimination or exclusion of legally restricted substances and requirements for providing information on substances present in parts and materials.

Examples of Management of Chemical Substances in Products

Legal and Regulatory Compliance

More and more nations are regulating chemicals. We investigate regulations and chemical hazards as early as possible by using such as an industry standard survey tools, analyze the information we obtain, and then supply products accordingly.

- Measures for Meeting the RoHS Directive[*2]

Epson has made compatibility with the European RoHS directive a standard feature of its entire lineup of products throughout the world, regardless of whether a particular product is bound for the European market or not.

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

- Actions for REACH Compliance

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

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

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

- Response to GHS*1

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

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

*1 GHS (the Globally Harmonized System of Classification and Labelling of Chemicals) provides a unified, worldwide set of rules on harmful chemical substances. It harmonizes classification standards and labels for the hazards associated with individual chemicals and the way safety data sheets are written.

Providing Ink for All Types of Printed Matter

We provide inks with safe chemical properties as required for products made with inkjet technology (labels, stickers, fabric, etc.).

- The Highest Level of Textile Product Safety

Eco Passport*2 certification

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

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

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

- Safe Printing Ink for Food Labels

Compliant with Food Contact Material regulation

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

Sample of food packages

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

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

Production

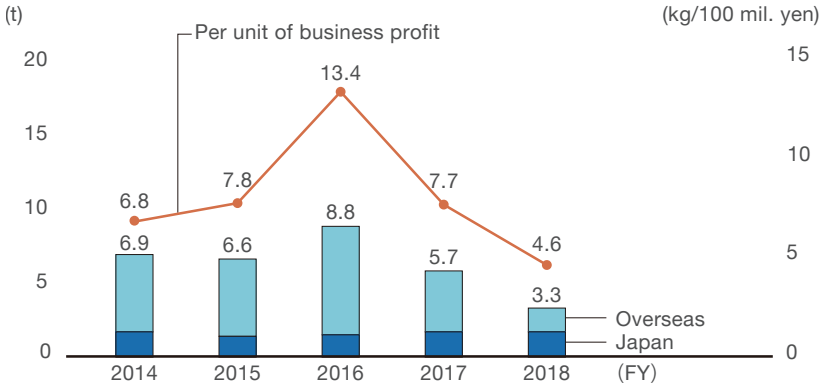
Epson uses its “E-Chem” chemical data management system to centrally track information on chemical substances used at Epson sites around the world. We are engaged in ongoing efforts to reduce the quantities of chemicals used and to moderate emissions of pollutant release and transfer register (PRTR)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

Using previous year emissions as a benchmark, all Epson business units managed and met their FY2018 targets for reducing emissions. Amid increasingly strict environmental regulations and government guidance, our production sites in China are controlling emissions by using scrubbers to remove harmful materials from exhaust gases before they are released into the atmosphere. In addition, we are building trust relationships by making our substance data available and by creating opportunities to exchange opinions with members of the local community.

43% Reduction

PRTR substance emission
(compared to FY2017)

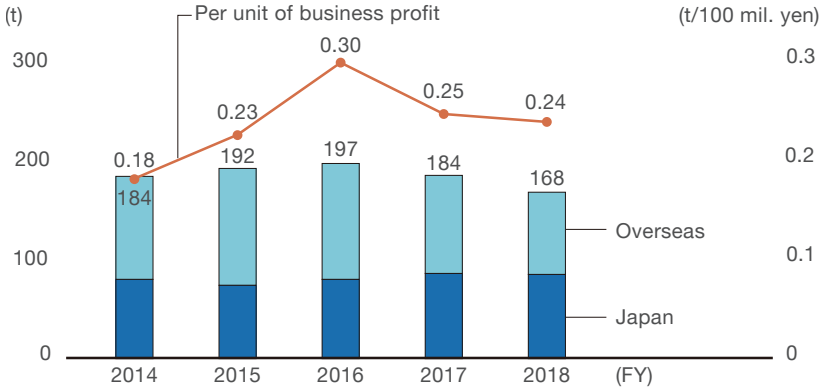
PRTR Substance Emissions



8.8% Reduction

VOC emission
(compared to FY2017)

VOC Emissions



Environmental Risk Management

Any environmental pollution resulting from Epson's business activities could have a serious impact on residents of the surrounding area, as well as for the rest of the region or country. We follow Group-wide standards for pollution control and ensure that all members are well acquainted with the ideas and laws of environmental risk management. Each promotion unit uses ISO 14001 to identify and assess the risk of failing to meet standards or of experiencing environmental complaints or incidents in an ongoing effort to continuously mitigate those risks.

Epson did not incur any regulatory violations and administrative penalties in FY2018, nor did it incur any large fines (fines exceeding US$10,000), claims, or accidents.

Environmental due diligence

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

Soil and Groundwater Remediation

Epson is pumping and treating groundwater contaminated by chlorinated organic solvents at several sites in Japan, including at its Head Office. In addition, we have barriers in place to prevent further contamination. The concentration of trichloroethylene in groundwater is under long-term management and is moving toward compliance with environmental standards.

Site Groundwater Data and Remediation Methods

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

Site	Unit	FY2016	FY2017	FY2018	Remediation
Head Office	mg/L	16	7.1	6.2	Barrier, pump and treat, monitoring
Shiojiri	mg/L	0.21	0.24	0.17	Barrier, pump and treat, monitoring
Fujimi	mg/L	0.025	0.014	0.013	Barrier, pump and treat, monitoring
Suwa-Minami	mg/L	0.045	0.041	0.048	Barrier, pump and treat, monitoring

* Amounts of Head Office in FY2016/2017 and Shiojiri in FY2017 differ from those in Sustainability Report 2016/2017.

Reference: Trichloroethylene standards
- Environmental quality standard for groundwater under Japan's Basic Environmental Law: 0.01 mg/L max.
- Groundwater remediation standard under Japan's Water Quality Pollution Control Act: 0.01 mg/L max.
- Groundwater standard under Japan's Soil Contamination Countermeasures Law: 0.01 mg/L max.

Drainage Management

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

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

Waste Management

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

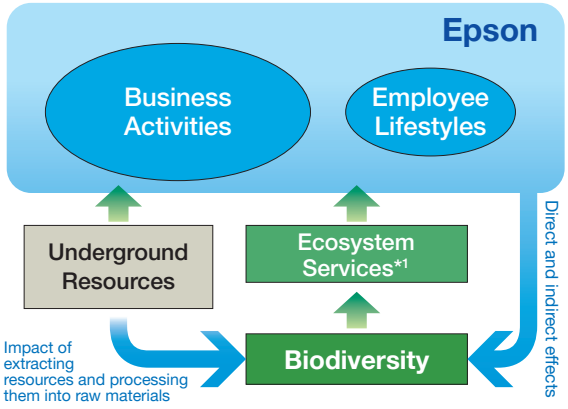
However, we employ subcontractors who satisfy the requirements of the Basel Convention to process fluorescent lamps, etc., that originate in countries and regions where it is difficult to process them domestically.

Epson and the Environment

Biodiversity Conservation

We both benefit from and affect biodiversity in myriad ways. Epson believes that preserving biodiversity is also vital to maintaining our business activities and our employees' lifestyles. Basically, we look to preserve biodiversity throughout our business activities and to raise employee awareness of its importance.

Epson and Biodiversity



*1 Benefits from ecosystems

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

Factor	Relationship to Epson	Theme	Main Initiatives
Climate change	Greenhouse gas emissions	Climate change strategy	Energy-saving product designs Production and transport measures
Land use	Land alternations accompanying underground resource mining	Resource recycling Resource saving	Reduced-resource products and recycling Reduced resource inputs Waste recycling
Non-native species	Introduced along with imports of raw materials, parts, etc.		
Overconsumption	Consumption of timber resources		
Pollution	Release of chemicals into the environment due to insufficient control	Pollution prevention and chemical management	Reduced inclusion in products and use during manufacturing of hazardous substances

Conservation of Wildlife Resources in Taiwan

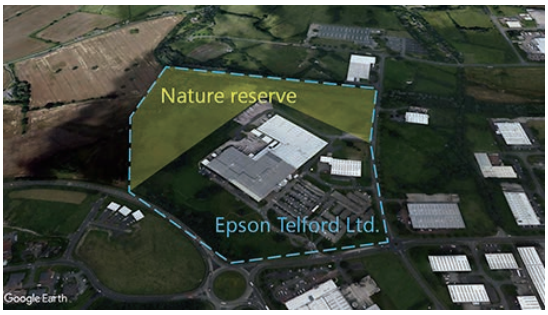
The Pinglin district, the famous tea-growing region in the north of Taiwan, is the natural habitat of the Taiwan blue magpie, a unique bird of Taiwan. The district is part of the Feitsui Dam water preserve, but in recent years, large-scale tea cultivators in this region have become over-reliant on agrochemicals.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

In 2017, Epson Taiwan Technology & Trading Ltd. (ETT), along with a number of major companies, became active as a corporate sponsor in a program to help preserve wildlife in the Feitsui watershed. As part of the program, 70 ETT employees and family members dress up in the traditional costumes of tea leave pickers and go out to organic tea gardens three times a year to help harvest the leaves, which must be picked entirely by hand. The organic tea gardens are home to butterflies and other insects, but the participants were most excited by the discovery of several Taiwan blue magpies.

Under a three-year plan, ETT will help support ecosystem preservation and sustainable organic tea production as it looks to raise employee awareness of environmental issues.

Activities in Protected Area (U.K.)

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



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

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

Also other local species have visited or have made homes within the sites.

- Raptors: Buzzards, kestrels, owls
- Birds: Partridges, red starts, yellow hammers, green woodpeckers
- Others: Foxes, etc.

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

Bee hives introduced in the site

Pond in the special area

Epson and the Environment

Eco Community

We are working to achieve new socially and economically sustainable practices through environmental community action centered on products and services.

Eco Corporate Citizenship

Please refer to page 198 of “Environmental Conservation.”

Eco Technology

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

Release of a Simple Tool for Measuring PFCs

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

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

[*1] Formerly called the “Epson Method”

Eco Education

Epson wants its employees to remain mindful of the environment while on the job. We feel it is important for them to consider how their conduct, both at work and at home, affects the environment and we want them to take the initiative in coming up with solutions. Toward that end, Epson provides environmental education and promotes correct understanding of ecological practices.

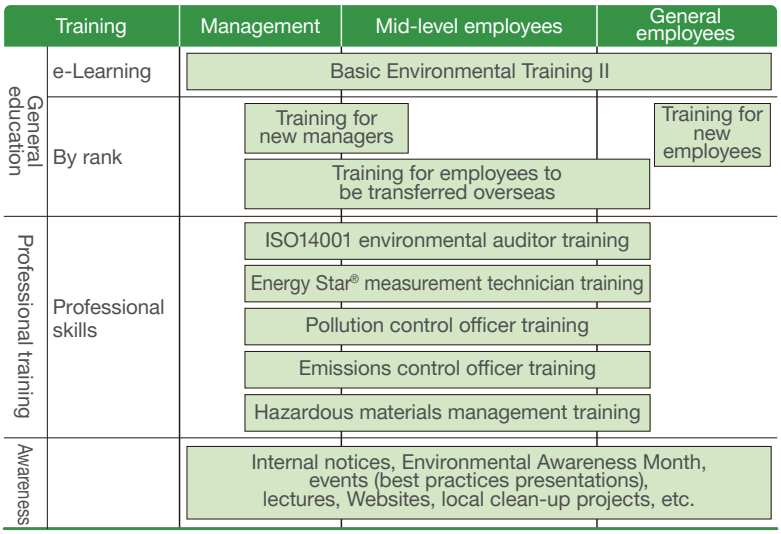
Epson also contributes to broader environmental preservation by sharing its knowledge and experience with outside organizations.

In-House Environmental Education

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

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

Environmental Education System (Japan)



FY2018 Environmental Education (Japan)

Training	Participants (Certification Recipients)*1
Basic Environmental Training II (2018 Edition)	17,379
ISO 14001 environmental auditor training	182 (869)

*1 This is the number of persons who took Basic Environmental Training II during the period it was offered (June 2018 to March 2019). ISO 14001 figures show the number of certified person as of the end of March 2019.

Eco Communication

Introduction of communications on environmental topics.

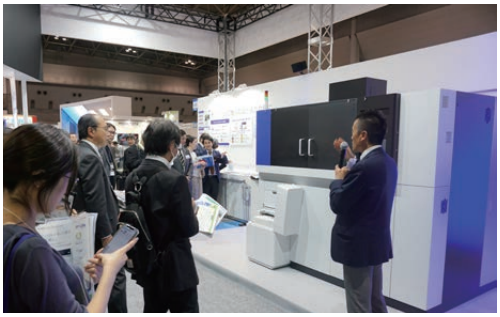
EcoPro 2018 (Japan)

EcoPro 2018, Japan's preeminent environmental exhibition, was held at Tokyo Big Sight from December 6-8, 2018. The theme of this year's exhibition was "Environment and Society in the SDGs Era, and into the Future." The exhibition has evolved over the years from an event that focused on environmental issues and environmental education to an event that is now geared toward people with an interest in SDGs, ESG, and other social trends and issues.

Epson has had a booth at EcoPro every year since the inaugural exhibition in 1999. This year the Epson booth featured the PaperLab, a dry process office papermaking system that won the Economy, Trade and Industry Minister's Prize at the First EcoPro Awards. Epson also highlighted how replacing laser office printers with inkjet printers contributes to the SDGs by reducing working time and by saving electricity and resources.

Dry Process Office Papermaking System

Visitors to the Epson booth were treated to a paper recycling demonstration and shown samples of notebooks, sketchbooks, business cards, and leaflets made on paper that was recycled using the PaperLab A-8000. They were also shown examples of how our premium partners who have installed a PaperLab A-8000 are making efficient use of it.



Contributing to achieve the SDGs with Inkjet Printers

The Epson booth drew attention to some of the products and initiatives for reducing environmental impacts in the office. Visitors were shown how high-speed linehead inkjet multifunction printers can increase productivity while saving energy. They were also shown the amount of resources that can be saved with high-capacity ink tank systems.

Corporate Corner

Panels showed CSR activities that contribute to achieve the SDGs and prize-winning photographs from a nature photography contest that Epson sponsors. In the environmental activity area, Epson showed how it is contributing to environmental sustainability by making inkjet printers smaller, providing advanced features, and promoting inkjet digital textile printing. A groundbreaking printer dating back some two decades was put on exhibit, as were various textile print samples.

Received the 1st EcoPro Award (Japan)

Epson was awarded the Economy, Trade and Industry Minister's Prize, one of main prizes in the First EcoPro Awards, at a ceremony on the first day of EcoPro 2018.

Epson was singled out for the environmental performance of the PaperLab A-8000 dry process office papermaking system, for innovativeness in recycling office resources, and for the maintenance of information security through the secure destruction of confidential documents.

Epson aims to develop an office recycling ecosystem and a smart recycling business by advancing and leveraging its efficient, compact, and precision technologies to provide innovative products and services.

Screening Committee Chair comments

Epson developed an innovative and secure method for recycling high volumes of waste paper right inside the office. It has the potential to replace the existing paper recycling and distribution model with a greener model.

In addition, when people are directly involved in paper recycling, they see how much paper is used, and this could motivate them to recycle more resources.

EcoPro Awards

Keynote Speech on Ecology and SDGs

Kazuhiro Ichikawa, Seiko Epson executive officer and deputy general administrative manager of the Technology Development Division, gave a keynote speech at EcoPro 2018 about Epson's innovation goals and the PaperLab dry process office papermaking system, the development of which he spearheaded.

He suggested ways of resolving social issues and contributing to environmental sustainability through products and services like PaperLab as a company that will contribute to the achievement of the SDGs.

Epson and the Environment

Environmental Management

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

Environmental Policy (Please refer to page 232 of "Appendices")

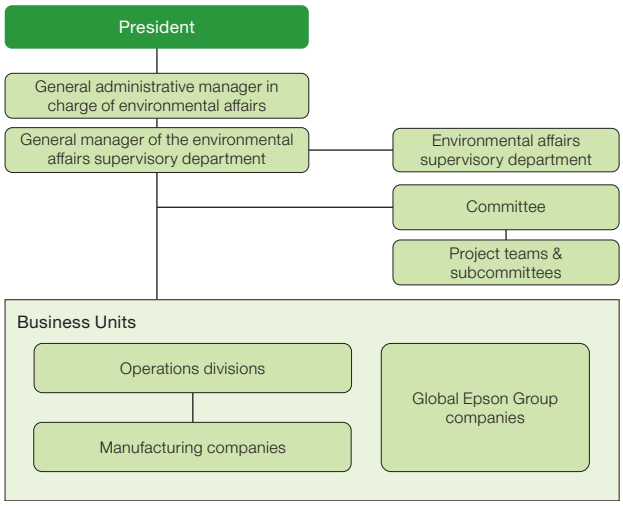
Environmental Management System

Business units within the Epson Group establish their own environmental action plans based on the Epson 25 Corporate Vision, and carry out the activities using an Environmental Management System (EMS). We conduct internal audits to check performance against the plans and take corrective action against nonconformances.

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

All financially consolidated companies in the global Epson Group have environmental programs and, in the FY2018, environmental data was gathered from 54 of those companies (representing 96% of revenue).

Promotion System for Environmental Activities



Our People

Human Resources Development

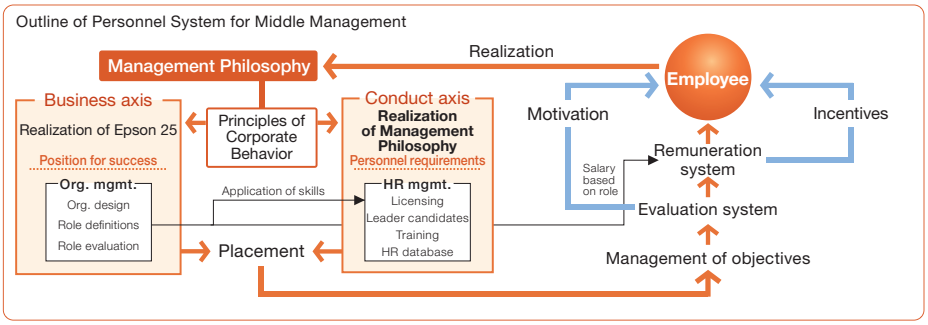
Approach

Epson develops and trains its human resources in line with a Human Resources Development Policy established in 1996 that designates talented people as a precious management resource. We assist employees so that they can achieve their dreams of self-fulfillment, and we develop people who connect and support all the companies in the Epson Group. We provide training so that our people understand their roles and what is expected of them as members of the Epson team. Training enables them to work and communicate effectively, solve problems and achieve goals, and experience personal and professional growth.

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

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

Human Resources Development Policy (Please refer to page 233 of “Appendices”)

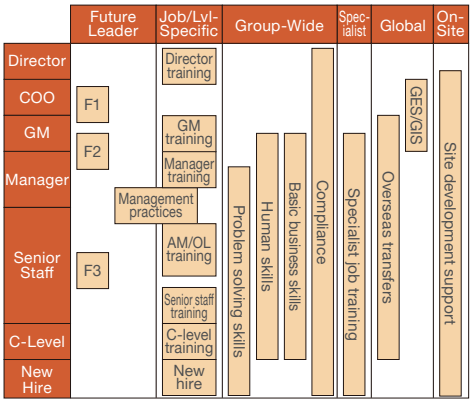


Practicing Off-the-Job Training on the Job

A feature of human resource development at Epson is that we provide level-based group training at every juncture along the career path, from entry level jobs through management, and give employees a chance to put into practice on the job the knowledge they acquire.

After completing group training, new hires undergo a one-year practicum. Other employees who complete other group trainings undergo a three-month practicum. During the practicum, employees prepare action plans based on what they learned and put these plans into action on the job under the supervision of their supervisors, thus enhancing their ability to use the knowledge and skills they learned during training, in their actual jobs.

Training System (Japan)



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

Epson has used a management by objectives systems for more than 30 years. All employees of every grade are subject to the systems, and managers and their subordinates work together to set objectives that they can both agree on. Progress toward the objectives is periodically reviewed, end results are evaluated, and new, higher objectives are set. The management by objectives system is itself an on-the-job human resource training system. It is a win-win development cycle in which individual growth leads to the growth of the organization and the company.

Training Initiatives

Global Leadership Training

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

The Global Incubation Seminar (GIS)

The Global Incubation Seminar (GIS) is a program for developing global leaders who will be a driving force in the Epson Group. At the seminar, we share Epson's vision and values with up-and-coming leaders from around the world, and empower them to put these into practice in their own organizations. Since 1999, the first year of the program, more than 380 people have participated in GIS training, and nearly all the chief executives of Epson's overseas companies are graduates of the program.

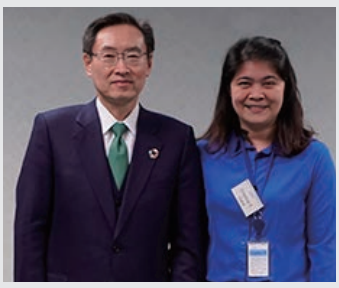
The fiscal 2018 GIS was held at the Seiko Epson Head Office for five days, from February 18, 2019. A total of 25 individuals took part, including personnel from 17 overseas affiliates. Those participants developed a deeper understanding of the business vision and strategies by directly hearing from and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

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

One participant's impressions of GIS 2018

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

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



(Right) Cristina Y. Caro
(Left) Seiko Epson Corporation President Minoru Usui

One participant's impressions of GIS 2018

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

Christian Sammut
Epson Europe Electronics GmbH
Manager, Business Development

(Right) Christian Sammut
(Left) Seiko Epson Corporation President Minoru Usui

Global Executive Seminar

In May 2017, Epson launched the inaugural Global Executive Seminar (GES) to further strengthen executive management at overseas affiliates. The seminar is designed to develop leaders who are capable of devising strategies and analyzing issues, leaders who can help guide us toward Epson's long-term goals, understand the roles that they and their companies should play, and identify changes to make in a business environment with limited future visibility. The seminar starts with a three-day group training session (session 1) and is followed by a year-long period during which participants apply lessons in actual practice, after which they gather to report the results over two-days (session 2).

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

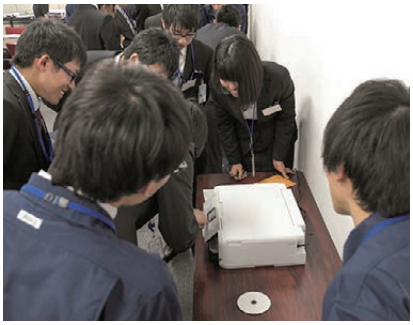
For the next two days, Session 2 of GES 2018-19 was held at the corporate headquarters, with nine trainees, including two from domestic Epson Group companies. The participants each gave a presentation on the management issues they tackled over the past year. The seminar concluded with them promising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

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

Training for New Employees in Japan

Epson considers the first year of employment to be a training period during which new employees learn about the Epson approach to work. For the first three weeks, new employees in Epson Group companies in Japan gather at the Head Office for group training, where they learn the following:

- Conduct expected of them as Epson employees
- The mindset and attitude necessary for practicing “monozukuri” or the art and science of manufacturing, which is the foundation of Epson’s efficient, compact and precision technologies
- The importance of working cooperatively as a team



Training to think about customer satisfaction

Training ranges from lectures on the Epson Code of Conduct to hands-on training in manufacturing. New employees learn the importance and enjoyment of working in teams, through group activities that take place throughout the training period.

After they complete group training, new employees are sent to the department where they have been assigned. There they learn their job through on-the-job training under a mentor. Mentors are usually selected from among young employees with three to five years of experience. They produce training plans tailored to the individuals they will be mentoring and, for a full year, provide them with the support they will need to stand on their own. Mentors themselves are expected to grow through this experience.

At the end of the first year, the new employees gather again for follow-up group training, where they can observe how they and others have grown and developed. To further solidify the foundation they have built as a business professional, they review the previous year and consider action plans for the next year and beyond to achieve further growth and expand their contributions to the company.

Lifetime Career Support

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

FY2018 training results

LTCS50 training (for all employees age 50) - 373 people
LTCS40 training (for all employees age 40) - 298 people

Creating Value That Exceeds Customer Expectations and the Monozukuri Juku

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

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

Mechatronics Training for Building, Maintaining, and Enhancing Automated Lines

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

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

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

Training engineers at an overseas affiliate (Philippines)

Mechatronics practical training

Developing Young Technicians through National Skills Competition

As a manufacturing company, Epson uses training for WorldSkills competitions to develop “groundbreaker technicians”[*1] who have acquired essential manufacturing knowledge and skills at an early age. As a rule, individuals are allowed to take part in WorldSkills trainings just once. The purpose of the short-term intensive trainings is to help participants learn technical skills at the all-Japan level. Every year we send 10-15 individuals to the National Skills Competition associated with WorldSkills to compete in six selected occupational categories that are applicable to our employees’ work: Instrument making, Press tool making, Mechatronics, Industrial electronics, Web design, and Watch repair.

New employees sent to Monozukuri Juku as WorldSkills trainees experience monozukuri (the art and science of manufacturing) in such forms as filing and sawing. They also learn basic knowledge about machinery, electricity, and other general topics in each occupational category. In conjunction with everyday occupation-specific training, there are training camps three times a year. Participants lodge together, run a long distance, set targets, and the like. All of this helps to build a sense of solidarity as a team.

To recreate the feel of the national competition, we also hold joint training events with other companies that take part in WorldSkills. Additionally, our employees actively pursue such national qualifications as machining technician, electronic device assembly technician, web design technician, and watch repair technician. After participants finish WorldSkills trainings, they get practical training to help them build the basic skills learned there into skills they can use to make products. Each participant then joins an operations division. The units they join often praise these employees for performing beyond expectations.

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

Everyday training

The 56th National Skills Competition of Japan 2018

FY2018 Workforce Composition and Training Data

Main Online Courses (Japan)

Course	Trainees
Fundamentals of Security Export Control (2018)	16,072
Import/Export Control (Export Edition, 2018)	15,986
Epson’s Compliance (2018)	18,331
Basic Information Security (2018)	19,924
Basic Environmental Training II (2018)	17,379
Introduction to Procurement 20178 (Subcontract Act)	16,801
J-SOX (2018)	18,497
Basics of quality management system	15,066
Basic Harassment Preventive Training	18,470
Basic Personal Data Protection	16,046

* The number of persons completing the course by March 31, 2019.

Training by Employee Level

Training	Who	People Trained	Percent Trained
New employee orientation	New hires	298	100%
C-level employee training	New C-level staff	182	96.3%
Senior staff training	New senior staff	247	91.1%
Section manager training	New section managers	130	93.5%
General manager training	New general manager	31	86.9%

* Data for Seiko Epson Corporation employees as of March 31, 2019
* Employees who have not received training are scheduled to do so in FY2019.

Our People

Promotion of Diversity

Diversity Policy

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

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

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

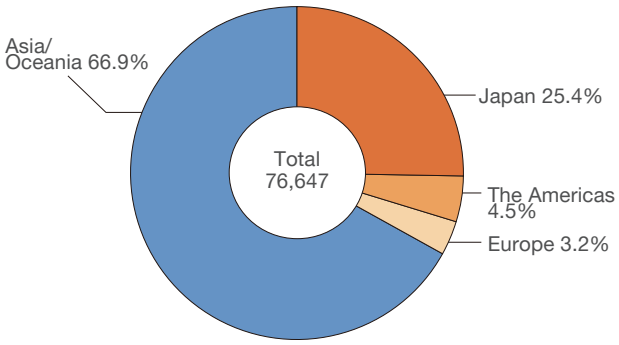
Masayuki Kawana
Director and Executive Officer, General Administrative Manager of the Human Resources Division and CSR Management Office

Global Talent

Epson has sites around the world to accurately identify and swiftly and flexibly meet the changing needs of customers at different times and in different regions. The Epson Group currently employs about 76,000 people.

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

Employee Numbers by Region (as of March 31, 2019)



Examples of Our Initiatives

Sending Young Staff Members Overseas

Epson actively sends young staff members from Japan to Epson's overseas sites for professional development as part of its trainee program.

Number of Employees Assigned to Overseas Training Programs

FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
8	20	34	38	29	28	22

Employees Sent to Japan for Training

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

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

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

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

Some are function specific, for areas such as legal affairs, finance and accounting, safety, and the environment. Others are for global projects involving matters such as IT systems and the adoption of IFRS. Still others, such as sales meetings, are held to discuss a range of topics and to share information and opinions globally.

Advancement of Women in the Workplace

Seiko Epson has had some success in empowering women who actually stay with the company longer than men, on average by creating conditions that allow them to better balance family with work. These conditions include, for example, the ability to take leaves of absence or to work a shorter day, as well as financial assistance to help cover babysitter expenses. However, there is still a gender gap when it comes to promotion to management and other leadership positions in Japan. Seiko Epson recognizes this as an issue and is taking additional action to support the advancement of more women in the workplace.

Examples of Actions Taken

Plans for promoting women's participation and advancement in the workplace

- We will recruit new graduates, with a goal of securing a hiring class composed of at least 25% women
- We will expand and enhance a variety of policies and measures to enable women to shape their long-term careers at Epson. (For example, we will conduct dialogue with management, and encourage women to participate in management and career development training seminars.)
- We will explore and expand telecommuting and other more flexible ways of working.

Eruboshi

Seiko Epson has earned the highest (Grade 3) Eruboshi certification* from the Japanese government in recognition of our excellence in promoting the advancement of women in the workplace.

* To be eligible to receive Grade 3 certification a company must satisfy all the criteria in five areas: recruitment, continued employment, working hours, percentage of women in managerial positions, and diversity of career courses

The Platinum Kurumin

Seiko Epson is creating conditions that allow employees to balance their careers with their personal lives. In recognition of our efforts to implement policies that will benefit the next generation, the Japanese government awarded Seiko Epson Platinum Kurumin certification.

Nadeshiko Brand

In 2018, for a second consecutive year, the Ministry of Economy, Trade, and Industry, working in collaboration with the Tokyo Stock Exchange, selected Seiko Epson for inclusion to the list of Nadeshiko Brands, an honor bestowed on companies that demonstrate excellence in encouraging the empowerment of women in the workplace. Seiko Epson was recognized for implementing higher quality initiatives to empower women in order to produce greater business success.

Family tours

Seiko Epson conducts family tours every August. Children of employees visit the company, see our products, make fans using paper printed from an Epson printer, assemble watches, use the employee cafeteria, and participate in other events that show them what Epson is like.

Babysitters

Employees can use babysitters at company expense.

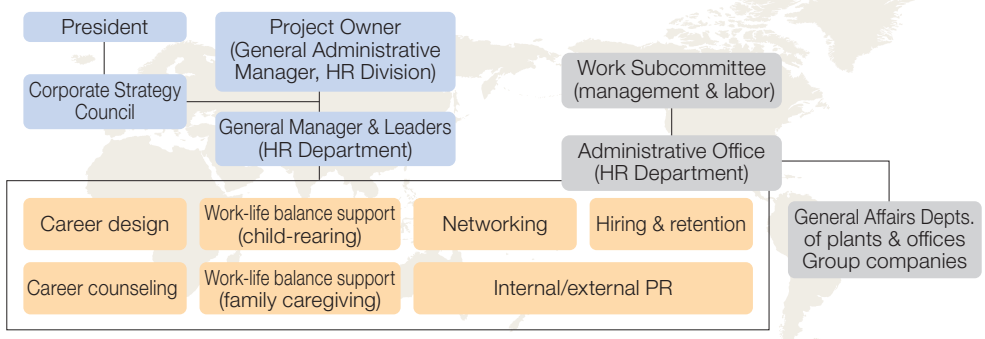
Female Empowerment Project

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

The Seven Topics

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

Organization



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

Targets

We are aiming to have female employees account for 5% (40 people) of management positions and 7% (350 people) of leadership roles (equivalent to assistant manager) by FY2022.

Dialog between executive management and female employees

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

Telecommuting and dependent care

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

Telecommuters: 29 for childcare and 2 for family care (as of May 2019)

Main Programs Introduced (Japan)

1980

- Eliminated gender pay gap (1983)

1990

- Main childbirth & childcare programs
  - Parental leave (1991)
  - Shortened workday (1992)

2000

  - At-home childcare service (2005)
  - Medical leave okayed for paid parental leave (2007)
  - Medical leave okayed for half-days for expanded range of reasons (renamed wellbeing leave) (2009)
- Certification as a company with policies to benefit the next generation
  - Acquisition of the “Kurumin” next-generation accreditation mark, the first company to do so in Nagano prefecture (2007)
    (Ongoing certification in 2009 & 2012)
  - Free at-home childcare service (2015)
  - Acquisition of the Grade 3 (the highest grade) Eruboshi certification (2016)
  - Acquisition of Platinum Kurumin (2016)
  - Telecommuting system for dependent care (2018)

Support for managers

To deepen understanding of the need for diversity (including the participation and advancement of women) to maximize the power of the organization, every year Seiko Epson invites outside lecturers to talk about why diversity matters. Attendance is mandatory for all members of middle and upper management. Bosses, out of an excess of caution, tend to avoid assigning potentially career-enhancing work to women and other employees whose time availability may be limited. For this reason, we have incorporated content in manager training courses to help ensure that all employees are given equal opportunity and are motivated. To further change the mind-set of management, we are conducting diversity management training from 2018 fiscal year. This training program incorporates content that teaches managers to recognize unconscious bias and effectively use female employees.

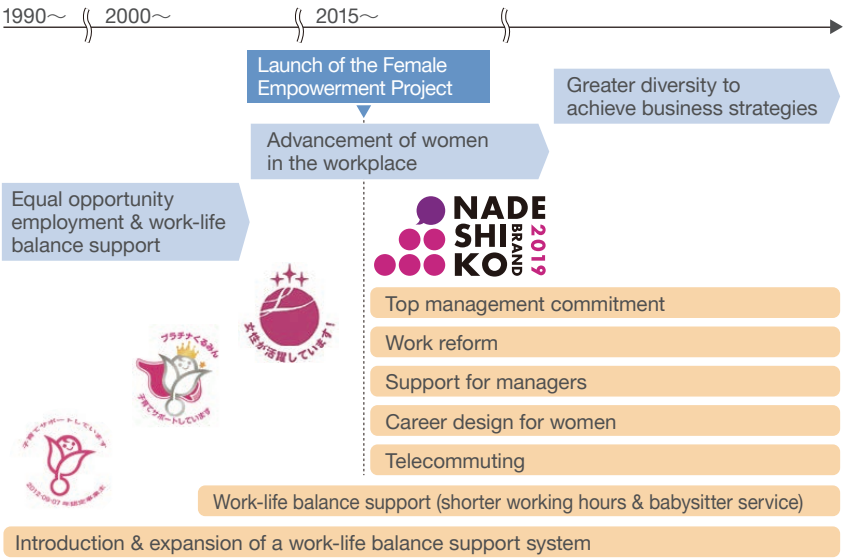
Evaluation system

The criteria for evaluating employees who work a full day and employees who work shorter hours are identical. This was done to ensure a level playing field when it comes to advancement and promotions. Employees are evaluated based on their achievements with respect to goals that are considered to be achievable within their respective workdays. In addition, to be eligible for promotion exams, employees must write a dissertation and pass a written test in the same year. Since a considerable amount of time is needed to write the dissertation and prepare for the written test, employees who have limited free time faced additional challenges. Another stumbling block was that employees who qualify to take the test must do so (and pass) within a three-year period, after which eligibility expired, so those taking maternity leave could end up losing eligibility. To remove these obstacles and make it easier for time-constrained employees to take tests for promotion, we changed the system, in April 2018. We eliminated the expiration period and made it so that employees could maintain eligibility even if they pass only certain test subjects over a multi-year period.

Future Initiatives

Seiko Epson will roll out further actions to expand the career advancement possibilities for women in the future.

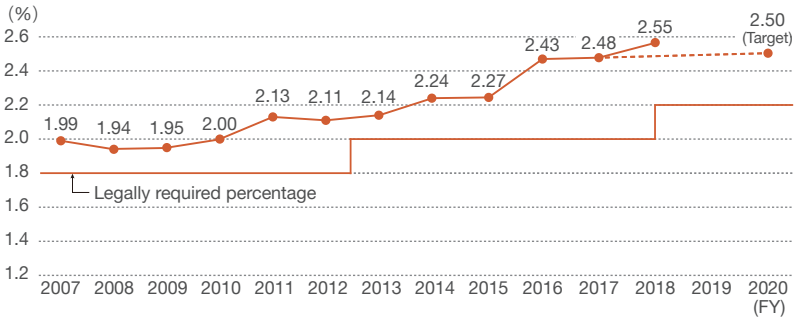
Roadmap



Employing and Supporting Persons with Disabilities

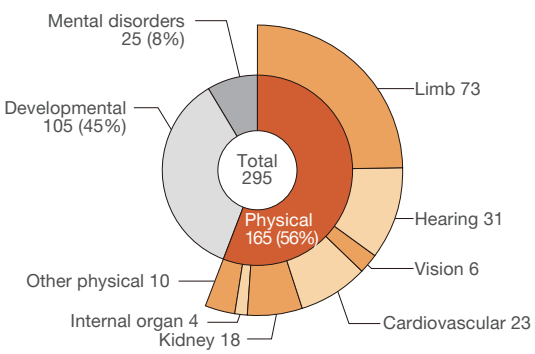
Epson employs a large number of persons with disabilities. For this reason we accommodate special needs in a variety of ways. For example, we provide easy-access restrooms, parking spaces, and other facilities. We also provide services such as sign language interpretation for in-house training and interviews, and special shortened working hours for dialysis treatment. Two special subsidiaries in Japan, Epson Mizube Corp., and Epson Swan Corp. have made special provisions to accommodate employees with disabilities and allow them to make the most of their talents, and they are now expanding job opportunities for disabled employees.

Employees with Disabilities (Japan)



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

Type of Disability (Japan)



* The data is current as of June 1, 2018.

Epson Mizube Corp.

Epson Mizube Corporation was founded in 1983 as a special subsidiary of Seiko Epson. It began with a workforce of 15 people, 11 of whom had disabilities, and has expanded steadily since then.

Epson Mizube's wide range of services include assembly, inspection, cleaning, and packaging of various electronic and precision devices; printing, copying, and bookbinding; catalog mailing; document digitization; dust suit cleaning; building cleaning; and sorting and dismantling used ink cartridges. The company employs 134 persons with disabilities at eight sites (as of the end of March 2019).

Facilities cleaning services were launched in 2008, and have since grown to a crew of 45 employees who provide services to 5 sites (as of March 31, 2019). The cleaning crews contribute to maintaining pleasant working environments. In 2017, we installed an upcycling model line in the PaperLab. This has expanded employment opportunities for persons with disabilities and promotes environmental impact reduction by using the PaperLab and DFP to turn used paper into business cards and notebook paper.

Board assembly

PaperLab upcycle center

Sorting used ink cartridges

Cleaning company facilities

Taking part in the Abilympics

Many of Epson's employees with disabilities have amazing skills that are invaluable to the company. The FY2018 Japan National Abilympics in Okinawa featured the most Epson representatives ever (5 employees: product packing - Masaya Hirabayashi; facility cleaning - Mizuho Yosoi; electronic device assembly - Shoichi Yokouchi; office assistant - Misaki Kamijo; DTP - Takamasa Ichikawa). Masaya Hirabayashi and Misaki Kamijo earned gold, Mizuho Yosoi earned silver and Shoichi Yokouchi earned bronze. Through their efforts, these employees serve as positive examples for workers with disabilities.

In May 2019, the four who placed in the Abilympics were also recognized for excellence in their respective skill areas, with Masaya Hirabayashi and Misaki Kamijo receiving the Nagano Governor's Award and Mizuho Yosoi and Shoichi Yokouchi receiving the Nagano Vocational Ability Development Association Award.

Epson Swan Corp.

Epson Swan Corporation started operating in March 2002, when it was established as a special subsidiary of Tohoku Epson Corporation in Sakata, Yamagata Prefecture. It was the first certified special subsidiary in Yamagata Prefecture. It is presently a special subsidiary of Seiko Epson Corporation. Located in the grounds of Tohoku Epson, 21 people with disabilities (as of April 1, 2019) clean dust suits and provide building cleaning services within the company.

In addition to employee and leisure support, we also focus on professional development. In FY2018, we entered the facilities cleaning category at the Japan National Abilympics

In addition, Epson Swan communicates both internally and externally by publishing its magazine Smile via its intranet and as hardcopy four times a year. A total of 38 issues have been released, counting the most recent published in March, 2019.


スマイル
No.38 2018 冬号

Selecting Senior Executives

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

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

Epson Group companies outside Japan identify certain ranks at which they look for candidates to fill future top-level management positions. They then compile basic information about everyone at those ranks. Seiko Epson consults with Epson Group companies to grade these individuals based on common global criteria and identify the top talent. Information about their skills and capabilities is gathered by various means, including 360-degree evaluations, and future career path and development plans are explored.

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

Workforce Composition and Service Period

Workforce Composition

Male/Female Ratio	
Female	16%
Male	84%

Mgmt. Diversity*1	
Female	2%
Male	98%

Junior Mgmt. Ratio*2	
Female	6%
Male	94%

* Data for Seiko Epson Corporation employees as of March 20, 2019.
*1 Section manager and higher
*2 Team leader

We are aiming to have female employees account for 5% (40 people) of management positions and 7% (350 peoples) of leadership roles (equivalent to assistant manager) by FY2022.

Length of Employment

(Unit: Year)

Total	Female	Male
19.4	21.5	18.9

* Data for Seiko Epson Corporation employees as of March 20, 2019.

Turnover Rate

	FY2015	FY2016	FY2017	FY2018
Total turnover ratio	3.2%	3.6%	3.6%	4.5%
Voluntary turnover ratio	1.6%	1.6%	1.5%	1.8%

* Data for Seiko Epson Corporation and domestic major affiliated companies as of March 20, 2019.

Our People

Respecting Human Rights

Zero Tolerance

Epson is serious about keeping all forms of discrimination and unfair practices out of its operations around the world. This stance is reflected in our participation in the United Nations Global Compact since 2004. In 2005 we documented policies that outline Epson's strong convictions in areas including respect for human rights, elimination of harassment, eradication of all forms of discrimination, respect for local culture and customs, prohibition of child and forced labor, and maintenance of positive labor relations.

We have established services that employees can use to report or consult on abuses of any kind. These services include such things as a harassment hotline, employee counseling service, and Epson helpline. Epson also strives to prevent fraud and other forms of misconduct in a number of ways, including by periodically sharing information with all employees and by raising awareness with bulletins on the intranet.

The Policies Regarding Human Rights and Labor Standards (Please refer to page 235 of "Appendices")

Power Harassment Prevention Training

Epson maintains a harassment hotline to respond to employees' harassment concerns. Epson has been actively fostering the development of an organizational culture with zero tolerance for harassment. To achieve a fair and pleasant working environment, we provide anti-power harassment training seminars to Epson Group companies as a way to prevent and stamp out harassment.

In fiscal 2015, we carried out training for management (directors and administrative officers) and all managerial staff at Group companies in Japan, with 100% attendance. In fiscal 2016, we expanded the training to middle management and personnel who are to be transferred overseas. More than 90% of those eligible attended the training in fiscal 2017.

The training has also been provided to personnel who are newly promoted to management and other leadership positions since fiscal 2016. In addition, in fiscal 2018, on-line harassment preventive training was provided to all employees.

Power Harassment Prevention Training

		2014	2015	2016	2017	2018	People Trained
Senior management	Power harassment prevention training for senior management	Basic harassment prevention training	→			Basic harassment prevention training	
Middle management	Power harassment prevention training for middle management		→	→			1,303 people (100%) at 70 trainings at 27 sites in Japan
	New general manager training					→	FY2018: 31 people (86.9%) (training ongoing)
	New section manager training			→	→	→	FY2018: 130 people (93.5%) (training ongoing)
Overseas assignees	Power harassment prevention training for overseas assignees		→	→			295 people (92%) at 29 trainings at 27 sites overseas
	Power harassment prevention training prior to assignment overseas			→	→	→	FY2018: 100 people (100%) at 6 trainings
Junior management	Power harassment prevention training for junior management			→	→		2,561 people (93%) at 131 trainings at 22 sites in Japan
	New senior staff training				→	→	FY2018: 490 people (training ongoing)
(Non-management employees)			→	→	→		Provide basic harassment training for all Epson Group employees & information about reporting channels, etc.

Current as of March 31, 2019

Anger Management Training

Anger management training is said to be an effective way to prevent so-called power harassment (abuse of authority at work).

Seiko Epson has provided anger management training since 2016 to teach employees skills needed to control feelings of anger at work. Echelon- and department-based anger management training is offered about 70 times a year. An introductory course teaches people the skills they need to defuse their anger and improve their control long-term, while a course in constructive criticism teaches managers and others effective communication skills. More than 4,500 Epson Group employees in Japan have taken a course. By providing its people with the proper training and skills, Epson hopes to eliminate power harassment from the workplace.

Epson Slavery & Human Trafficking Statement

Based on the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018, Epson discloses the policy for eradicating modern slavery and human trafficking from the supply chain and the situation of Epson as follows:.

Epson Slavery & Human Trafficking Statement for Financial Year 2018
https://www.epson.jp/SR/our_people/pdf/fy18_modern_slavery_act_statement.pdf

Human Rights Due Diligence

Epson is vertically integrated and develops and manufactures the majority of the products we sell through our global network of sales subsidiaries. We strive to identify human rights risks throughout our operations but particularly at our production sites in Southeast Asia, where the risk of human rights violations is generally said to be highs.
To identify and understand human rights risks in our supply chain, we ask suppliers to perform a CSR self-assessment questionnaire.
On the other hand, to identify human rights risks within its own group, we conducted the Epson CSR Self-assessment questionnaire on overseas subsidiaries that started in fiscal 2017 as well as in fiscal 2018, as well as at our manufacturing facilities and domestic affiliates.
The results allowed us to identify risks, which we instructed our facilities and group companies to take steps to mitigate. The CSR self-assessment will be performed yearly, and we will encourage companies to understand where the issues are and to address them.

CSR Self-assessments by Epson Group Companies

In the FY2018, Epson had its own facilities, domestic affiliates and overseas group companies complete a self-assessment questionnaire (SAQ) to evaluate their performance with respect to CSR requirements. The purpose of the SAQ was to identify and address risks and potential threats in areas such as human rights. Epson created the SAQ based on the basic requirements of the Responsible Business Alliance (RBA). The SAQ consisted of 100 questions concerning things such as human rights, labor, safety and health, the environment, the management system, and ethics. Suppliers were asked to complete the same questionnaire as part of our socially responsible procurement program.

Questionnaire content

Major category	Minor category examples	Number of questions
G: General		1
A: Labor	Freely chosen employment, young workers, working hours, wage and benefits, humane treatment, non-discrimination, freedom of association	28
B: Health and safety	Occupational safety, occupational injury and illness, dormitory & canteen, etc.	22
C: Environmental	Environmental permits & reporting, pollution prevention & resource reduction, hazardous materials, wastewater & solid waste, air pollution, energy consumption & greenhouse gas emissions, etc.	14
D: Management system	Company commitment, management accountability & responsibility, risk assessment & risk management, training, supplier responsibility, etc.	16
E: Ethics	Business integrity, intellectual property, fair business, advertising & competition, responsible sourcing of minerals, privacy, etc.	12
F: Additional items	Export control, information security, product safety, business continuity plan, etc.	7

SAQ overview

Items	Details
Survey period	August, 2018 - June, 2019
Surver coverage	9 Seiko Epson facilities (factories) 13 domestic affiliated companies (10 manufacturing companies and 3 sales companies) 54 overseas Epson Group companies (20 manufacturing companies and 34 sales companies)
Questionnaire	Epson Group Supplier Self-Assessment Questionnaire (SAQ)
Corrective action	Apr. - Companies began taking corrective action
Status check	Mar. 2020 The status of corrective action will be checked by having companies complete another SAQ.

Rankings based on SAQ scores

Risk rank	Assessed points	Explanation
Low risk	86-100 pts.	It basically meets the requirements of the Epson Supplier Code of Conduct. Is able to independently correct weaknesses.
Medium risk	66-85 pts.	It does not meet all the requirements of the Epson Supplier Code of Conduct but is able to independently correct weaknesses.
High risk	65 pts. or less	It needs to be monitored based on an improvement plan to meet the requirements of the Epson Supplier Code of Conduct.

FY2018 SAQ results

Risk rank	Total score	Seiko Epson manufacturing plant		Japanese affiliated companies						Overseas subsidialies						Grand total	
				Manufacturing		Sales and others		total		Manufacturing		Sales and others		total			
		Number of facilities	%	Number of companies	%	Number of companies	%	Number of companies	%	Number of companies	%	Number of companies	%	Number of companies	%	Number of sites	%
Low risk	86-100 pts.	9	100	6	60	3	100	9	69	16	80	17	50	33	61	51	67
Medium risk	66-85 pts.	0	0	4	40	0	0	4	31	4	20	16	47	20	37	24	32
High risk	65 pts. or less	0	0	0	0	0	0	0	0	0	0	1	3	1	2	1	1
Total		9	100	10	100	3	100	13	100	20	100	34	100	54	100	76	100

Summary

- No serious human rights, compliance or ethics problems were found at any facilities and group companies as a result of the SAQ.
- With regard to the three overseas subsidialies that were at high-risk in the CSR self-assessment evaluation in FY2017, as a result of visiting the site from the Head Office or confirming the situation by video conferencing and guidance, all three companies improved to middle-risk or low-risk. On the other hand, the new company established in 2018 did not fully realize Epson's policy and management level, and became a high-risk.
- There still remain some companies not fully understood the intent of the questions, so the Head Office will provide further explanation and education for them.
- The Head Office provided a guidance about the Epson Group's basic policies, rules, and guidelines to affiliates, so most of the affiliates improved their understanding.
- Some of affiliates had not communicated the Epson Group's basic policies, rules, and guidelines to their employees or had not established their own objectives or action plans (in the areas of labor, safety and health, the environment, and suppliers). The Head Office will provide instruction and support to these affiliates and promote action across the Epson Group.

- High risk company

Situation	Action
One company that was established in 2018 was not adequately apprised of Epson's policies and management requirements yet.	The Head Office will establish a communication policy, explain requirements, and provide support.

The Head Office and the company deemed high-risk will draft and execute plans to address issues to bring it up to the middle-risk or low-risk levels by March 31, 2020.

Security Personnel Trained in Human Rights

Seiko Epson outsources security operations to security companies and asks them to train those employees in human rights policies or procedures. In FY2017 we conducted a CSR self-assessment questionnaire to confirm that those suppliers, as well as other suppliers of indirect materials, provided human rights training to those people.

Our People

Fostering a Better Workplace

Equal Gender Opportunity Initiatives

Seiko Epson, an early advocate of equal opportunity employment in Japan, abolished gender-based difference in pay in 1983. In addition, we aim to provide equal gender opportunity at the time of childbirth and childcare. The results of our initiatives show up in the numbers, such as the duration of service and the rate at which mothers return to work after taking childcare leave. Moreover, nearly 100% of employees take parental leave.

Childcare Leave Trends

FY	Childcare Leave				Employees using parental reduced hours
	Total[*1]	Women	Ratio of women granted leave[*2]	Men[*3]	
2018	75	35	100%	40 (33)	160
2017	64	44	98%	20 (14)	170
2016	60	42	100%	18 (16)	
2015	52	40	98%	12 (11)	
2014	67	49	100%	18 (13)	
2013	71	66	98%	5 (4)	
2012	80	66	100%	14 (12)	
2011	66	55	98%	11 (10)	

* Data for Seiko Epson Corporation employees as of March 31, 2019.
[*1] Including individuals who took well-being leave.
[*2] Number of individuals granted childcare leave/eligible individuals. (Individuals who have had a child and are eligible for childcare leave)
[*3] Numbers in parentheses indicate employees who took special paid leave.

Caregiver Leave Trends

FY	Caregiver Leave	Employees using caregiver reduced hours
2018	2	5
2017	2	2
2016	2	
2015	6	
2014	4	
2013	4	
2012	1	
2011	2	

* Data for Seiko Epson Corporation employees as of March 31, 2019.

Epson's Wellbeing Leave Program

Seiko Epson introduced a special paid leave program in March 1998 that allows employees who do not use all their annual paid vacation days during the year to stockpile the remainder, up to 60 days, in a separate account. They have the option of using special paid leave days in the event of personal injury or illness, or to care for children or family members, or to participate in school events for their children in elementary and middle school.

Work-Life Balance Initiatives

Recognizing the importance of the well-being and development of our children, Epson encourages employees to balance their careers with their personal lives. We enforce an eight-hour no overtime workday at least once per week at our sites in Japan, and an increasing number of sites have a day each year when parents can bring their children to work. To create an environment suitable for both male and female employees who want to pursue a career, we are working to support childcare. From October 2005, we have offered subsidies for babysitting services. We have gradually increased the subsidy, and currently we pay the full amount for up to 16 hours. Company housing next to the workplace is made available as childcare space to maintain the privacy of employees' homes. From April 2018, we introduced a telecommuting system for employees on childcare leave or caregiver leave.

Responding to employee caregiver needs

With advancing population aging, the number of people requiring care is on the rise. Consequently, the number of employees acting as caregivers for their families is also on the rise. Aiming to eliminate turnover due to caregiver needs, Epson provides the following types of support to caregivers.

- Launched a website related to caregiving to provide information related to in-house programs and nursing care insurance systems.
- Conducting nursing care preparation seminars to equip employees with the knowledge that will enable them to respond calmly to sudden nursing care needs.
- Enable the use of the following programs to support balance between work and caregiving.

Caregiving Program

Name	Overview
Caregiver leave	May take up to 1 year and 6 months per applicable family member
Caregiver reduced hours	Available for up to 3 years from start of use
Caregiver overtime exemption	Exempt employees from overtime exceeding nominal hours
Caregiver overtime restriction	Restricts employee overtime to less than 24 hours per month or 150 hours per year
Caregiver night shift restriction	Restricts night shift assignments for employee
Caregiver telecommuting program	Enables telecommuting up to limited time specific for each work shift
Caregiver leave	Allows employee to take 5 days/year for 1 applicable family member or 10 days/year for 2 applicable family members as caregiver leave (unpaid)

Certification as an “Eruboshi” Company

On July 11, 2016, the Japanese Minister of Health, Labour and Welfare granted Seiko Epson the top “Eruboshi” mark in recognition of its efforts as a good company to promote the active participation and advancement of women in the workplace.

The Ministry established the Eruboshi mark in February 2016 based on the newly enacted Act on Promotion of Women’s Participation and Advancement in the Workplace. Companies that draw up and submit an action plan and meet certain standards are eligible to receive the mark if they have demonstrated successful efforts to promote the advancement of women. Companies that apply for the mark are graded on five criteria and awarded one of three levels of certification depending on how many of the criteria they satisfy. Seiko Epson, which met all five criteria, was certified to receive the Grade 3 Eruboshi mark[*1].

Seiko Epson launched a project to step up its initiatives related to women’s advancement. Through such programs as setting up discussions between female employees and management and establishing a new mechanism that enable people to continue working while they provide care for elderly relatives, the company intends not only to help women continue working, but also to provide an environment where women who want careers can advance into leadership roles.

[*1] The criteria are recruitment, continued employment, working hours, percentage of women in managerial positions, and diversity of career courses.

Certification as a Kurumin and Platinum Kurumin Company

As a result of Epson's efforts to establish a friendly workplace environment, we were awarded use of the so-called Kurumin symbol from 2007 and the Platinum Kurumin symbol in 2016. Use of these symbols is awarded by the Japanese Minister of Health, Labour and Welfare to companies that implement policies that support the parenting of their employees in accordance with the Act on Measures to Support the Development of the Next Generation.

Named Nadeshiko Brand for FY2018

Since FY2012, the Ministry of Economy, Trade, and Industry working in collaboration with the Tokyo Stock Exchange names companies serving as examples of enterprises that encourage women's success as Nadeshiko Brands. Nadeshiko Brands are promoted to investors focused on medium- to long-term corporate value growth as appealing listed companies that encourage women's success. This encourages investment in Nadeshiko Brands, which in turn accelerates the initiatives of these companies. In FY2018, which marks the 7th year of the Nadeshiko Brand listing, Epson was praised for implementing initiatives that encourage more advanced success for women with the goal of producing operational results.

Seiko Epson was selected as a Nadeshiko Brand for a second consecutive year, in FY2018, largely in recognition of actions it has taken to promote workplace diversity. These actions include work reforms and initiatives to change the thinking with regard to the role of women in the workplace. They, along with changes in the system of tests for promotion, are designed to facilitate the advancement of women and to encourage more women to seek management positions.

Monitoring and Controlling Working Hours

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

Epson is fully compliant with labor laws. One of the ways we ensure compliance is by following an operations manual for managing working hours. We have also implemented time management initiatives and monitoring systems across the organization in Japan. Epson has programs to build awareness among employees of the importance of regulating working hours appropriately, and we are fully committed to maintaining a well-balanced working environment.

Work reform actions

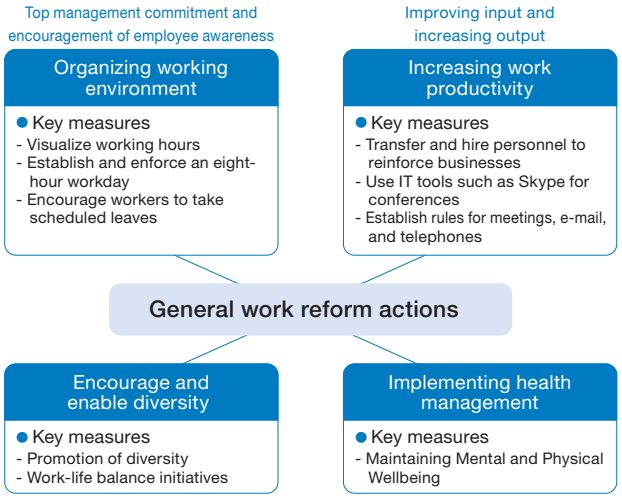
From fiscal 2017, we have been taking comprehensive work reform actions. The goals are to revise our approach to work and seek to improve the productivity of executives, managerial staff, and general staff in their respective positions, thereby achieving an appropriate work-life balance and a state in which our diverse employees can work with enthusiasm to realize the Epson 25 Corporate Vision.

Promoting work reform

Seiko Epson has been promoting work reform since the 2017 fiscal year under a program called “WILL BE.”[*1] All aspects of the way we work are examined to look for opportunities for improvement. Ultimately, our goal is to achieve the Epson 25 Corporate Vision by changing the way we approach work and raising personnel productivity, from top to bottom, thereby achieving a healthy work-life balance and a vibrant workplace environment in which our diverse employees can excel. As a result, we are seeing total working hours decrease each year, fostering mindfulness about working efficiently, and reducing the risk of health impairments.

[*1] Work-Life Balance, Innovation, Liveliness, Enjoyment

General Work Reform Actions



Work Reform Targets

We have set the following work reform targets:

Annual Total Working Hours per Employee

FY2016 actual: 2,001 hours
FY2017 actual: 1,971 hours
FY2018 actual: 1,943 hours
FY2019 target: 1,900 hours

Number of Paid Leave Used

FY2016 actual: 12.6 days (use rate of 63.0%)
FY2017 actual: 14.0 days (70.0%)
FY2018 actual: 13.9 days (69.5%)
FY2019 target: 15.0 days (75.0%)

Wages

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

In Japan, for staff members among non-management employees, we have introduced a qualified grade-based system wherein compensation is determined by the employee's job and competencies. For senior staff members, we have a system wherein the compensation is determined by their job, which is given based on their competencies, and the level of roles they are fulfilling. We have a role-based grade system for managers wherein compensation is determined by the size of the person's role. The wage system does not discriminate by gender.

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

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

Labor-Management Relations

As a union shop, Seiko Epson requires all regular employees, except those in management or in certain other management-related positions, to join the labor union.[*1]

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

[*1] Rate of joining the labor union among all regular employees: 85.8%

Main Employee Welfare and Benefits Systems (Japan)

Category	Description of System
Childcare	Childcare leave, shorter work hours for parents, home care service
Caregiving	Caregiver leave, shorter work hours for caregivers, care insurance
Retirement	Retirement benefits (defined contribution pension plan, corporate defined benefit pension plan), asset-building pension scheme, etc.
Wellness	Personal injury or illness leave, in-house therapy (massages), special paid leave, payment of additional amount to defray costs of injury, illness and child-rearing, subsidies for general medical checkups
Training	Subsidies for passing national exams, work-related correspondence courses, etc.
Housing	Company housing, property accumulation savings incentives, etc.
Commuting	Commuting expenses (commuter passes, gasoline costs, highway tolls, etc.)
Insurance	Group life insurance, corporate group insurance, income insurance
Other	Employee cafeterias, employee event subsidies, etc.

Our People

Occupational Safety and Health

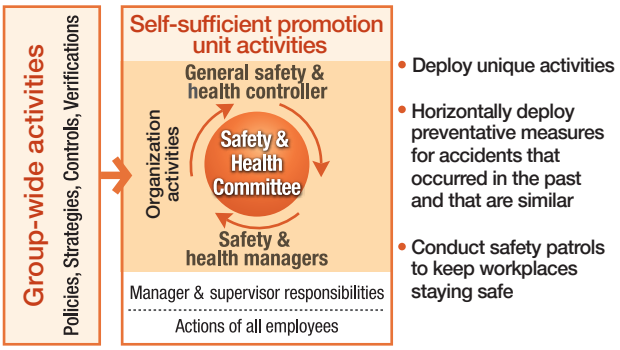
Approach to Occupational Safety and Health

Epson believes that providing and maintaining a safe and healthy work environment and promoting physical and mental wellness are the foundation of a healthy company. Accordingly, we have instituted occupational safety and health programs around the world so that Epson's employees and partners can enjoy working as a team in the knowledge that they are safe and secure.

The core component of this effort is the New Epson Safety & Health Program (NESP), established in FY2000. Covering safety, health, fire/disaster prevention, and facilities, this original Epson program is based on an occupational safety and health management system (OSHMS) that conforms to International Labour Organization (ILO) guidelines. Since that program came into effect, we have enforced the Basic NESP Policy and manage our workplaces with the idea that every workplace is responsible for maintaining its own safety.

Basic NESP Policy (Please refer to page 234 of "Appendices")

Basic Concept of NESP



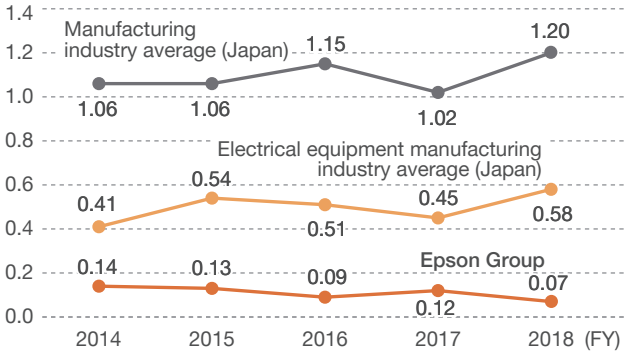
Epson amended the Management Philosophy earlier this year to reflect our commitment to making Epson an indispensable company and the world a better place. As part of these efforts, we ensure that all legal, regulatory, and internal requirements are observed at all sites around the world. We also endeavor to provide safe, secure, healthy workplaces to maintain and promote the mental and physical wellbeing of our people. Understanding that safety, security, and health are lifelines of the company, we are working together under the leadership of management to eliminate occupational accidents, injuries, and illnesses and to continuously meet the needs of our customers.

Motonori Okumura
Managing Executive Officer
Production Planning Division General Administrative Manager
and Overall Safety and Health Controller

Occupational Accidents

The frequency and severity of occupational accidents in the Epson Group are far lower than those of the national average. However, Epson did experience a serious occupational accident in FY2018 involving a dust explosion in which an employee suffered burns. In response, Epson conducted safety checks and implemented additional safety measures in all operations where dusts and powders are used in the global Epson Group.

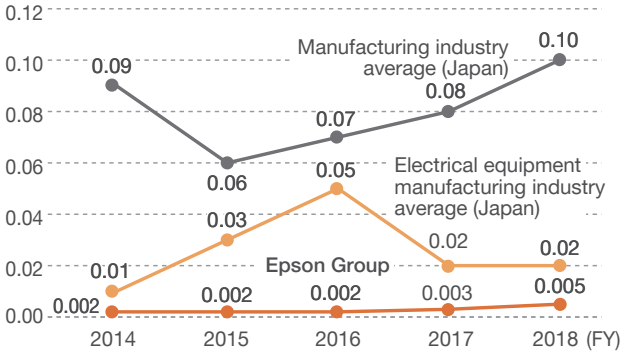
Occupational Injury Accident Frequency



* Occupational injury accident frequency: the number of injury accidents per million work hours, where an injury accident is an incident that causes a worker to miss one or more days of work

$$\text{Occupational injury accident frequency} = \frac{\text{Number of injury accidents}}{\text{Total working hours}} \times 1{,}000{,}000$$

Occupational Injury Accident Seriousness



* Occupational injury accident seriousness: the number of injury accidents per 1000 work hours, where an injury accident is an incident that causes a worker to miss one or more days of work

$$\text{Occupational injury accident seriousness} = \frac{\text{Number of working days missed}}{\text{Total working hours}} \times 1{,}000$$

Occupational Safety and Health Initiatives

Global Sharing of Information on Safety and Health

Epson seeks to improve its safety and health programs around the world by holding regular meetings at our production sites in Japan and overseas to share information and discuss issues at different management echelons.

At the executive management level, the chief operating officers and presidents of Epson companies and sites in Japan and overseas separately gather twice a year for meetings of the General Safety and Health Controllers Committee to update one another about actions being taken and discuss issues to identify opportunities for improvement.

November 2018 information sharing meeting in China

At the operational level, managers and health and safety personnel also meet regularly to share information. In Japan, they meet every other month to discuss important topics and issues. Overseas, in China and Southeast Asia, representatives from each manufacturing affiliate meet regularly to get on the same page with respect to shared issues, discuss key actions to ensure compliance with applicable local legal and regulatory requirements, and drive improvement.

Raising Employee Awareness with Accident Reports

Epson analyzes all occupational injuries and accidents in the Epson Group, identifies causes, and makes plans for preventing similar incidents. Occupational accidents are reported in the form of Safety News bulletins that describe accident causes, countermeasures, and actions that all sites are to take to prevent similar accidents in the future. These reports are placed on the intranet and discussed with employees.

Professional Development through Safety and Health Training

Epson considers safety and health training vital for protecting employees. The training curriculum is tailored to the position, roles, and responsibilities of employees. Training for non-management employees focuses on practical techniques such as risk assessment and hazard prediction. Training for managers and supervisors focuses on leadership. All Group companies use the same training curriculum.

Basic education for managers and supervisors in Indonesia in 2018

In the 2018 fiscal year, we offered an online safety and health course that was taken by 17,692 employees (98.3% of the workforce). We also planned and implemented a basic education course for managers and supervisors overseas. The course was taken by 100% of managers and supervisors in the Greater China Region (580 people) and by 59% in the Southeast Asia territory (599 people). In FY2019, we will provide training to all eligible people, including new managers and supervisors, with a goal of a 100% course completion rate.

Managing Mental and Physical Health

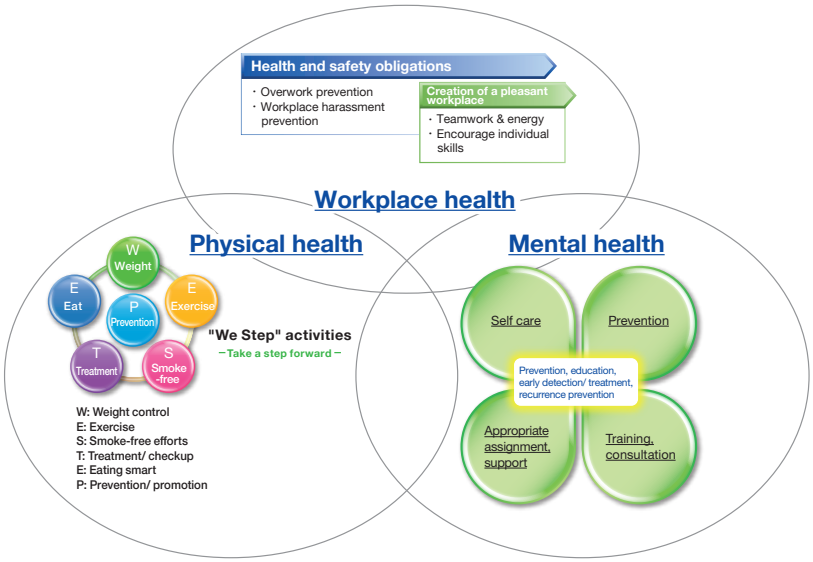
Epson promotes employee health under the New Epson Safety and Health Program (NESP) by, among other things, fostering a vibrant organizational climate and monitoring employee health to increase well-being and corporate value.

At a meeting of the General Safety and Health Controllers Committee, the executive management team discusses mid-term measures and policies for systematically and continuously preventing occupational illnesses and promoting health based on the Basic NESP Policy. Once the measures and policies have been approved by the director in charge of health management, they are announced to and implemented by all domestic Epson Group companies.

In Japan, we have instituted a mid-term health plan every five years since FY2001. The current plan, Health Action 2020, was instituted in April 2016. Under Health Action 2020, we are emphasizing safety and improving the working environment while fostering employee and workplace independence and autonomy. We are carrying out initiatives that address health in three priority areas: workplace, physical, and mental. The results of actions are reviewed every year and tied to further continuous improvements.

Outside Japan, we are working continuously to improve employee health in ways that fit the situation at each company. Occupational health and safety laws vary by country and region, so each overseas affiliate manages employee health based on local law.

Health Action 2020: Three Key Areas and Actions



Recognized for Health Management Excellence for the Third Consecutive Year

In February 2019, Seiko Epson was recognized for the third consecutive year under the Certified Health and Productivity Management Organization Recognition Program (White 500), in the large enterprise category. Now in its third year, the program, which is jointly administered by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi, honors enterprises who work with insurers to promote good health and productivity.

2019
健康経営優良法人
Health and productivity
ホワイト500

To earn certification, a company is evaluated on the basis of 23 sets of criteria, such as whether it works with a health insurer, whether an occupational physician and/or public health nurse are involved in planning ways to promote good health and wellbeing, whether it sets concrete targets or plans for promoting health and preventing overwork, and whether it has taken action to protect employees from passive smoking hazards. Epson satisfied all the criteria. In a questionnaire used for certification, Epson earned particularly high marks for things such as the involvement of executive management, scheme building, measures specifically targeting at-risk individuals, and the verification and improvement of measures effectiveness.

Mental Health Initiatives

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

Training

We have offered ongoing mental health training since 2000. We give group training for new employees, mid-level employees, and others in senior staff and management positions. Certain online courses have been designed for all employees. Also, employees gather together to read out loud from a mental health textbook. One example of training is “Around 35: Mental Health for the Prime of Your Career.” This course is for employees who are around 35, an age at which their role in the company tends to change and when there are often important changes in their personal lives. The course helps them to better understand themselves, deal with stress, and maintain their own personal mental health. Between the 2012 and 2018 fiscal years, 2,175 employees have taken this course, which has been run a total of 181 times.

Consultation System

Our business sites have health management offices, where medical professionals (occupational physicians, nurses, and clinical psychologists) offer employees advice on mental and physical health issues. Industrial counselors are on duty in our employee counseling offices. They provide all types of advice as well as career counseling to help employees achieve self-realization and chart their careers.

Stress Checks

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

Since December 2015, Japan’s Industrial Safety and Health Act has required certain employers to offer stress checks to employees. In response, we revised the content of our evaluation to meet the new legal requirements and enacted a Group standard for the stress check system, which is overseen by the safety and health committees of domestic Group companies and sites. We have conducted stress checks in line with this standard since 2016 and, since 2017, have provided a stress analysis report to each department and supported efforts to improve the workplace environment.

Recurrence Prevention

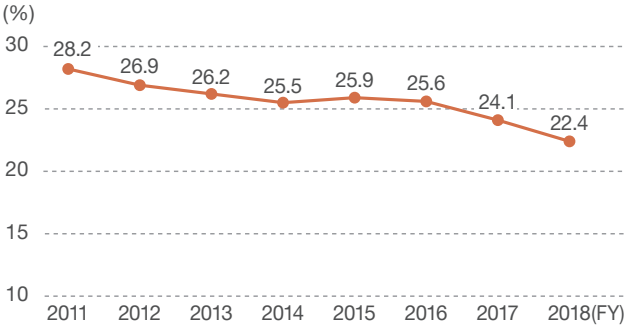
Employees whose mental health troubles have caused them to take time off from their jobs can benefit from our back-to-work program. Since FY2007, the program has helped smooth the transition back to the workplace and avoid recurring troubles. Depending on their situation, employees may meet with medical professionals and industrial counselors, working with them as a team to plot their approach. Moreover, the employee’s primary care physician, workplace manager, and human resources department work together closely to provide better support. In FY2016 we updated the back-to-work program and extended the maximum length of leaves of absence due to personal injury or illness from 18 months to 30 months so that employees can focus on recovery and recuperation.

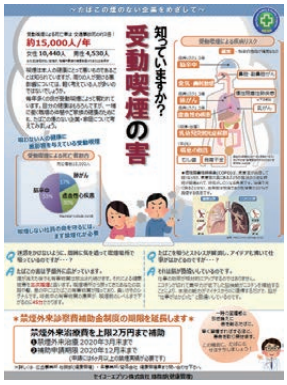
Providing a Clean, Smoke-Free Work Environment

We have been stepping up actions to protect employees from harm caused by both active and passive smoking. In 2016, we began to gradually reduce the number of smoking areas at our sites in Japan and to move them outdoors. Furthermore, in April 2018, we banned smoking during working hours, except for during the lunch break.

We have also been helping employees to quit smoking by drawing their attention to associated risks on World No Tobacco Day, offering professional counseling, and fully subsidizing the cost of treatment at a smoking cessation outpatient clinic. The additional actions we have taken since FY2016 have accelerated the rate at which employees in the domestic Epson Group have quit smoking. Whereas the percentage of smokers declined by 2.6% over the five years from FY2011, it has declined by 3.2% since FY2016. In FY2018, the percentage of smokers dropped to 22.4%. Epson is prepared to implement additional measures to promote a smoke- and odor-free work environment.

Percentage of Smokers (Japan)





Poster (Japanese)

Emerging Infectious Diseases Prevention

Epson considers infectious diseases to be a serious business risk. To eliminate infectious disease-related plant closures, we have been taking action since 2009 to ensure that our people are alert to infectious diseases and that they practice measures to prevent their spread in the workplace. In 2017, we stepped up our inspection and improvement programs at our overseas manufacturing companies to prevent the spread of infectious diseases such as tuberculosis, malaria, and Middle East respiratory syndrome (MERS).

Epson Group companies around the world maintain their own business continuity plans (BCP) to control risks associated with emerging infectious diseases. These BCP are tailored to their specific needs and serve not only to protect their employees but to minimize harm and ensure the continuity of business operations.

Life-Saving Training

Seiko Epson provides first aid training in Group companies in Japan to prepare personnel to provide effective first aid and care in a medical emergency involving cardiopulmonary arrest. Executives and other personnel have been given hands-on training in cardiopulmonary resuscitation (CPR) and the use of automated external defibrillators (AEDs). As of the end of March 2019, approximately 13,300 employees had received training.

Fire and Disaster Prevention

Epson is committed to fire safety and disaster management. Our independent fire brigades help to protect lives and property. Epson Disaster Prevention Day falls on the last work day of each August. We hold fire and disaster drills and practice extinguishing small fires to help minimize damage in the event of a wide-scale disaster. The actions both increase our preparedness and heighten employee awareness.

Formation of Independent Fire Brigades

Epson has had independent fire brigades in place for 64 years. The first brigade was formed in 1955, with 15 employees dedicated to protecting their factory from fire. As our business has grown, so has the number of fire brigades. There are now approximately 900 employee firefighters active at business sites in Japan and at facilities around the world. Fire brigades train year-round to protect life and company property.

Members of the Group's first independent fire brigade (1955)

Purpose and Significance of Independent Fire Brigade Initiatives

- Regular training teaches members about firefighting techniques and skills and raises their safety awareness so they can take immediate and proper action in an emergency. This is part of company safety education.
- Initiatives help employees take the lead during fire or natural disasters. Members help to ensure personal safety (relief work) and minimize damage to facilities and equipment (initial fire-fighting).
- Employees who learn about safety and firefighting techniques and skills become key members of the workplace to instruct others there. They model fire/disaster prevention and safety for all employees, which raise workplace awareness of the same.
- Initiatives to fight fire enhance communication. Fire brigades are a good place to foster friendships between members from different departments, develop character, and cultivate human resources.

Fire Brigade Competitions

Epson has held a fire brigade competition annually in September that gives brigade members around the world a chance to demonstrate how quickly they are able to take the proper action in an emergency and to demonstrate their skills in extinguishing a small fire.

About 700 people in 42 teams, including 15 from overseas, took part in the 2018 Competition. The 42 teams consisted of 22 in the small pump division, 12 in the indoor fire hydrant division, and eight in the bugle band division. The high level of fire safety awareness was evident from the seriousness with which the teams competed in bad weather, showing that the spirit to protect lives and property under which the brigades were first formed is alive and well. The entire Epson Group will continue to improve our fire and disaster prevention and management programs.

A men's small pump team preparing for spraying water

Members of a ladies' indoor fire hydrant team spraying water while maintaining the trajectory

Organizational Governance

Corporate Governance

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

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

Principles of Corporate Governance

1. Respect the rights of shareholders, and secure equality.
2. Keeping the interests of shareholders, customers, communities, business partners, employees and other stakeholders in mind, work in an appropriately cooperative manner with them.
3. Disclose company information as appropriate and ensure transparency.
4. Directors, Executive Officers, and Special Audit & Supervisory Officers shall be aware of their fiduciary responsibilities and shall fulfill the roles and responsibilities expected of them.
5. Epson shall engage in constructive dialogue with shareholders.

Corporate Governance Structure

Seiko Epson (“the Company”) has established itself as a company with an Audit & Supervisory Committee with the aim of strengthening the supervision and monitoring of management and of speeding up decision-making by separating the management supervision and execution of operations.

The main corporate management bodies and their aims are described below.

Board of Directors

The Board of Directors, with a mandate from shareholders, is responsible for realizing efficient and effective corporate governance, through which the Company will accomplish its social mission, sustain growth, and maximize corporate value over the medium and long terms. To fulfill its responsibilities, the Board of Directors supervises general operations to ensure that operations are fair and transparent. The Board of Directors also makes decisions on important business affairs of the Company, such as decisions on the formulation of important business matters, such as the establishment of management plans and business plans and decision on investment projects that exceed a certain fixed amount of money.

The Board of Directors is composed of 12 directors[*1], including five Outside Directors. Meetings of the Board of Directors are, as a rule, held once per month and as needed. The Board of Directors makes decisions on basic business policies, important business affairs, and other matters that the Board of Directors is responsible for deciding as provided for in internal regulations. Business affairs that the Board of Directors is not responsible for deciding are delegated to executive management, and the board monitors these. The Company is speeding up business decision-making as a company with an Audit & Supervisory Committee. To increase the agility of business, the scope of business affairs delegated by the Board of Directors to executive management has been expanded, so that the Board of Directors focuses only on the most important measures. The Company has further improved the supervisory function of the Board of Directors by specifying in the Corporate Governance Policy that at least one third of the members of the board should be Outside Directors.

[*1] As of June 30, 2019

Audit & Supervisory Committee

The Audit & Supervisory Committee, with a mandate from shareholders, is responsible for independently and objectively auditing and monitoring the execution of Director duties and for ensuring the sound and sustained growth of the Company. The Audit & Supervisory Committee establishes criteria for properly evaluating potential External Financial Auditors. After selecting External Financial Auditors, the Audit & Supervisory Committee verifies whether External Financial Auditors possess the necessary independence and expertise. In addition, the Audit & Supervisory Committee conducts audits in cooperation with internal audit departments and Financial Auditors.

The Audit & Supervisory Committee is composed of four Audit & Supervisory Committee members[*1], three of whom are Outside Directors. It is chaired by a full-time member of the Audit & Supervisory Committee. Meetings are generally held once per month and as needed.

[*1] As of June 30, 2019

Compliance Committee

The Compliance Committee hears and discusses important matters concerning the Company's compliance program in order to supervise whether the compliance program is being properly implemented along the executive line. It reports its findings and offers opinions to the Board of Directors.

As an advisory body to the Board of Directors, the Compliance Committee is composed of Outside Directors and Directors who are Audit & Supervisory Committee members. It is chaired by the full-time member of the Audit & Supervisory Committee, and meetings are held once every six months and as needed.

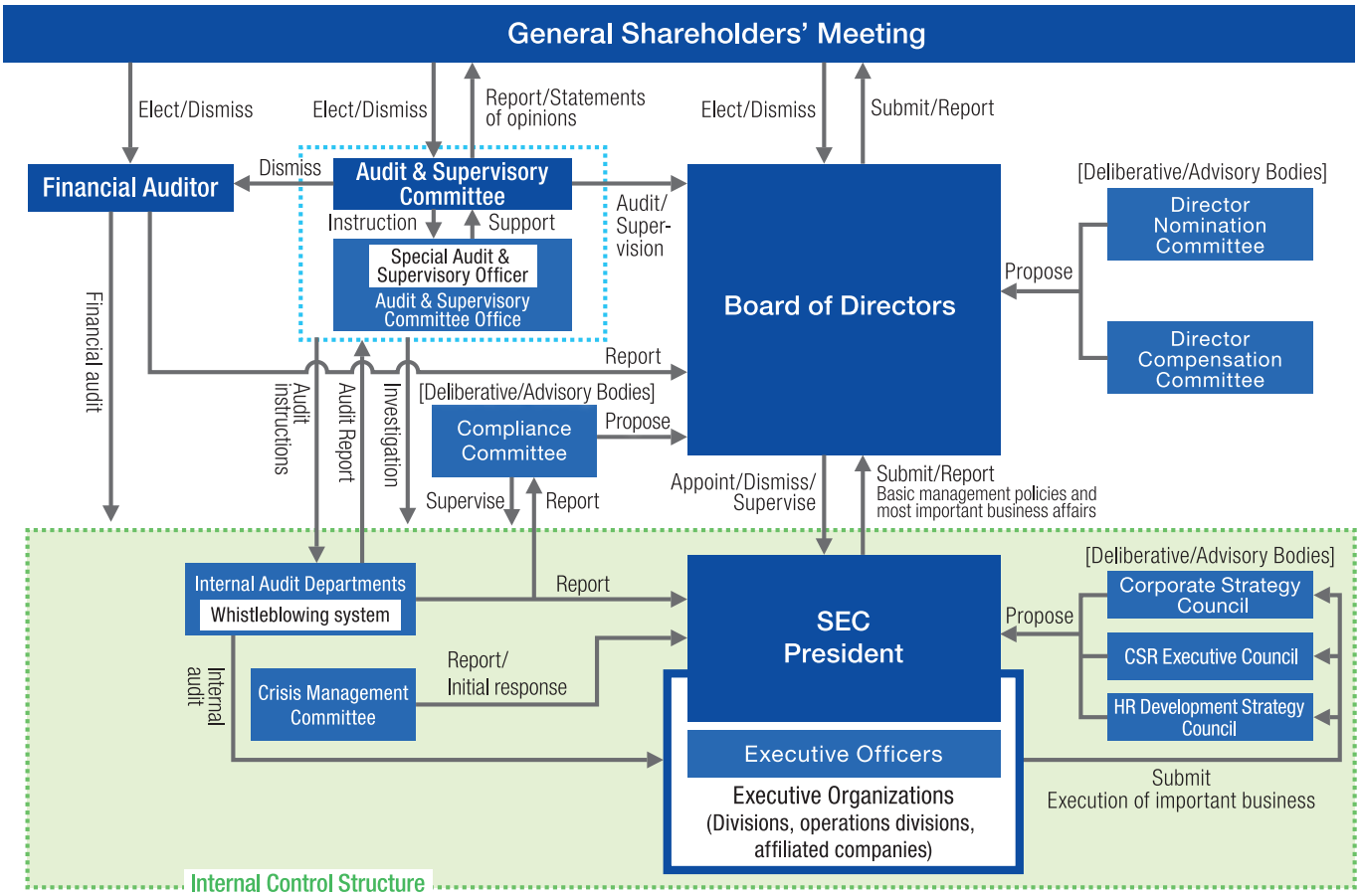
A Chief Compliance Officer ("CCO") is chosen by the Board of Directors to oversee and monitor the execution of all compliance operations. The CCO periodically reports the state of compliance affairs to the Compliance Committee.

Director Nomination Committee & Director Compensation Committee

A Director Nomination Committee and a Director Compensation Committee, in which Outside Directors make significant contributions, serve as advisory bodies to the Board of Directors. The purpose of these committees is to ensure the transparency and objectivity of selections for Director, Executive Officer, and Special Audit & Supervisory Officer, as well as their compensation. Outside Directors comprise the majority of both committees, which also include the Representative Director/President and the Director in charge of human resources. Directors who are full-time members of the Audit & Supervisory Committee can attend meetings of either Committee as observers.

Corporate Strategy Council

The Corporate Strategy Council is an advisory body to the President. It was created to help ensure that the right decisions are made based on the advice and views of executive management. Meetings of the Corporate Strategy Council are held to discuss important matters that affect the entire Epson Group and matters brought up before the Board of Directors. The Corporate Strategy Council is composed of Directors, Executive Officers, and Special Audit & Supervisory Officers.



Policies and Procedures for Determining Compensation of Officers

With an aim to ensure transparency and objectivity, compensation of officers is determined by the General Meeting of Shareholders, the Board of Directors or Audit & Supervisory Committee after going through a fair, transparent, and rigorous reporting by the Director Compensation Committee in which Outside Directors make significant contributions.

Compensation Policies for Officers Who Have Executive Duties

1. Compensation shall be incentive to improve business performance in order to increase corporate value in both the near and long terms.
2. Compensation shall be sufficient to secure qualified persons both from within the Company and from outside.
3. Compensation shall be commensurate with the business performance so that they can demonstrate their management capabilities to the fullest during their terms of offices.

Compensation Policies for Officers Who Do Not Have Executive Duties

1. The composition of compensation shall guarantee independence so that these Officers can suitably demonstrate their general management supervisory function, etc.
2. Compensation shall be sufficient to secure qualified persons both from within the Company and from outside.

Procedures

1. Basic compensation Monetary compensation that is paid monthly in an amount decided by taking into account all factors such as the Officer's position and responsibilities.
2. Bonuses Monetary compensation that is paid once per year in an amount decided in accordance with considerations such as the levels of achievement with respect to annual operating performance targets, etc.
3. Stock compensation Stock-based compensation system wherein Company shares are delivered using a trust scheme, based on share delivery points awarded in accordance with considerations such as the levels of achievement with respect to the mid-to long-term operating performance targets.

Compensation to Directors (Fiscal year ended March 2019)

(Millions of yen)

Category	Number of individuals (Persons)	Fixed compensation	Variable compensation			Total
		Base compensation		Bonuses	Stock compensation	
Directors who are not Audit & Supervisory Committee members (of which, Outside Directors)	8 (2)	232 (28)	13 (-)	71 (-)	38 (-)	356 (28)
Directors who are Audit & Supervisory Committee members (of which, Outside Directors)	5 (3)	81 (48)	- -	- -	- -	81 (48)
Total	13	314	13	71	38	437

Notes
1. The base compensation for Directors who are not Audit & Supervisory Committee members (excluding Outside Directors) consists of fixed compensation and variable compensation. Variable compensation refers to the monetary compensation that reflects the results of annual performance evaluations based on criteria set according to their respective roles.
2. The Company has introduced an officer stock ownership plan to link compensation more closely to shareholders' value. A portion of the base compensation is discretionally allotted for the acquisition of the Company's shares. Epson has established the criteria for shareholding by its officers based on internal regulations defined by the Board of Directors to demonstrate its commitment to and responsibilities for business operations to all shareholders.
3. Upon the resolution at the Ordinary General Meeting of Shareholders held on June 28, 2016, the maximum base compensation was set to at 62 million yen per month for Directors who are not Audit & Supervisory Committee members (Outside Directors account for 10 million yen of this amount) and at 20 million yen per month for Directors who are Audit & Supervisory Committee members.
4. The amount above includes 71 million yen in bonuses to be paid to five Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee members), as resolved at the Ordinary General Meeting of Shareholders held on June 26, 2019.
5. The Company introduced a performance-linked stock compensation plan (stock compensation) by employing a framework referred to as the officer compensation BIP (Board Incentive Plan) trust, for the purpose of showing its commitment to promoting sustainable growth and increasing its medium- to long-term corporate value, in addition to strengthening the sense of sharing common interests with its shareholders. The stock compensation stated above represents the amount recorded for the current fiscal year based on Japanese Generally Accepted Accounting Principles (JGAAP).
6. The number of individuals above includes one Director who was an Audit & Supervisory Committee member who retired at the conclusion of the Ordinary General Meeting of Shareholders on June 27, 2018 and one Director who was not an Audit & Supervisory Committee member who retired on September 30, 2018.
7. Stock options are not granted.

Policy and Independence Criteria for Appointing Directors

Policy for Appointing Directors

1. Officers must be impartial and possess high integrity and ethical standards.
2. Outside Directors must satisfy criteria concerning the independence of Outside Directors in order to guarantee their independence. The Board of Directors established "Criteria for Independence of Outside Directors."

Procedures for Appointing Directors

1. After passing a fair, transparent, and rigorous screening and reporting by the Director Nomination Committee, Executive Director candidates and Executive Officers are selected by the Board of Directors in addition to the foregoing policy and on nomination criteria, such as broadness of insight, extensiveness of experience, sense of mission, sense of responsibility, leadership, and the ability to drive change.
2. The Director Nomination Committee screens Non-Executive Director candidates and Special Audit & Supervisory Officers in a fair, transparent, and rigorous screening in line with the foregoing policy and on the basis of nomination criteria, including but not limited to broadness of insight, extensiveness of experience, sense of mission, sense of responsibility, management knowledge and specialized knowledge. The Director Nomination Committee reports its opinions to the Board of Directors, which finalizes the selections. The consent of the Audit & Supervisory Committee is required for nominating Director candidates who are Audit & Supervisory Committee Members and for appointing Special Audit & Supervisory Officers.

Criteria for Independence of Outside Directors

The Company has established the criteria below to objectively determine whether potential Outside Directors are independent.

1. A person is not independent if:

    1. The person considers the Company to be a major business partner[1], or has served as an executive[2] within the past five years in an entity for which the Company is a major business partner;
    2. The person is a major business partner[3] of the Company or has served as an executive within the past five years in an entity that is a major business partner of the Company.
    3. The person is a business consultant, certified public accountant, or lawyer who has received a large sum of money or other forms of compensation[4] (other than remuneration as an officer) from the Company or has, within the past three years, performed duties equivalent to those of an executive as an employee of a corporation or group, such as a union, that has received a large sum of money or other forms of compensation from the Company;
    4. The person is a major shareholder[5] of the Company or has, within the past five years, been an executive or Audit & Supervisory Board Member of an entity that is a major shareholder of the Company;
    5. The person is an executive or Audit & Supervisory Board Member of an entity in which the Company is currently a major shareholder;
    6. The person is a major lender[6] to the Company or has been an executive of a major lender to the Company within the past five years;
    7. The person has been employed by an auditing firm that has conducted a legal accounting audit of the Company within the past five years;
    8. The person has been employed by a leading managing underwriter of the Company within the past five years;
    9. The person has received a large donation[7] from the Company or, within the past three years, has performed duties equivalent to those of an executive as an employee of a corporation or a group, such as a union, that has received a large donation from the Company;
    10. The person came from an entity that employs someone from the Company as an Outside Director; or
    11. A spouse or relative within the second degree of kinship of a person having the interests listed in (1) through (9) above.

2. Even if any of the foregoing criteria apply to a potential Outside Director, the Company can elect that person as an Outside Director if that person satisfies the requirements for Outside Directors set forth in the Companies Act, and the Company deems the person suitable as an Outside Director of the Company in light of his or her personality, knowledge, experience, or other qualifications upon explaining and announcing the reasons thereof.

Notes

1. A person (usually a supplier) considers the Company to be a major business partner if 2% or more of its consolidated net sales (consolidated revenue) has come from the Company in any fiscal year within the past three years.
2. "Executive" means an executive officer, executive director or operating officer, or an employee occupying a senior management position of department manager or higher.
3. A person (usually a buyer) is a major business partner if 2% or more of the Company's consolidated revenue has come from that partner in any fiscal year within the past three years.
4. "A large sum of money or other forms of compensation" means an average annual amount for the past three years that is:
   I. no less than 10 million yen for an individual; or
   II. no less than 2% of the annual revenues in any fiscal year for a group.
5. "Major shareholder" means a shareholder who directly or indirectly holds 10% or more of the voting rights.
6. "A major lender" means a financial institution or other major creditor that is indispensable for the Company's financing and on which the Company depends to the extent that it is irreplaceable in any fiscal year within the past three years.
7. "Large donation" means a donation whose annual average amount for the past three years exceeds either:
   I. 10 million yen or
   II. 30% of the annual expense of the group, whichever is higher.

Reason for appointed as Outside Directors, and Attendance at meetings of the Board of Directors

Name	Reason for Appointment	Attendance at meetings of the Board of Directors
Hideaki Omiya	Mr. Omiya has served as the President and a Chairman of the Board of Mitsubishi Heavy Industries, Ltd. and has considerable experience and insight as a chief executive and engineer. We have appointed him as an independent Outside Director with the expectation that he will monitor corporate management appropriately by expressing opinions actively including findings and proposals regarding overall managerial issues from a perspective of a corporate manager well-versed in the global corporate management in the heavy industry, a different business field.	12 / 13 meetings (92.3%)
Mari Matsunaga	Ms. Matsunaga has created new business models and has a wealth of experience and considerable insight through her involvement in the management of multiple companies as Outside Officers. We have appointed her as an independent Outside Director with the expectation that she will monitor corporate management appropriately by actively pointing out business issues and offering recommendations particularly from the viewpoint of promoting open innovation.	13 / 13 meetings (100%)
Michihiro Nara	Mr. Nara has a high level of expertise as an attorney. He has considerable insight and experiences through his involvement in the management of multiple companies as an independent outside officer and achievements as an Outside Director who is Audit & Supervisory Committee Member of the Company. We have appointed him as an Outside Director who is Audit & Supervisory Committee Member with the expectation that he will appropriately supervise and contribute to the soundness of the Company's management aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.	13 / 13 meetings (100%)
Chikami Tsubaki	Ms. Tsubaki has a high level of expertise as a certified public accountant. She has a considerable insight and experiences through her involvement in the management of multiple companies as an independent outside officer, and achievements as an Outside Director who is Audit & Supervisory Committee Member of the Company. We have appointed her as an Outside Director who is Audit & Supervisory Committee Member with the expectation that she will appropriately supervise and contribute to the soundness of the Company's management aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.	13 / 13 meetings (100%)
Yoshio Shirai	Mr. Shirai has served as Directors at Toyota Motor Corporation, Hino Motors, Ltd. and Toyota Tsusho Corporation, and has considerable insight and a wealth of experience as a corporate manager, and achievements as an Outside Director who is Audit & Supervisory Committee Member of the Company. We have appointed him as an Outside Director who is Audit & Supervisory Committee Member with the expectation that he will appropriately supervise and contribute to the soundness of the Company's management aimed at achieving sustainable growth and improving the Company's corporate value over the medium- to long-term.	13 / 13 meetings (100%)

Policy of Training of Officers

Training of Internal Directors, Full-Time Audit & Supervisory Committee Members, Executive Officers, and Special Audit & Supervisory Officers

Training shall be provided to new appointees so that they acquire the knowledge, including about corporate governance that they will need as officers of a publicly listed company. The Company will invite businesspeople, lawyers, and other outside professionals to provide ongoing management, compliance, and other training to these officers after they assume their posts. They shall also seek to acquire the knowledge they need to fulfill their individual roles and responsibilities, and toward that end will undergo training appropriate for their roles at outside institutions.

Training of Outside Directors

The Company will explain Epson's businesses, strategies and the like to new appointees. To enable them to deepen their understanding of Epson's businesses, strategies, and the like after they assume their posts, Epson will provide ongoing learning opportunities. Epson will, for example, have the heads of the various businesses explain their operations, take the Outside Directors on tours of Epson's various offices and sites, and support their efforts to acquire the knowledge they will need to execute their roles and responsibilities.

Actions to Ensure Board Effectiveness

Seiko Epson seeks to continuously enhance the effectiveness of its board of directors pursuant to its Corporate Governance Policy. Toward this end, Seiko Epson has been analyzing and evaluating the effectiveness of its board of directors every year since FY2015 based on a self-evaluation questionnaire that all board members were asked to complete.

FY2018 Evaluation Results (results released in June 2018 for the 2017 fiscal year)

In fiscal 2017, based on the evaluations and opinions of third-party organizations, we conducted a questionnaire on the following items for all Board Members, to analyze and evaluate the effectiveness of the Board. As a result, we confirmed that the Board of Directors as a whole was found to be functioning effectively.

1. Board composition, functioning, and operation
2. The function of the Audit & Supervisory Committee
3. The function and operation of advisory bodies to the Board
4. Management team evaluation, compensation, succession planning, and training
5. Dialogue with shareholders
6. Other

Based on that, we have identified and addressed the issues for improving effectiveness in the future as follows. (Issue: Response)

I. Improvement of the succession plan: Continued study in fiscal 2018
II. Examination and improvement of procedures for nominating Director candidates and dismissing Officers: Revision of the Corporate Governance Policy (Article 22), etc.
III. Improvement of Officer training: Dispatch of newly appointed Directors to the next-generation cross-industry managers group, etc.
IV. Constructive dialogue with shareholders: Visit institutional investors and hold dialog with Outside Directors and institutional investors
V. Preparation and operation of the Board of Directors: Review of the preparation schedule improvement of operation of advance briefing, etc.
VI. Risk management (business strategy): Identification of business risks and handling through legal affairs and risk manage-

ment operations

VII. Verification of and improvement in the design and operation of the office compensation system: Review within continuation of the performance-linked stock compensation plan

VIII. Examination and improvement of operation of advisory bodies to the Board: Explanation of the status, key points, etc. of discussions at the Board of Direct

FY2019 Evaluation Results (results released in June 2019 for the 2018 fiscal year)

In fiscal 2018, the survey items from fiscal 2017 were continued to maintain comprehensiveness, and based on the recent trend of corporate governance (interests of institutional investors, various documents of government agencies, etc.), the following two items have been added:

a. Should the chairman of the Board of Directors and advisory bodies be an independent Outside Director?
b. Are Directors nominated based on megatrends and the direction in which the Company should aim?

Furthermore, we established a discussion time at the Board of Directors meeting, and analyzed and evaluated its effectiveness. As a result, we confirmed that the Board of Directors as a whole was found to be functioning effectively.
Based on that, we have identified the following issues in order to improve effectiveness in the future:

1. Improvement of succession plans (including pooling of successor candidates and creating supplementary systems) and further improvement of the process of nominating Officers
2. Clarification of the management framework (skill set) for realizing the Management Philosophy and long-term corporate vision (Directors and Executive Officers)
3. Sharing of the effectiveness evaluation results of the Audit & Supervisory Committee in the Board of Directors meetings, and implementation of recommendations from the Audit & Supervisory Committee to the Board of Directors based on the audit results

* Regarding a. above, even in the current situation where the President is the chairman, we have positioned it as a medium-term issue in the future, instead of considering it as an issue in fiscal 2018, because free and open discussions were held based on the Outside Directors' opinions.
* Regarding the evaluation by third party organization conducted in fiscal 2017, it was not implemented in fiscal 2018, because it is the Company's policy to implement it once every three years.

In the future, we will work to further improve effectiveness by addressing these issues.

Organizational Governance

Internal Control System

Epson's Management Philosophy outlines the vital business principles to which the global Epson Group is committed, while Epson's Principles of Corporate Behavior describes the conduct required to live up to these principles. Epson has established the basic concept of internal control of the entire group in the Basic Internal Control System Policy, and Epson takes actions to steadily improve that across the entire Epson Group.

Group Governance

The Epson Group is managed based on the concept: global consolidated responsibility of product-based divisions; and global responsibility of the Head Office supervisory functions. The head of the business operations divisions take the responsibility for the business execution systems of subsidiaries. And the head of Head Office supervisory sections take the responsibility for Group-level corporate functions. With this system, Epson strives to streamline operations throughout the Epson Group, including subsidiaries.

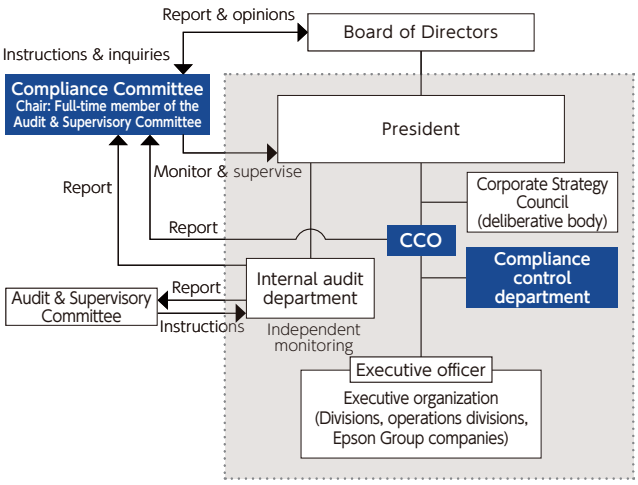
Compliance and Risk Management

Epson's goal is to continuously create value that exceeds customer expectations while building trust with all stakeholders based on the company's Management Philosophy. To maintain and strengthen this trust, Epson seeks to increase management transparency and fairness, ensure effective management through faster decision-making, and appropriately manage compliance and risk. Because of that, we conduct various types of monitoring and supervise activities under the following organization. There were no compliance-related issues that are subject to timely disclosure in the 2018 fiscal year.

Compliance Organization

Seiko Epson transitioned to a company with an Audit & Supervisory Committee after receiving approval for the move at its June 2016 general shareholders' meeting. The company revised the composition of its Compliance Committee and the role of its Chief Compliance Officer (CCO) in conjunction with this change.

Compliance Organization Chart



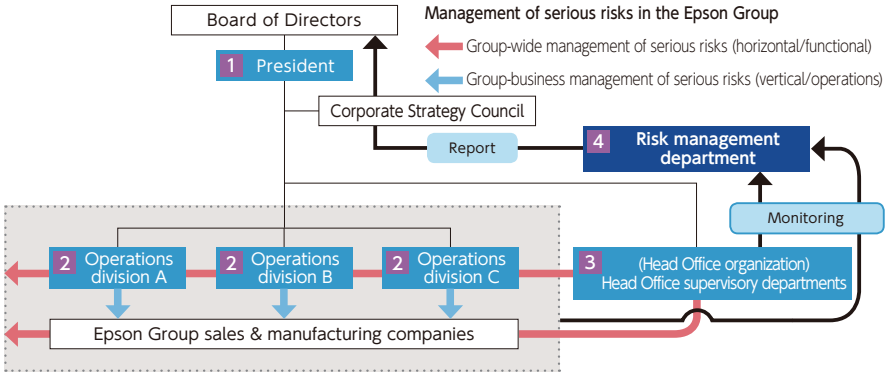
Under the current organization, the Compliance Committee, which acts as an advisory body to the Board of Directors and is chaired by a Full-Time Audit & Supervisory Committee Member, discusses important compliance activities, reports and proposes compliance affairs to the Board of Directors, and supervises business affairs. The CCO supervises and monitors the execution of all compliance operations and periodically reports the state of compliance affairs to the Compliance Committee. In addition, a compliance control department and a risk management department monitor compliance in general, making corrections and adjustments as needed.

These compliance organization are defined in the Epson Group Compliance Basic Regulation.

Risk Management Organization

Seiko Epson has approved the following system for managing risks based on the Epson Group Risk Management Basic Regulation.

Risk Management Organization Chart



1. The Chief Risk Management Officer in the Epson Group is the president of Seiko Epson.
2. The heads of divisions own responsibility for managing risks in their respective businesses and subsidiaries.
3. The heads of Seiko Epson Head Office organizations own responsibility for managing risks in their areas of operations, both in their respective businesses and across companies in the Epson Group.
4. The Seiko Epson risk management department monitors overall risk management in the Epson Group, makes corrections and adjustments thereto, and ensures the efficacy of risk management programs.

Whistleblowing Systems and Reporting Channels

Epson is committed to maintaining effective whistleblower systems and has installed internal and external compliance hotlines and other advisory and support services to facilitate the reporting of potential compliance issues. We have also provided reporting channels for use by our business partners, to quickly catch any potential compliance problems that could go undetected internally. The identity of whistleblowers is rigorously protected and reprisals of any type are strictly forbidden.

Counseling and Support Services in Japan

- Epson helplines
- Harassment counseling
- Counseling related to overwork and long working hours
- Counseling for persons with disabilities
- Insider trading advisory service
- Antitrust (antimonopoly) advisory service
- Corruption (bribery) regulations advisory service
- Employee counseling
- Reporting contact for business partners

Whistleblowing systems have been installed in all Epson Group companies worldwide. The use of these systems is monitored, and usage data are reported to a corporate management body and to Group companies in an effort to increase system effectiveness.

Internal Audits

Epson's internal audit departments audit a total of 104 business units around the world, including operations divisions in Japan, 56 overseas subsidiaries, and 14 domestic subsidiaries. Audits are used to check compliance and the effectiveness and efficiency of their risk management, internal controls, and management methods. If issues are found, the Audit Office helps minimize business risks by conducting a follow-up audit to check the status of improvements. To ensure effective Group governance, the Office also centrally oversees internal audits conducted by auditors at regional headquarters in Europe, the Americas, China, and Southeast Asia.

Business units come up for audit once every three years based on the Audit Office's mid-range audit plan. In the 2018 fiscal year, the Audit Office performed 29 operational audits and 23 information system audits of Epson business units, and provided them with advice on correcting 170 items that required improvements.

Internal Controls over Financial Reporting

Every year, we audit internal controls to ensure the reliability of financial reporting (J-SOX). The Epson Group uses an autonomous distributed implementation system in which operations divisions and subsidiaries subject to external audits conduct a self-assessment on the design and operation of their internal controls, while the J-SOX Compliance Department ensures the validity of the assessment results. Operations divisions, subsidiaries, and affiliates not subject to external audits are required to independently assess their internal controls and make such improvements as are necessary.

Organizational Governance

Initiatives of Internal Control

Anti-Bribery/Anti-Corruption

Basic Principles

Epson's Principles of Corporate Behavior include Principle 5: "Ensuring effective governance and compliance." In Principle 5, Epson commits itself to eliminating all improper transactions, including those that involve bribery, corruption, cartels, and insider trading, and to pursuing fair, transparent, and free competition and appropriate transactions.

In respect to employees, the Epson Group Global Code of Conduct breaks down the actions of the Principles of Corporate Behavior and describes the conduct expected of us as Epson employees. This document likewise affirms that we do not seek profit by improper means and urges employees to immediately report it to relevant departments if there is any conduct that presents a risk of violation.

In respect to business partners, Principle 7 of the Principles of Corporate Behavior is "Working with business partners for mutual benefit." This principle strictly forbids acts of bribery and collusion in our relationships with business partners and demands that our business partners also eliminate any illegal or unethical business practices. In addition, our Anti-Bribery and Competition Law Guidelines for Business Partners demand that business partners avoid the practice of business bribery and that they promptly notify concerned Epson companies if they discover any such act by an Epson employee.

Epson Group Anti-Bribery Regulation

The Epson Board of Directors is committed to preventing any bribery on the part of Epson. To that end, in 2014 we established a system to prevent bribery, along with rules to be followed. These make up the Group regulations that apply to all Group companies.

The regulations state that Epson employees must not offer bribes to public servants and the like. Moreover, we establish a bribery prevention system, for which the President is ultimately responsible. Under this system, supervisory departments take various measures to prevent bribery.

Anti-Bribery Activities

One of our designated priority company-wide serious risks is a violation of Anti-Bribery Regulation. As a prevention initiative, we draw up and execute plans to suppress the risk of bribery and corruption. We monitor the progress of this work and evaluate the effectiveness of bribery suppressing efforts.

Epson's department responsible for compliance conducts our bribery prevention activities as based on Epson Group Anti-Bribery Regulation. The wide-ranging activities cover 12 areas, including entertainment and gifts, donations, hiring and internships, penalty, education by external experts, agent management, sponsorships, and procurement management. The various supervisory departments work together to tackle the risk of bribery.

Compliance Permeation Activities

To ensure that compliance awareness permeates the Group, Epson provides online courses, training, and more on a regular basis to both general administrative managers and employees, in keeping with the Epson Group Global Code of Conduct.

We invite outside experts to give instruction in compliance training courses for executive management. We also provide compliance online courses and compliance training by internal instructors for all employees. At our affiliates outside Japan, our efforts include giving compliance trainings that reflect local conditions.

Every October is “Compliance Month” at Epson and this is to help each employee recall the importance of compliance to the realization of the Management Philosophy. During this period each year, we run events for the entire Group, including subsidiaries outside Japan, to raise compliance awareness based on our Management Philosophy and Principles of Corporate Behavior. Specific activities include: 1) the release of Compliance Messages by the Chief Compliance Officer and persons in charge of each business divisions/group companies, 2) the publishing of feature stories on compliance in the company newsletter, 3) initiatives to spread information about the Epson Group Global Code of Conduct, and 4) giving compliance training. These and other activities are meant to raise compliance awareness.

When the “Compliance Month” is over, we conduct a survey about these initiatives. We total and analyze survey responses as to participants’ opinions and suggestions on each company’s or organization’s efforts and initiatives. This helps us check employees’ compliance awareness and collect feedback for the next year’s activities.

International Trade Initiatives

Epson is a multinational corporation with production centers, sales centers, customers, and business partners around the world. Smooth international trade operations are essential for delivering Epson products and services to customers in a timely manner.

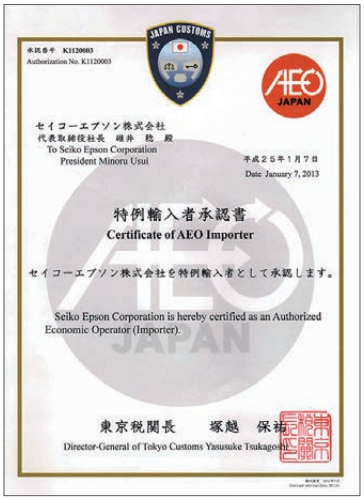
Meanwhile, we must observe numerous conventions and frameworks governing international trade that have been put in place to maintain international peace and security.

To maintain compliance with these and to ensure smooth trade, Epson has established comprehensive systems and processes that have enabled Group companies to earn certification from the relevant authorities for compliance with international trade programs. (See the table below.)

Certifications

Company	Program (certifying agency)	Program overview
Seiko Epson Corporation	Special general bulk export license (Ministry of Economy, Trade and Industry)	The program grants a blanket license to export certain items (or provide certain information) to certain destinations without an individual application if an export control system is found to be in place.
Seiko Epson Corporation	Authorized exporter (Ministry of Finance, Tokyo Customs)	The program enables certified parties to get export permission even if goods are not brought into a bonded facility, etc., if an export security control and compliance system is found to be in place.
Seiko Epson Corporation	Authorized importer (Ministry of Finance, Tokyo Customs)	The program enables certified parties to separate import declarations from tax declarations and accept goods before filing a tax declaration if an import security control and compliance system is found to be in place.
Epson America Inc. Epson Portland Inc.	Customs-Trade Partnership Against Terrorism (C-TPAT) (US Customs)	The program is designed to strengthen security of goods imported to the US and security of import channels to the US.

Certificate of AEO Exporter



Certificate of AEO Importer

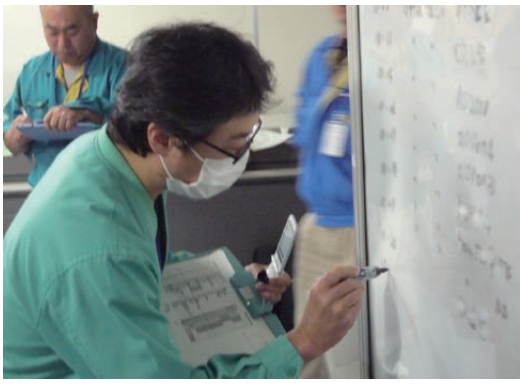
Business Continuity Management

Epson has a solid business continuity management program in place. For many years we have taken action to prevent and manage disasters, but the program really got started in 2006, when we formulated a business continuity plan (BCP) for what was then our liquid crystal displays business.

If a disaster or some other event impacts business at an Epson Group production site, our first priority is to ensure the safety of our employees. Next, we take steps to ensure continuity of the product supply so as not to inconvenience our customers. In order to provide a steady supply of products, particularly consumables and core components such as quartz and semiconductor devices, print heads, and small liquid crystal panels, we have preparations in place that allow us to limit damage, secure repair parts, switch to alternative producers, and restore operations in line with established procedures. We conduct exercises to check our procedures and ensure their effectiveness. Mission-critical IT systems and critical data that are essential for business continuity are consolidated in a robust data center, and backups are at the ready in the event of a disaster. We have secured multiple distribution routes to enable us to immediately switch to alternative routes in response to any disruption in international shipping and transport. In addition, our finance, accounting, public relations, and other key corporate functions have established BCPs so that business can continue in emergencies.

Meanwhile, we ask the companies that make up our supply chain to strengthen their BCPs, and we check to see how established those BCPs are. We analyze the items we purchase, and we develop multiple sources for those that are most important. When we cannot secure multiple sources, we keep an inventory of goods on hand or try other means to ensure continuous production in the event that something should happen to a supplier.

Every business and site in the Epson Group will continue to refine its BCP to ensure that it has the resilience to withstand threats to business continuity going forward.



Tabletop exercise for earthquake

Checking the restoration procedure of the production line in a clean room

Tax Compliance Policy

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

1. Tax governance

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

2. Monitoring tax affairs

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

3. Tax planning and Tax avoidance

- Around the globe, we strive to effectively use preferential taxation systems where possible in our normal business activities to ensure a suitable tax burden.
- We do not transfer value created to low tax jurisdictions, and do not use tax structures intended for tax avoidance without the spirit of the law.

4. Dealing with uncertainty

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

5. Transfer pricing taxation

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

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

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

7. Relationships with tax authorities

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

Organizational Governance

Security

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

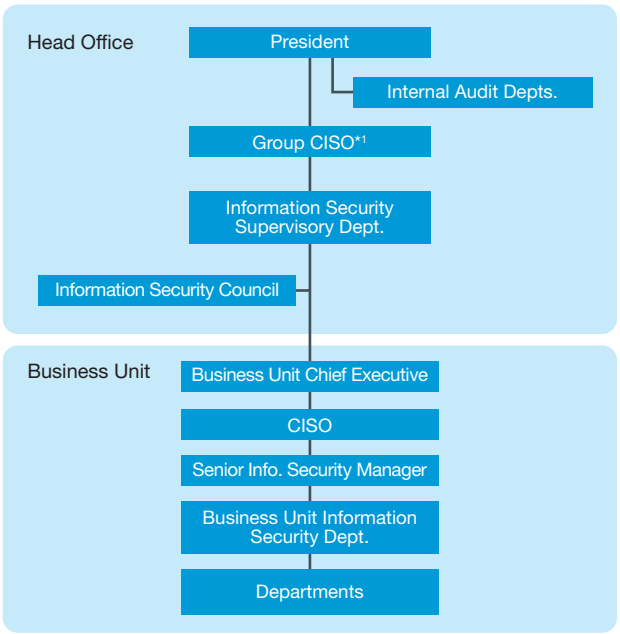
Information Security

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

Basic Information Security Policy (Please refer to page 236 of “Appendices”)

Our business units (including Group companies) build and maintain their own information security systems based on Group-wide rules. Internal evaluations are conducted to assess these systems and controls and to check whether information security risks are under control. We have established six different information security management levels that we use to measure the maturity of each business unit. The business units improve their information security systems based on their current management level. The information security supervisory department monitors the activities of the business units and instructs them to make improvements where needed.

Information Security Organization



*1 Chief Information Security Officer

In addition to these internal assessments, the Seiko Epson Printing Solutions Operations Division and DX Division, along with Epson Avasys, have earned and maintain ISO 27001-compliant Information Security Management System (ISMS) certification. They have also earned ISMS Cloud Security Certification (ISO/IEC 27017) so that customers can use services with greater peace of mind. In addition, to raise employee awareness of the importance of information security, we provide online courses in information security, conduct targeted email attack drills, and train managers to assess information security risks. These and similar actions are taken across the global Epson Group.

Cyber Security

We have in place a multilayer defense system to protect against cyber security threats. For example, we have installed a web application firewall to protect our public websites from external attacks. We have also installed a new type of anti-virus software on PCs that detects malicious behavior and shuts down attacks of all types before PCs can be exposed to danger.

However, since threats to cyber security are becoming increasingly sophisticated and insidious, we are working with a security consulting firm to identify and shore up any vulnerabilities in our existing security measures.

Information Security Training at an Epson Group Sales Company

Personal Data Protection

We at Epson are acting to protect the personal data of our customers, business partners, and employees to reward their trust and fulfill our social responsibility. Countries and regions around the world are establishing and amending laws and regulations governing personal data protection and privacy protection. The E.U.'s General Data Protection Regulation (GDPR) is a prominent example. To accurately understand the nature of changes being made, Epson participates in an international privacy protection association and ascertains whether internal rules need to be revised. In addition, Epson Sales Japan and Epson Direct, domestic subsidiaries that handle personal data belonging to customers, manage personal data protection based on the PrivacyMark System.

In FY2018, we offered three online courses in personal data protection to our employees: (1) a course in information security that all officers and employees are required to complete every year and that covers the basics, such as details about what constitutes personal data; (2) a course for employees who handle personal data on the job, which has been completed by a total of 15,850 individuals as of the end of March 2019; and (3) a course concerning the GDPR, which has been completed by a total of 9,727 individuals as of the end of March 2019.

Epson has also installed a system that temporarily halts email before it is sent to external recipients. The system asks the sender to confirm whether the mail contains personal data or confidential information that can be sent to external recipients. In addition, PCs that store personal identification numbers are monitored for suspicious activity.

Intellectual Property Protection

Epson protects the rights to its proprietary technologies so as to support the smooth and ongoing development of its existing businesses and the development and growth of new businesses. These actions ensure that our IP portfolio contributes to corporate earnings. We also respect the rights of others and implement measures to prevent infringement of those rights.

Anti-Counterfeiting Measures around the World

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

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

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


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

Supply Chain CSR

Supply Chain CSR Vision

Supply Chain CSR Vision

Epson aspires to be an indispensable company, one that seeks to build mutually beneficial relationships with all its business partners, including suppliers, by asking them to uphold the highest standards of integrity and ethics while, at the same time, respecting their autonomy and independence.

We are particularly adamant that our business partners meet the following requirements:

(1) Strictly forbid acts of bribery and collusion with their business partners and refuse to engage themselves in illegal or unethical business practices.

(2) Hold their business partners to the same strict standards that Epson upholds with regard to compliance with laws and maintenance of human rights, suitable labor conditions, the environment, ethics, quality, and information security, and support improvements to any of these areas as needed.

(3) Develop and maintain open relationships with their business partners and work with them to increase the competitiveness of the entire supply chain, based on mutual trust and mutual benefit.

These supply chain ethics requirements are based on the code of conduct of the Responsible Business Alliance (RBA), of which Epson is a member. Epson, which has mapped each of its supply chain initiatives to one or more of the Sustainable Development Goals (SDGs) of the United Nations, will help to achieve the SDGs by taking action throughout the supply chain.

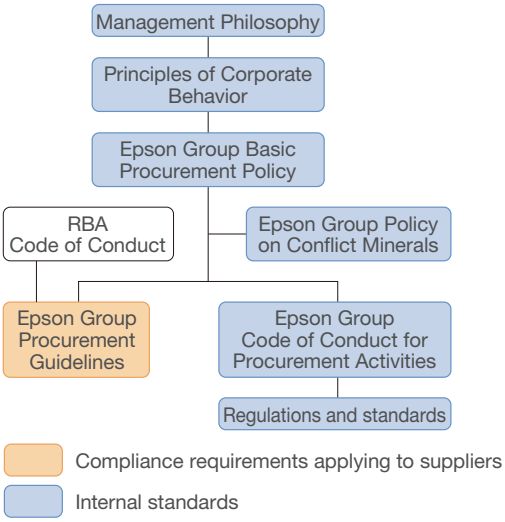
Sustainable Procurement Policy

Maintaining mutually beneficial relationships with suppliers is one of the keys to attaining the goals outlined in Epson's Management Philosophy. This is why Epson's Principles of Corporate Behavior states that Epson seeks to maintain mutually beneficial relationships with its suppliers, sales channels, collaborators, and other business partners, whom Epson asks to live up to the highest standards of ethical conduct while respecting their autonomy and independence.

In addition to good partnerships with suppliers, the Epson's Basic Procurement Policy requires adherence to high ethical standards and strict compliance in all supply chain operations. Further, it states that we will strive to reduce the environmental impacts of our procurement activities and always seek stable and reasonable QCD (quality, price and delivery) from suppliers.

Epson Group Procurement Guidelines includes a code of conduct pertaining to labor, health, safety, environment, ethics, and management systems. This code of conduct is based on the Responsible Business Alliance (RBA) Code of Conduct. Epson uses the Epson Group Procurement Guidelines to inform all suppliers about our requirements and to request their adherence to them.

CSR Procurement Policies



Supply Chain Strategy

1. Providing products and services that create customer value
   - Meet customers' quality, delivery and price requirements, and position Epson to sustainably create products and services that will delight customers around the world and earn their trust.

2. Contributing to environmental conservation
   - Minimize the negative impacts of our production processes on society, environment, and natural resources.
   - Reduce environmental impacts over the life cycle of products and services.

3. Complying with laws, engaging in proper business practices, and operating with high ethical standards
   - Implement systems to ensure compliance with local laws, internal rules, and corporate ethics.
   - Maintain fairness, honesty, and promises.
   - Act with integrity and avoid any association with bribery, corruption, and extortion.
   - Maintain open and honest communication with stakeholders with appropriate information disclosures.

4. Respecting basic human rights
   - Eliminate all forms of discrimination based on race, gender, nationality, physical abilities, religion, and so on.
   - Prohibit any type of inhumane treatment, including forced labor, slave labor, and child labor.

5. Ensuring safe, healthy, and fair working environments
   - Maintain a safe and secure work environment.
   - Ensure that evaluations, work hours, and wages are fair.

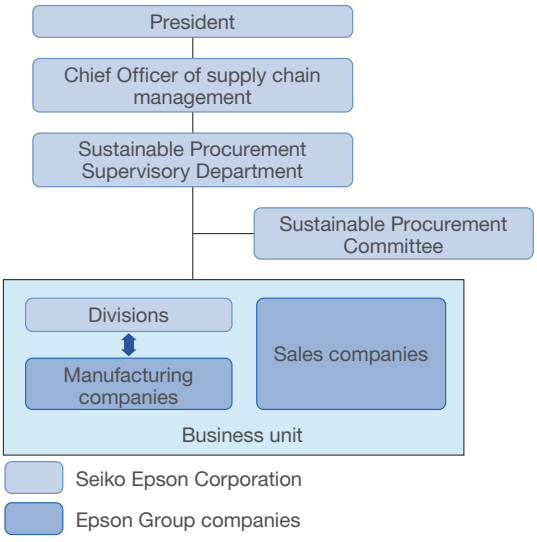
6. Implementing business continuity management (BCM)
   - Establish systems to prevent occupational and industrial accidents and to restore operations promptly in the event of an interruption.

Organization

The Epson Group's global supply chain is managed to ensure sustainability and the responsible sourcing of minerals.

The Sustainable Procurement Committee is made up of personnel from all of Epson's divisions and manufacturing companies, with the Seiko Epson CSR procurement department providing administrative oversight. The committee discusses targets and action plans to address supply chain issues. After they are approved by the chief officer of supply chain management (SCM), the targets and action plans are communicated throughout the Epson Group. The chief officer of SCM monitors the progress of action plans.

Organization of CSR Procurement



Mid-term Target (KGI) and KPI

Epson has set mid-term targets and major action items for each year.

Mid-term targets (achieve by 2020)

Sustainable procurement: All critical suppliers earn no less than a medium-risk rank.
Conflict minerals: Ensure that minerals are sourced only from smelters certified by the RMI's Conflict-Free Smelter (CFS) Program.

FY2018 Major Action Items, Plans, and Results

	Description	For
1	Inform all suppliers of the Epson Procurement Guidelines (based on the RBA Code of Conduct)	Informed all production suppliers (1,252 companies) and obtained Supplier Agreements from 82%
2	Conduct an self-assessment questionnaire (SAQ) to check supplier compliance	Surveyed 100% of suppliers
3	Ensure that corrective action is completed for all issues identified from the SAQ or on-site audits	50% of suppliers found to be high risk based on the 2017 SAQ and on-site audit competed corrective actions
4	Have all suppliers complete conflict mineral surveys	Sent surveys to 100% of suppliers

FY2019 Major Action Items

	Action items, KPIs
1	Ask all suppliers to complete a CSR SAQ
2	Provide feed-back on CSR SAQ results, and support the efforts of all high-risk suppliers to improve
3	Invite all key suppliers to sustainable procurement briefings
4	Have all suppliers complete conflict mineral surveys

Supply Chain CSR

Procurement Guidelines

Procurement Guidelines/Epson Supplier Code of Conduct

To achieve the goals stated in its Management Philosophy, Epson believes that it is essential for suppliers to understand the Management Philosophy and to comply with the Epson Supplier Code of Conduct.

The Epson Group Procurement Guidelines were created in 2005 to inform suppliers about Epson's procurement policies and requirements. In 2008, the Epson Supplier Code of Conduct was added as an appendix to the Epson Group Supplier Guidelines. Epson's Code of Conduct was based on the code of conduct created by the Electronic Industry Citizenship Coalition (EICC), now called the Responsible Business Alliance (RBA).

The Epson Group Procurement Guidelines reflect international requirements. They are intended to help ensure that our suppliers work with us as partners to meet quality, cost, and delivery (QCD) obligations and maintain compliance with requirements in areas such as human rights, labor, the environment, ethics, and health and safety. Rev. 4.0, released in November 2018, is the latest version of the Epson Group Procurement Guidelines. The content was revised to maintain consistency with the latest RBA Code of Conduct. The Epson Supplier Code of Conduct is now a major part of the Procurement Guidelines and will be available in multiple languages.

Over the 15-year history of the Guidelines, we have asked our key suppliers to signify their consent to Epson's requirements by signing a Supplier Agreement. The six language, Japanese, English, Chinese, Spanish, Portuguese and Thai, are available on the Epson website.

Requirements Under Supplier Code of Conduct

The Epson Supplier Code of Conduct, which is part of the Epson Group Procurement Guidelines, is based on the RBA Code of Conduct. It specifies requirements in the areas of labor, health and safety, environmental, management, and ethics. Additional original Epson requirements cover such topics as trade control and security, as well as information security in the supply chain.

Supply Chain CSR

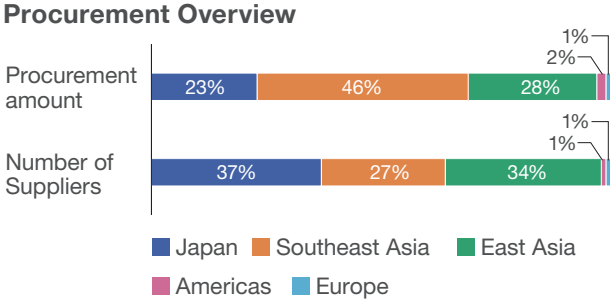
Supply Chain Initiatives

Supply Chain Overview

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

Epson procures goods and services from about 1,400 suppliers around the world. Domestic Japanese procurement accounts for about 23% of our total procurement spend. Asia accounts for the large majority of the remaining 77%.

Procurement Overview



Supplier Evaluation Program

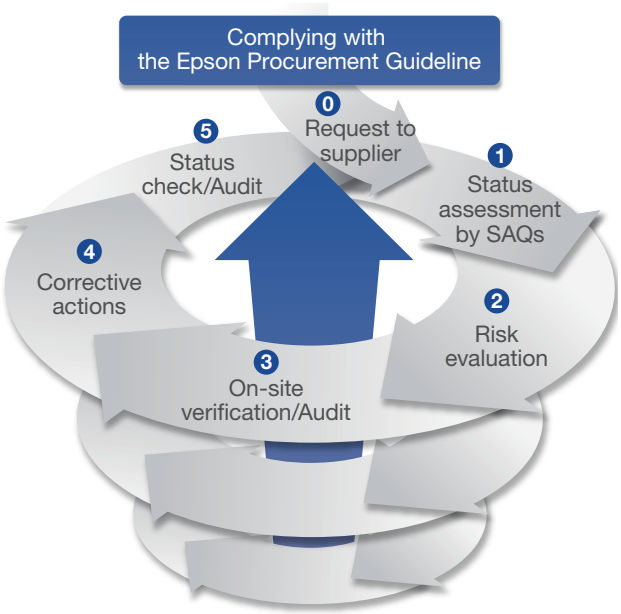
Epson evaluates all suppliers, both direct materials suppliers and indirect materials suppliers such as logistics, construction, and staffing companies. Suppliers are evaluated from multiple angles on the basis of a supplier evaluation program. The program consists primarily of an indirect evaluation and a direct evaluation (periodic evaluation). The indirect evaluation is based on information from a credit investigation service. The direct evaluation is a self-check that suppliers do to evaluate their own QCD and other performance metrics.

Epson Group Supplier Evaluation Program
Indirect evaluation Evaluation based on information from a third-party credit investigation Evaluation items: Credit score, business history, capital composition, business size, profit/loss, financing status, management, etc.
Direct evaluation (Annual evaluation) Self-assessment of QCDEM Evaluation items: Quality management (Q), cost management (C), delivery management (D), environmental management (E) and business management (M) A green purchasing agreement is required.
Detailed CSR evaluation (SAQ) Self-assessment of compliance with the Epson Supplier Code of Conduct Evaluation items: Labor, safety and health, environmental, management systems, ethics, etc.
Evaluation of emergency response capabilities Self-assessment of ability to respond in the event of a natural disaster, fire, or other emergency. Evaluation items: Management attitudes, risk countermeasures, ability to respond to emergencies, recover from disasters, continue supplying goods, maintain procurement, and manage inventory, etc.
Safety management evaluation Self-assessment of response to fires and other emergency risks Evaluation items: Management of electrical hazards, hazardous materials, fire prevention, etc.

Socially Responsible Procurement Program

Epson's sustainable procurement program is an annual cyclical activity. It consists of steps in which we ask suppliers to comply with Epson's procurement guidelines and complete self-assessment questionnaires (SAQ). Epson then analyzes and evaluates risks, verifies the facts on site or audits certain high-risk suppliers, and supports and works with suppliers on corrective actions.

Socially Responsible Procurement Program



Direct Evaluation (Annual Evaluation)

All suppliers are required to perform an annual self-assessment. They are asked questions in the categories of quality, cost, delivery, environment, and management systems. Among other things, the management system questions are designed to check the management of hazardous substances in products, the handling of personal data, and compliance with legal requirements concerning things such as international trade and bribery. Suppliers that receive a score of 60 points or less in the evaluation are considered to be high risk. Epson engages these suppliers to help resolve incidents of noncompliance. Suppliers that do not demonstrate improvement are excluded.

Section	Number of questions
Q. Quality	12
C. Cost	5
D. Delivery	5
E. Environment	5
M. Management system	15
Total	42

Prospective new suppliers are also required to complete the self-assessment. Transactions with those that receive a score of 70 points or less are permitted on the condition that corrective action is taken to remedy noncompliance.

Direct Evaluation Results

		FY2016	FY2017	FY2018
Target (KPI)	% of suppliers completing the self-assessment	100%		
Result	% of completed the self-assessment	100%	100%	100%
	Number of suppliers	1,009	880	994
	Number of accounts	1,422	1,413	1,481

Detailed CSR Evaluation (SAQ)

Epson evaluates supplier compliance with the Epson Supplier Code of Conduct based on a detailed self-assessment questionnaire (SAQ). We work with suppliers to make improvements as appropriate depending on their score and the gravity of noncompliance incidents.

The SAQ is based on site audit criteria of the Responsible Business Alliance (RBA) but also includes criteria that are unique to Epson. Major suppliers (those representing 80% of the spend) and single-source suppliers are required to complete an SAQ as Epson critical suppliers. Suppliers deemed high risk based on their SAQ scores are audited by an independent organization under the RBA's Validated Audit Program to foster improvement. To ensure that evaluations are fair and efficient, Epson created the Epson Group Detailed Supplier Evaluation Guideline to clarify SAQ and audit procedures.

Since 2015, Epson has evaluated direct suppliers (suppliers of product materials) and indirect suppliers (suppliers of supplies, services, etc.) in alternate years but plans to evaluate them annually starting in 2020.

Self-assessment Questionnaire (SAQ) Contents

Section	Number of questions
G. General	1
A. Labor (human rights)	28
B. Health and safety	22
C. Environment	14
D. Management system	16
E. Ethics	12
F. Additional items (Epson original)	7
Total	100

Risk Rank by SAQ

Risk rank	Assessed points	Explanation
Low risk	86-100 pts.	Low risk supplier basically meets the requirements of the Epson Supplier Code of Conduct.
Medium risk	66-85 pts.	Medium risk suppliers does not meet all the requirements of the Epson Supplier Code of Conduct but is deemed to be able to take corrective action to weaknesses.
High risk	65 pts. or less	High risk supplier does not meet many of the requirements of the Epson Supplier Code of Conduct, and needs to be monitored based on an improvement plan for corrective action.

Results of Detailed CSR Evaluation

In 2018, we evaluated direct suppliers. We asked 333 critical Tier 1 suppliers (those representing the top 80% of spend and single-source suppliers) to complete the SAQ. We received completed questionnaires from 312 of them. We also asked Tier 2 suppliers to complete the SQA when the Tier 1 supplier was a trading company. A completed SQA was returned by 132 of Tier 2.

For critical Tier 1 suppliers that were deemed to be high risk, we verified the facts on-site and supported corrective actions to help them improve to medium risk or better.

As a result of these actions, the average score of suppliers who fell into the high-risk rank on the 2016 SAQ improved by 15 points on the 2018 SAQ.

SAQ Evaluation Results

	FY2016	FY2017	FY2018
Intended suppliers	Direct suppliers	Indirect suppliers	Direct suppliers*1
Number of evaluated suppliers	274 Suppliers	66 Suppliers	312 Suppliers (358 sites)
Mid-term target (by FY2020)	% of high-risk suppliers: 0%		
Low-risk (> 85 pts.)	60%	55%	57%
Medium-risk (66-85 pts.)	32%	36%	38%
High-risk (=< 65 pts.)	8%	9%	5%

*1 2018 SAQ includes 29 of HR agents and on-site service providers.

Audit and Corrective Action

Epson supports the corrective action efforts of high-risk and medium-risk suppliers. In FY2018, support took the form of audits and on-site verifications.

Audit

In 2018, Seiko Epson retained an experienced and qualified organization to audit a key supplier in the Philippines. (This third-party audit conformed to the Validated Audit Program of the RBA.) The auditors found the supplier to be high risk. The supplier responded by establishing a corrective action plan and is now working to improve conditions.

Two suppliers who were audited in 2017 were found to have met their corrective action commitments.

On-site Verification and Support for Corrective Action

For suppliers that are not asked to receive a third-party audit, Epson manufacturing company staff members visit their sites to verify conditions on-site and help them improve. Through these activities, we not only help them address CSR issues but also support them when they struggle in other areas, such as in introducing fire prevention measures or establishing business continuity plans.

	Japan	Other area
Third Party Audit	0	1
On-site verification	38	210

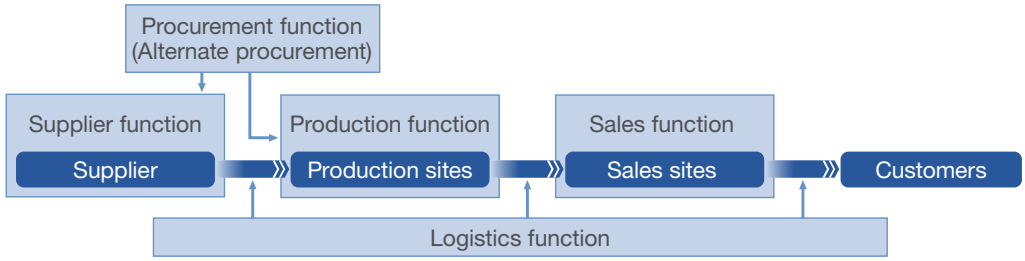
Evaluation of Emergency Response Capabilities

Epson is working to improve its ability to effectively respond to threats and to ensure business continuity. When a natural disaster or other unforeseen event strikes an Epson production site, the first thing we do after securing the safety of personnel is to act to restore the supply of products to our customers. It is essential for the entire supply chain to be able to effectively respond to emergencies so that we can fulfill our responsibility to customers by restoring the supply of goods within the target period if the supply should be interrupted by a disaster, accident, or epidemic. Epson therefore evaluates the emergency response capabilities of suppliers every year and helps them remedy issues as needed.

Supply Chain Business Continuity Management

To help manage business continuity and improve resilience throughout the supply chain, Epson operates in line with supply chain BCM guidelines. These guidelines are consisted of the five function, which are suppliers, production, sales, logistics, and procurement.

Supply Chain BCM



Epson is working with suppliers to ensure that they establish their own BCP systems so that the supply of parts to Epson is not disrupted. We ask Tier 1 suppliers to evaluate their own BCM capabilities every year, provide feedback, and help them remedy issues as needed.

(Suppliers)

	FY2016	FY2017	FY2018
Target	436	319	250
Result	414 95%	490[*1] 154%	228 91%

[*1] In FY2017, as a special action, self-assessment was conducted by Tier 1 and critical Tier 2 suppliers.

Safety Management Evaluation

Epson also conducts an annual safety management evaluation to evaluate the ability of suppliers to respond in the event of a fire or other emergency. After suppliers conduct a self-assessment covering things such as electrical hazards, hazardous materials, and fire prevention, members of Epson's safety management staff verify their answers on-site and discuss corrective actions.

Safety Management Evaluation Result

(Suppliers)

	FY2016	FY2017	FY2018
Target	357	1,353	481
Result	328 92%	1,906[*1] 141%	449 93%

[*1] In FY2017, as a special action, self-assessment was conducted by Tier 1 and non-Tier 1 suppliers.

Supply Chain Environmental Initiatives

As declared in the Epson 25 Environmental Statement, Epson seeks to contribute to the development of a sustainable society by leveraging its technologies to reduce the environmental impact of products and services across their life cycles. Reducing the environmental impact early in the life cycle, at the procurement stage, is a particularly important issue, and one that Epson is addressing in cooperation with suppliers.

GHG Emissions Targets

Epson has set greenhouse gas (GHG) emissions targets in line with an approach championed by the Science Based Targets initiative (SBTi). The SBTi has validated Epson's 2025 targets for scopes 1, 2, and 3 GHG emissions measured in accordance with the GHG Protocol. Epson's validated target for scope 3 emissions, which are emissions from an organization's value chain, is to reduce GHG emissions as a percentage of business profit out to 2025.

Response to Climate Risk

There is a shared global awareness that climate change poses serious and urgent business risks that must be addressed. Epson has suppliers across Asia, including in Thailand, where severe floods are a regular occurrence, and in China, where there is high potential water risk. Epson recognizes that interrupted or delayed deliveries from suppliers due to floods and droughts, two typical climate risks, could seriously impact the manufacture and sale of Epson products and need to be addressed to avoid inconveniencing customers.

Supplier Support Initiative

Under its supplier engagement program, Epson asks suppliers to complete a self-assessment questionnaire (SAQ). Suppliers are sorted by risk level based on their SAQ score and given feedback on the results. Epson helps high-risk suppliers improve through on-site verification and audits. Moreover, to encourage the pursuit of environmental sustainability, Epson selects the suppliers who account for 80% of the value of Epson's procurement spending and, in conjunction with a detailed CSR evaluation, asks them to report the amount of water and the amount of electricity, gas, and other sources of CO_2 emissions actually consumed for parts they sell to Epson. Epson shares this data with its suppliers and engages them to help drive production line improvements that reduce the amount of electricity and water used and improvements that will reduce the environmental impact of transport.

Partnerships with External Organizations

Epson is a member of the following organizations that promote sustainable procurement through industry cooperation:

- Responsible Business Alliance (RBA)

Responsible Business Alliance
Advancing Sustainability Globally

- The Japan Electronics and Information Technology Industries Association (JEITA), CSR Committee
- The Global Compact Network Japan, Supply Chain Subcommittee

Supply Chain CSR

Communication and Training

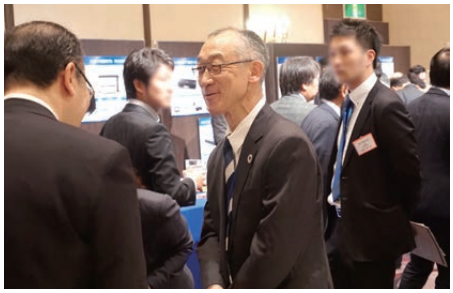
Communications with Suppliers

Annual Supplier Conference

In addition to its commitment to delivering quality products, Epson believes that maintaining human rights, labor standards and environmental conservation throughout its entire supply chain is an important part of its corporate responsibility. Epson therefore considers all suppliers as important business partners.

At an annual supplier conference, we explain our procurement policies. At the conference held in April 2019, we provided a general overview of our business situation and strategies, explained our initiatives and procurement policies, and asked for suppliers' understanding and cooperation in improving quality, reducing costs, keeping strictly to appointed delivery dates, participating in CSR initiatives, promoting business continuity plan, and reducing environmental impacts.

We consider annual supplier conferences to be valuable opportunities to capture supplier feedback. We host a separate social gathering to foster communication between suppliers and the Epson executive team, including the president of Seiko Epson.

Supplier Conference for CSR

At annual CSR procurement supplier conference (since 2016), we explain our CSR procuring activity and request to the supplier. In 2018, a lot of suppliers attended the CSR procurement supplier conference in various Epson manufacturing site such as Japan, China, and Indonesia.

In the conference, we request to comply the Sustainable procurement policy and the Epson Procurement Guideline. And we explain the guidance for self-assessment (SAQ) of CSR detail evaluation and emergency response capabilities. In 2018, we introduce Environment SAQ as a basic supplier evaluation to reduce the environmental impact of products. We also ask to strengthen emergency response capabilities and conduct in each supplier.

	Area					Total number of attended companies	Rate of attendance*1
	Japan	China	Philippines	Indonesia	Others		
FY2016	489	135	-	-	-	624	76% (Japan)
FY2017	237	113	-	103	-	453	92% (Japan)
FY2018	447	222	70	168	225	1,132	67% (Japan)
Target of critical supplier attendance*2						FY2020 100% (Worldwide)	

*1 Rate of attendance = Number of attendance/Invited suppliers
*2 Target of critical supplier attendance: Rate = Number of attendance/Critical suppliers

Internal Training

The Epson Group's Management Philosophy champions respect for the individual and teamwork. Principles of Corporate Behavior, meanwhile, outlines conduct for creating a corporate culture by fostering employee independence and confidence through professional development. We believe it is particularly important to understand legal and other requirements to ensure compliance and sustainability in procurement. Epson thus provides general procurement training for all employees, as well as courses tailored to the needs of procurement staff.

Basic Procurement Training

Procurement compliance seminar

Course	Description	For		FY2016	FY2017	FY2018
Procurement compliance seminar			Achieved rate by persons	102%	97%	92%
Procurement compliance seminar	1. CSR/SDGs and procurement 2. Code of conduct for procurement 3. Laws and regulations 4. Operation process 5. Case studies	New procurement staff	Target			
			Times	17	26	21
			Persons	967	995	885
			Result			
			Times	29	36	33
			Persons	1,008	1,120	919
Procurement compliance seminar (updated)	1. CSR/SDGs and procurement 2. Law and regulations 3. Case studies	Procurement staff, every 5 years	Target			
			Times	44	30	22
			Persons	2,540	1,055	881
			Result			
			Times	55	33	22
			Persons	1,008	1,120	919

Basic online course

Description	For		FY2016	FY2017	FY2018
1. Code of conduct 2. Laws and regulation, case studies	All Epson personnel, staffing agency employees, and other partners	Achieved rate by persons			
		Target	85%	85%	85%
		Result	88%	86%	91%

CSR Procurement Professional Training

Course	Description	For
Sustainable procurement seminar	General training in sustainable procurement, by an independent consultant	1. Procurement staff of Seiko Epson and Group companies (Japan). 2. Head Office staff
Sustainable procurement seminar	Introduction to sustainable procurement, by an independent consultant (The basics of responsible procurement and detailed guidance for self-assessment questionnaires)	1. Procurement staff in Group manufacturing companies (Worldwide)
Worker interview training	Training for supplier audits, especially worker interviews (Lecture and workshop)	1. Procurement staff of Seiko Epson and Group companies (Japan).
CSR internal audit training	Training for conducting CSR audits (Lecture and workshop)	1. Audit staff of Group companies

Supply Chain CSR

Responsible Sourcing of Minerals

Conflict Minerals Action Policy

Policy for High Risk Minerals

Epson's procurement policies are designed to develop mutually beneficial trusting relationships with Epson's business partners around the world based on the concepts of fairness, coexistence, transparency, and co-prosperity. Epson has thus committed itself to exercising high ethical standards and a social conscience, and Epson has declared that Epson will conduct its procurement activities in strict compliance with both the letter and spirit of laws and regulations in every country and region in which Epson operates.

Epson considers the conflict minerals problem to be a major issue in terms of socially responsible procurement. Consequently, Epson does not use conflict minerals, as they are tied to human rights abuses, environmental destruction, and the funding of armed groups in high risk areas.

Epson takes the actions below to exclude conflict minerals from Epson products.

1. Epson asks its suppliers to read and follow the Epson Group Procurement Guidelines and the Epson Supplier Code of Conduct.
2. Epson do survey its supply chain using a tool provided by the Responsible Minerals Initiative (RMI, formerly known as the CFSI), a group that is working with enterprises to promote responsible mineral procurement.
3. To ensure that minerals are procured only from smelters and refiners that have been found to be compliant with the Conflict-Free Smelter (CFS) Program of the RMI, Epson asks smelters and refiners to obtain proof of compliance through the supply chain.
4. To ensure compliance with tougher future European Union regulations, Epson will do its due diligence to avoid using conflict minerals from high risk areas, in accordance with OECD guidance.

Conflict Minerals Survey Program

To conduct practical and appropriate surveys throughout Epson's entire supply chain to check that Epson products are free from conflict minerals traced back to armed forces, Epson established the Epson Group Conflict Minerals Survey Guidelines as internal standards. These guidelines are based on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas issued by the Organization for Economic Co-operation and Development (OECD).

Epson conducts surveys using the Conflict Minerals Reporting Template (CMRT) provided by the RMI to check for conflict minerals (tin, tantalum, tungsten, and gold), identify refiners on its supply chain, and confirms and assess the status of supplier initiatives related to conflict minerals. Epson then implements measures based on risk level.

Epson also use socially responsible procurement supplier briefings and various other opportunities to promote understanding of Epson policies, request initiatives to improve survey accuracy, and share information on conflict minerals response trends. Epson will continue working with suppliers to eliminate conflict minerals that are tied to armed forces.

Target and Results

	KPI	FY2016	FY2017	FY2018				
				Total	Gold	Tantalum	Tin	Tungsten
Number of identified smelters	-	314	312	314	150	40	81	43
Number of CFS*1	-	243	249	256	102	40	74	40
Rate of CFS	100% (by March, 2021)	77%	80%	82%	68%	100%	91%	93%
Response rate from suppliers	100% (FY2018)	95%	94%	92%	-	-	-	-

*1 For information regarding the details of the smelters we have been able to identify, please contact your local Epson sales company:

Partnerships with External Organizations

Epson is a member of the following organizations that are promoting responsible sourcing minerals, and fostering cooperation to promote the use of conflict mineral surveys in the supply chain:

1. The Responsible Minerals Initiative

2. The Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA).

Supply Chain CSR

Green Purchasing

Green Purchasing

Foreword

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

Epson promotes green purchasing of production materials according to the following guidelines.
1. Basic stance
2. Standards governing operations
3. Basic survey (Guidelines for Surveying Controlled Chemical Substance Content in Products/Survey response tool)
4. Additional survey (Explanation of chemical substances subject to elimination in products/Survey response tool)

Supply Chain CSR

Paper Products Procurement

Paper Products Procurement

The illegal logging of forests is a very serious issue for those seeking to protect the environment on the global scale and practice sustainable forest management. Around the world, greater efforts are being made to ensure legality and sustainability during the procurement of wood products.

Epson has a stated procurement policy that says, “In every region where we do business, we promote procurement initiatives compliant with each nation’s law, international rules and the spirit of the same, cleaving to a high sense of ethics and acting for the good of society.” In keeping with this policy, Epson encourages procurement of paper products with due consideration for the social, economic and environmental sustainability of forests.

Thus Epson manages its entire supply chain from the immediate supplier all the way back to the forest to ensure the legality, sustainability and environmental safety of the paper products we procure. We ask that suppliers fully understand the intent and nature of these initiatives and then give us their support.

Stance on Procurement of Paper Products

Epson has established a procurement policy for paper, the major forest product we procure. Under this policy, which is designed for the social, economic and environmental sustainability of the forest, Epson practices the following procurement whose conformity to this policy can be checked.

1. We make effective use of used paper and other recycled pulp.

2. When virgin is used as a raw material in paper goods we procure, we confirm its
   - legality
   - sustainability
   - chemical safety
   - environmental management

Scope of Application

At Epson, the Procurement Policy applies to the procurement of specialty paper for use in Epson printers.

Content of Conforming Procurement Management

Suppliers are asked to provide a Certificate of Conformity to Epson Paper Products Procurement Policy to confirm their compliance with the Procurement Policy.

Corporate Citizenship

Approach to Corporate Citizenship

Epson is committed to harmonious coexistence with society through programs rooted in local communities throughout the world based on its commitment to being “an indispensable company, trusted throughout the world,” as stated in its Management Philosophy.

Recognizing that companies are expected to be even more socially involved, each and every employee will continue to contribute to Epson’s standing as a good corporate citizen and facilitate mutually beneficial relationships. Epson’s contributions go beyond financial support. Epson emphasizes contributions involving the technologies and knowledge that underpin its business as a way to give something back to society. Going forward, Epson will continue to engage in corporate citizenship activities, including contributions involving manpower.

Total Corporate Citizenship Expenditures

(millions of yen)

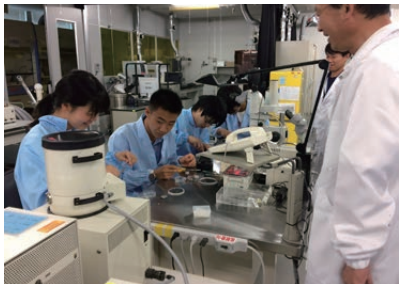
Contribution Type	FY2017	FY2018
Cash contributions	352	462
Employee volunteer activities during work hours (including self-directed program activities)	38	127
Provision of products and services	100	79
Others[*1]	121	154
Total	611	822

[*1] Includes salaries and wages of personnel engaged full-time in corporate citizenship work as well as wages of personnel who engaged in volunteer activities outside work hours

Corporate Citizenship

Education for Young People

Super Science High School Support (Japan)



The Japanese Ministry of Education, Culture, Sports, Science and Technology runs a program that emphasizes education in mathematics and the sciences, and it has designated certain schools around the country as Super Science High Schools. The objective is to raise future scientists and engineers. Epson is cooperating in various ways, including by sending employees to teach and lecture, by opening its facilities to students, and by providing equipment and materials for experiments and production.

In 2018, 10th and 11th graders from Suwa Seiryo High School in Nagano prefecture visited Seiko Epson's Material Analysis & Research Center for practical training in the use of a scanning electron microscope and Fourier transform infrared spectrometer. They observed the surface features of insects, fibers, and other samples under approximately 30,000X magnification and performed elemental analyses on the samples they brought.

Epson International Scholarship Foundation (Japan)

The Epson International Scholarship Foundation provides funding for exceptional students from abroad who wish to study in Japan and to students from Japan who wish to study abroad. Epson supports the activities of this foundation to promote education, academic research, and culture, and to contribute to the development of local communities. In August 2018, we invited scholarship students to visit the Seiko Epson Head Office and Shiojiri Plant to tour the company's Manufacturing Museum and observe the luxury wristwatch manufacturing process.

Children's Book Donations (India)

Epson India Pvt. Ltd. (EPIL) believes in the importance of childhood education and has an assistance program that focuses on underprivileged children. Over the past several years, EPIL has been distributing books and notebooks to public schools that serve underprivileged children primarily in the states of Karnataka, in southwest India where EPIL is located, and in the western state of Maharashtra. The number of recipient schools has been increasing by the year.

Teachers say that the assistance Epson is providing is playing an important role in improving the lives of children. This assistance makes it possible to improve the quality of lessons and is encouraging more children to stay in school. The children are absolutely thrilled to have their own books and notebooks that they can use in school to help them learn.

Epson Information Science Vocational School (Japan)

Our society is increasingly built around information. To meet the needs of changing times, we established the Epson Information Science Vocational School in 1989. Its purpose is to develop technical personnel who are trusted by the community and can make wide-ranging contributions to society. The school had 2,699 graduates as of March 2019.

Most of the instructors are engineers and developers who have corporate experience, including at Epson. Classes are designed to ensure that students acquire technical skills they can put to practical use on the job. As a result of the school's efforts, at least 95% of the students in each graduating class over the 29 years since the school first opened its doors have received informal employment offers before graduation.

Students have their choice of three disciplines: Information Systems, Information and Electronic Systems, and Information Business. The school is accredited by the Ministry of Education, Culture, Sports, Science and Technology (MEXT). Moreover, MEXT recognizes all three disciplines as Professional Post-Secondary Courses[*1]. A special class has also been set up to enable the top students to join Epson on school recommendation after graduation.

[*1] Courses recognized by MEXT have a curriculum designed to impart the latest practical skills and knowledge through close cooperation with enterprise and systematically seek to ensure the quality of more practical vocational training.

Corporate Citizenship

Culture and the Arts

Supporting the Seiji Ozawa Matsumoto Festival (Japan)

Seiko Epson has been a special corporate sponsor of the annual Seiji Ozawa Matsumoto Festival (originally the Saito Kinen Festival Matsumoto) since its inception, in 1992. The festival, which runs from August through early September in Matsumoto, Japan, was organized to promote music and the arts among the nation's youth.

During the festival's run in 2018, a total of 14,872 students from 239 schools in Nagano prefecture attended a special concert geared toward sixth-graders, seventh-graders, and children from special-needs schools. The concerts for children are designed to further the education and development of youth. Performed by young musicians, they are a valuable opportunity for the youth to hear live orchestra music, thus serving as a catalyst for interest in classical music.

Corporate Citizenship

Community Events

290 Days of Social Commitment (Germany)

Epson Deutschland GmbH (EDG) has been running its “190 Days of Social Commitment” program since 2008. The program began when 190 EDG employees each took one day of paid leave at their own convenience to serve the community by volunteering their time at social welfare facilities or schools in the area around the Meerbusch office.

EDG changed the name to “290 Days of Social Commitment” in the 2017 fiscal year because the number of employees had increased to 290. In FY2018, as part of this program, employees cooperated in a project to perform repairs on a local elementary school building and take residents of a home for senior citizens to an aquarium.

Watch Assembly Class (Japan)

Seiko Epson traces its roots to Daiwa Kogyo, a watch factory. Over the decades, we have developed world-class watch manufacturing technology and have master watchmakers (human capital).

In FY2018, the city of Shiojiri, in Nagano prefecture, held a wristwatch assembly class to teach children the fun and enjoyment of creating products. Skilled watchmakers from Seiko Epson taught the children how to assemble part of a watch movement, mount the hour, minute, and second hands, and complete a watch so that it actually starts running. The children, who got to choose their own dials and bands, had fun assembling their own one-of-a-kind watch while also enjoying a sense of accomplishment and learning about a local industry.

Lake Suwa Fireworks Festival Sponsorship (Japan)

Seiko Epson helps to stimulate the local economy and community as a sponsor of the Lake Suwa Fireworks Festival. The festival, one of the largest in Japan, has been held every year since 1956 in the city of Suwa, a short walk from Epson headquarters. An incredible 40,000 fireworks explode over the lake, their sound reverberating off the surrounding hills, during this summer spectacle, which attracts some 500,000 visitors. The display culminates with a cascade of sparkles along a two-kilometer stretch of the lake.

Movie Screenings (Taiwan)

Epson Taiwan Technology & Trading Ltd. (ETT) has held movie screenings at elementary schools throughout Taiwan since 2009 to entertain children in the community. ETT provides the projectors and movies used at the venues. In FY2018, ETT showed movies 279 times at 60 schools. They were able to deliver the fun of movies to children in both urban and rural communities.

Beekeeping Project (Germany)

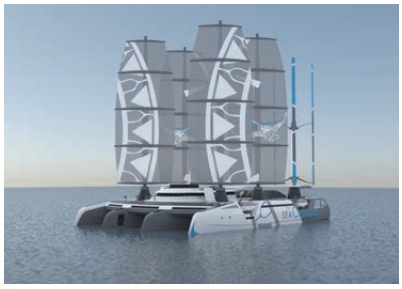
Epson Deutschland GmbH has been supporting a beekeeping program at a local Montessori School since 2014. Employees teach the schoolchildren how to conduct honeybee colony research, make beekeeping equipment, and create product labels using an Epson label writer. The students harvest, bottle, and provide the honey to people in the community.

Corporate Citizenship

Environmental Conservation

Preserving the Ocean (France)

Epson France S.A.S. (EFS) began providing support for the operations of The Sea-Cleaners, an association that will use the Manta, a catamaran powered by renewable energy, to collect, sort, and compact up to 250 tonnes of oceanic plastic waste before returning to land, where the plastic will be processed in waste treatment or recycling facilities. Since FY2018, EFS has provided the association with hardware support, including printers and projectors, for event and communication operations.



A Computer-Generated Image of the Manta

Coral Reef Transplant Project (Indonesia)

PT. Epson Batam (PEB) has been helping to back a coral transplant project on Abang Island since 2015. The project, which involves people from Indonesia's fishing and tourist industries as well as government and NGOs, is growing coral reefs (coral gardens) by transplanting about 500 coral fragments every year over a gradually larger area. Residents of Abang Island are hopeful that the transplanted coral can improve the environment for fish and increase their numbers.

PEB's environmental conservation programs have earned community recognition for excellence and have garnered the Blue Proper environmental award sponsored by the Indonesian Ministry of Environment and Forestry for nine consecutive years since 2010.

Highway Cleanup (U.S.)

Epson employees around the world participate in local cleanup activities to keep our communities looking nice and to foster a spirit of community volunteerism and activism. Employees of Epson Portland Inc. have been volunteering their time several times a year since 1992 to pick up garbage along a section of U.S. Highway 26, which runs just north of the company.

Donations Tied to Used Cartridge Collection (Worldwide)

Seiko Epson participates in various programs for donating to environmental bodies, environmental groups, and environmental causes. Amounts are tied to the number of used ink cartridges and toner cartridges collected.

Corporate Citizenship

Social Welfare

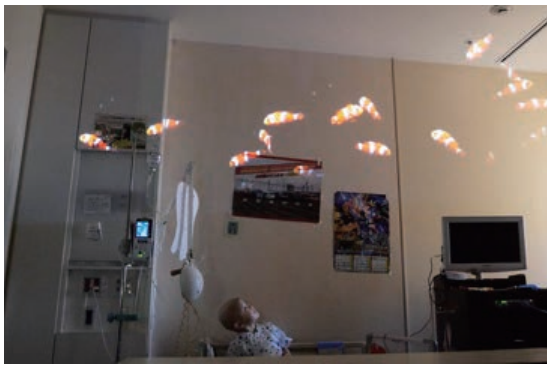
“Fantas Aquarium” Using Projected Images (Japan)

Seiko Epson has been bringing the Fantas Aquarium to hospitals and special-needs schools around Japan since 2015. In FY2018, the company staged this projection-based production at 25 locations nationwide. A total of more than 200 employee volunteers helped set up and run the productions, which were shown during working hours with the support of the company.

Hospital and school staff members, as well as members of the children’s families, report that the children, some of whom have serious disabilities and cannot move about freely, reacted with wonder and excitement at the sights and sounds of the virtual aquarium. The Fantas Aquarium seems to elicit responses that are not usually seen from the children who experience it.

Seiko Epson will take the Fantas Aquarium on the road once again in 2019.

Images of fish and other aquatic life are projected on walls, floors, and other surfaces in large spaces at each facility.



A Fantas Car (a mobile cart equipped with a projector) is used to bring the Fantas Aquarium to children who are unable to leave their hospital room.

Blood Donations (Worldwide)

Epson employees donate blood every year.

Japan

Indonesia

U.S.

China

Communication

Approach

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

Epson practices both marketing communication (conveying the value of our brand, products, and services) and corporate communication (conveying the value of Epson itself). In both cases, as an open, progressive company, Epson communicates through the mass media and directly to stakeholders to ensure the timely delivery of information on our activities and initiatives, even if it is of a negative nature.

Event Sponsorship and Exhibition

Co-Sponsor and Exhibitor at SB'19[*1]Tokyo

Seiko Epson was a co-sponsor of the 2019 Sustainable Brands International Conference in Tokyo ("SB'19 Tokyo"), which ran from March 6-7.

President Minoru Usui spoke at a plenary session on the subject of achieving sustainability by practicing the Management Philosophy. During the speech, he stressed the importance of coexistence with communities and the Earth, a philosophy that has guided Epson since its founding. He also presented examples of how inkjet technology contributes to sustainability and suggested ideas that will lead to a revolution in office work and industrial processes.

Several other people from Epson also took the stage during the conference to tell the world about Epson's efforts to achieve sustainability. The conference was an opportunity to raise brand recognition and network with others.

[*1] Sustainable Brands conferences are among the world's largest conferences on the subject of sustainability. Sustainable Brands was launched in 2006 in the United States under the shared recognition that embedding the idea of sustainability in business strategies is essential for enhancing corporate competitiveness and brand value. In FY2018, SB conferences were held in 13 cities in 12 nations around the world.

Communication

Customers, Shareholders and Investors

Customers

Sharing the Voice of the Customer

Harmony, the Epson Group's internal newsletter in Japan, carries a regular feature that we use to relay messages from Epson product users and outside partners to Epson employees. Delivering the unfiltered voice of the customer to employees who have few opportunities to meet customers or with vendors and other partners is helping us to further sensitize our employees to customer value creation. In FY2018 we delivered messages from customers, dealers, and distributors who are using products such as large-format dye-sublimation printer for textiles, digital label press, dry-process office papermaking system, smart glasses and watches, etc.

Shareholders and Investors

Annual General Shareholders' Meeting

At Epson, we consider the general shareholders' meeting to be a valuable opportunity for direct communication with our shareholders. Every year shareholders bring a range of opinions and questions to the general shareholders' meeting, which Mr. Usui and the other directors openly address.

In 2019, at the 77th Annual General Shareholders' Meeting, Minoru Usui, the president of Seiko Epson, addressed our shareholders directly, reporting on events and highlights from the 2018 fiscal year and explaining the direction in which we are headed to achieve the Epson 25 Corporate Vision.

To give visiting shareholders a more concrete idea of Epson's strategic direction under Epson 25, we created a product exhibit to show the innovations we are driving in the four key domains (inkjet, visual, wearables, and robotics) along with our business activities. We shared our accomplishments achieved in line with the Epson 25. We also profiled Epson's new products for the 2018 fiscal year and shared some of the uses envisioned to convey the customer value that Epson products provide aiming to become an indispensable company.

* The information of the 77th Annual General Shareholders' Meeting can be get on our Investor Information website.

Communication

Governments, Communities, NGOs/NPOs

Governments

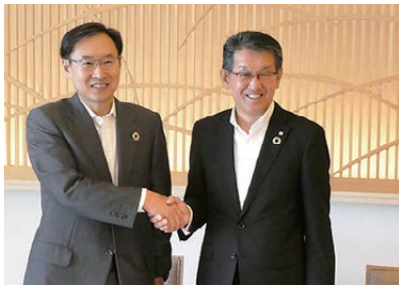
Maintaining Healthy Relationships with Government Agencies

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

Political contributions are made in line with company regulations. Epson made no political contributions in the FY2018.

Seiko Epson President Minoru Usui Completes Term as Head of the JBMIA

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



On May 24, the JBMIA held a general assembly meeting, executive board meeting, press conference, and award ceremony in Tokyo. At the general assembly and executive board meeting that followed, Mr. Yoshinori Yamashita, the president, executive officer, and CEO of Ricoh Company Ltd., was elected JBMIA president, succeeding Minoru Usui, the president of Seiko Epson, who completed his two-year term. Mr. Usui expressed his gratitude to various organizations and companies for their support during his term.

Seiko Epson, which assumed the post of chairing company in 2016, has been emphasizing three issues: building a foundation for leading the response to diverse environmental regulations, strengthening cooperation with overseas groups to respond to environmental changes that affect global business, and creating a stronger, more attractive association. Thanks to the cooperation of a host of companies, we were able to smoothly run the Association, expand the domain, and strengthen the governance of the Association based on the policies of the JBMIA president. We believe that we have fully put our planned activities into practice.

Seiko Epson, taking advantage of its experience as a former chairing company, will continue to contribute to the activities of the JBMIA as the vice chairing company.

Communities

Dialogue with Local Residents

Every year, Seiko Epson and Epson Group companies in Japan organize events to exchange ideas with the local residents of the communities in which we operate. We strive to build a positive relationship of trust with the community by cultivating a deeper understanding of our environmental initiatives and risk management system.

Communication

Suppliers

Annual Supplier Conference

In addition to its commitment to delivering quality products, Epson believes that maintaining human rights, labor standards and environmental conservation throughout its entire supply chain is an important part of its corporate responsibility. Epson therefore considers all suppliers as important business partners. Epson holds an annual supplier conference, we explain our procurement policies.

At the conference held in April 2019, we provided a general overview of our business situation and strategies, explained our initiatives and procurement policies, and asked for suppliers' understanding and cooperation in improving quality, reducing costs, keeping strictly to appointed delivery dates, participating in CSR initiatives, promoting business continuity management, and reducing environmental impacts.

Communication

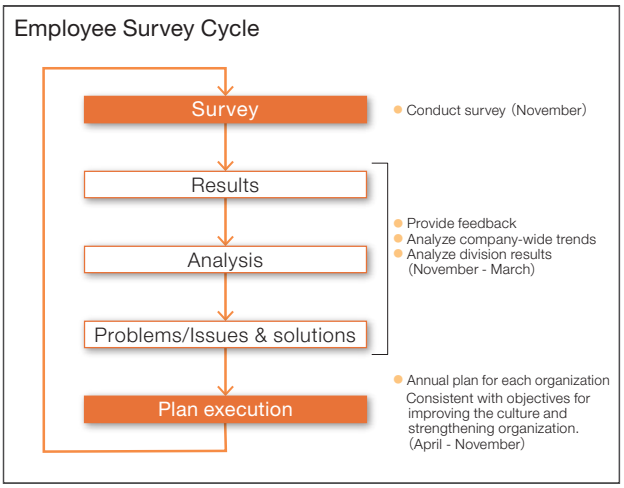
Employees

Improving Workplace Communication

At Epson, we aim, as individuals and organizations, to cooperate with one another as we pursue challenging objectives and to maintain a state of free and constructive communication.

To see where we are in meeting these objectives, we have been conducting employee surveys every year since 2005. The survey results are reported to the president and other top executives. Feedback is provided on the department level, and managers periodically review and analyze the state of their departments. They decide on measures to solve problems and issues with the goal of fostering a better culture and strengthening the organization. These measures are incorporated into action plans at the start of the new fiscal year.

These actions are carried out throughout the year, the results are checked in the next survey, and additional actions are taken to maintain the good and improve the bad.



Result of Employee Survey

	FY2014	FY2015	FY2016	FY2017	FY2018
% of engaged employees	87.1%	90.7%	89.9%	92.1%	92.2%

* Data for Seiko Epson Corporation employees. Participation 96.7%(FY2018)

Labor Union

Labor-management conferences are held regularly to facilitate communication between managers and employees at Seiko Epson. Informal discussions are also held on the division and department level to provide a venue for bidirectional communication between employees and managers. Management communicates its thoughts and wishes to employees as well as get direct feedback from them. Numerous committees, such as the working conditions committee, and the safety and health committee, also provide opportunities to work together and deepen mutual understanding.

Communication

Other Stakeholders

Dialogue with the Media

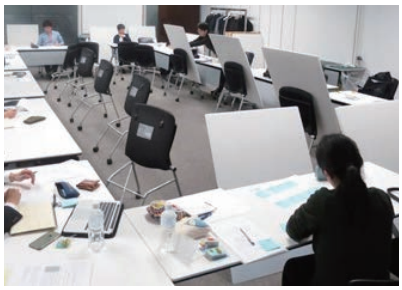
Media Tour to Japan

In August 2019, Seiko Epson Corporation hosted a media tour in Japan for journalists invited by sales companies Epson (China) Co., Ltd. and Epson Taiwan Technology & Trading Ltd. Around 20 tour participants representing business, financial and IT publications traveled to Head Office and other locations in Japan where they had the opportunity to listen to executives like President Minoru Usui explain the company's strategy to become an indispensable company for the world. In addition to interviews with Mr. Usui and executives from Epson's major operations divisions, the participants also watched demonstrations of products including inkjet printers, projectors and robots, and visited manufacturing sites such as the PrecisionCore printhead production facilities at the Suwa Minami Plant.

Epson believes in proactively engaging with the media to communicate the latest information about the company, its products, technology and strategy to stakeholders around the world.

Students and Educators

Design Internships



Twice every year, Epson offers internships for college students studying design who wish to learn under designers who are actually working in industry. Interns in the February 2019 program were given the task of coming up with "designs for leading an exciting life." They were also given the unique experience of assembling a wristwatch movement as part of a hands-on manufacturing program.

The internship program gave interns a deeper understanding of Epson's products, the value we provide to our customers, and the types of jobs our employees do.

Other

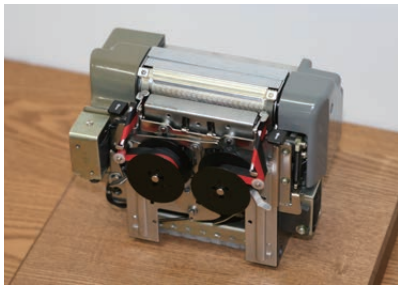
Monozukuri (Manufacturing) Museum

The Monozukuri Museum within Seiko Epson's Head Office is a space with exhibits of historically significant documents and milestone products that the company has developed, manufactured, and sold since its founding.

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

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

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



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

BT-300 smart glasses with organic electroluminescence

Evaluation by External Parties

Inclusion in SRI Indices

Selected as a Constituent of the FTSE4Good Index Series for the 15th Consecutive Year

Seiko Epson was selected by FTSE Russell, a part of the London Stock Exchange Group, as a constituent of one of the Responsible Investment (RI) indexes in the FTSE4Good Index series for the 15th consecutive year. (June 2019)

FTSE4Good Index Series
https://www.ftse.com/products/indices/FTSE4Good

Selected as a Constituent of the FTSE Blossom Japan Index for the Third Consecutive Year

Seiko Epson was selected for inclusion in the FTSE Blossom Japan index for the third consecutive year. This index is one of the ESG indexes selected by the Government Pension Investment Fund (GPIF) in July 2017. (June 2019)

Selected as a Constituent of the Empowering Women Index (WIN) for the Third Consecutive Year

Seiko Epson was selected for inclusion in the MSCI Japan Empowering Women Index (WIN) for the third consecutive year. WIN is one of the ESG indexes selected by the Government Pension Investment Fund (GPIF) in July 2017. (June 2019)

Selected as a Constituent of the SNAM Sustainability Index for the 8th Consecutive Year

Seiko Epson was selected by SOMPO JAPAN Nippon Asset Management (SOMPO JAPAN), as a constituent of one of the SNAM Sustainability Index for the 8th consecutive year.

The SNAM Sustainability index is used in SRI (socially responsible investment) fund for pension funds or institutional investors to invest widely in companies with the high ESG (environment, society, governance) evaluation ratings. (June 2019)

Selected as a Constituent Nadeshiko Brand for the Second Consecutive Year

The Ministry of Economy, Trade, and Industry is working in collaboration with the Tokyo Stock Exchange to identify “Nadeshiko Brands”- companies that encourage the advancement of women. Seiko Epson was selected to the list in FY2018 for the second consecutive year. (March 2019)

Recognition

Recognized for Health Management Excellence for Second Consecutive Year

Seiko Epson was recognized for the second consecutive year under the Certified Health and Productivity Management Organization Recognition Program (White 500), in the large enterprise category. The program, which is jointly administered by the Japanese Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi, honors enterprises who work with insurers to promote good health and productivity. (February 2019)

SBTi Approved Epson's GHG Reduction Targets

Science Based Targets initiative (SBTi) has approved Epson's global greenhouse gas (GHG) reduction targets. SBTi recognized Epson's targets as being science-based and in line with keeping a global temperature rise this century to well below 2 degrees Celsius, a central aim of the Paris Agreement. (November 2018)

Received EcoVadis Gold Rating for Overall Sustainability for Second Consecutive Year

Epson has been awarded a Gold rating for overall sustainability by independent platform EcoVadis for the second consecutive year. The top rating reflects Epson's commitment to achieving the highest possible international CSR standards. It also acknowledges Epson as being outstanding in both the Environment and Sustainable Procurement categories and highlights its excellence in Labor, Human Rights and Ethics. (November 2018)

Earned the Highest (Grade 3) Eruboshi

In 2016, the Japanese Minister of Health, Labour and Welfare granted Seiko Epson the top "Eruboshi" mark in recognition of its efforts to promote the active participation and advancement of women in the workplace. (July 2016)

Earned Platinum Kurumin Certification

As a result of Epson's efforts to establish a friendly workplace environment, we were awarded use of the so-called Kurumin symbol from 2007 and the Platinum Kurumin symbol in 2016. Use of these symbols is awarded by the Japanese Minister of Health, Labour and Welfare to companies that implement policies that support employees who are raising families, in accordance with the Act on Measures to Support the Development of the Next Generation. (May 2016)

Award

Recognized for Excellence in Energy Efficiency and Conservation

Seiko Epson has been awarded the Agency for Natural Resources and Energy Director-General's Award for Epson's LX-10000F series and LX-7000F series of high-speed linehead inkjet multifunction printers sold in Japan. This award, which was part of the FY2018 Grand Prize for Excellence in Energy Efficiency and Conservation awards program, was sponsored by the Energy Conservation Center, Japan, with support from the Japanese Ministry of Economy, Trade and Industry. (January 2019)

Received the 1st EcoPro Award (METI Minister Award)

Epson's PaperLab A-8000 dry-process office papermaking system has been awarded the 1st EcoPro Award (Economy, Trade and Industry Minister's Prize) by Japan Environment Management Association for Industry. (September 2018)

Received PEZA Outstanding Environmental Performance Award

Epson Precision (Philippines), Inc. received its 3rd PEZA[*1] Outstanding Environmental Performance award. This award recognizes the efforts of companies for sustained compliance and innovative systems for the period of 3 years (2016-2018) as they strive for continuous improvement in environmental management. (May 2019)

[*1] Philippine Economic Zone Authority (PEZA)

Received the Blue PROPER Rating

PT. Indonesia Epson Industry, which is the one of Epson's manufacturing plants in Indonesia, received the Blue PROPER rating from the Ministry of Environment and Forestry, Indonesia. (2018)

ESG Data

Environment

Global Environmental Data

Energy

- Use of energy

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	Gas/oil	MWh	307,238	306,088	318,002	330,257	332,795
	Electricity/steam	MWh	438,809	431,430	448,513	467,629	357,552
Overseas	Gas/oil	MWh	23,707	14,970	16,044	19,592	14,450
	Electricity/steam	MWh	322,648	321,491	331,305	341,322	341,566
Total		MWh	1,092,401	1,073,979	1,113,864	1,158,800	1,046,364
Per unit of business profit (include renewable energy)		GWh/100 million yen	1.1	1.3	1.7	1.6	1.7

* Totals do not add up in some cases due to rounding off of fractions.

- Use of renewable energy

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	MWh	89	102	168	257	118,504
Overseas	MWh	6,937	5,756	5,777	9,215	18,901

Greenhouse gas (GHG)

- Greenhouse gas emission (scopes 1, 2)

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Scope 1		t-CO_2e	116,061	116,826	132,885	136,734	127,737
	Japan	t-CO_2e	105,992	101,296	115,972	122,479	108,210
	Overseas	t-CO_2e	10,069	15,530	16,913	14,255	19,527
Scope 2		t-CO_2e	441,331	426,797	438,555	455,110	374,347
	Japan	t-CO_2e	241,540	231,073	235,726	246,022	185,520
	Overseas	t-CO_2e	199,791	195,724	202,829	209,088	188,827
Total		t-CO_2e	557,391	543,623	571,440	591,844	502,084
Per unit of business profit		thousand t/100 million yen	0.55	0.64	0.87	0.79	0.71
FY2025 target (science-based): reduce 19% total emissions from FY2017							-15%

Scope 1: Direct GHG emissions (LPG, LNG, natural gas, kerosene, heavy fuel oil, gasoline, PFCs, etc.)
Scope 2: Indirect GHG emissions (electricity and steam, etc.)
* Totals do not add up in some cases due to rounding off of fractions.
* CO_2 conversion factor of greenhouse gas emissions (June 2019 updated)

- Electric power: In Japan, we use the adjusted emissions factors for the load serving entities (i.e., utilities) from which our sites purchase electricity, pursuant to Load Serving Entity Emission Factors—FY2017 Actual Performance, announced by the Ministry of Environment and the Ministry of Economy, Trade and Industry (Dec. 27, 2018).
  Overseas, we use the country emission factors listed in IEA (International Energy Agency) - CO_2 emissions from Fuel combustion 2018 edition or from the load serving entities from which our sites purchase electricity.
- Fuel: The factors announced by the IPCC in 2006 were used for both domestic and overseas data.
- GHGs other than CO_2: Equivalents were calculated based on 100-year GWP values in the Fifth Assessment Report of the IPCC.

- Greenhouse gas emission (scope 3)

			Unit	FY2018	Calculation method
Scope 3			thousand t-CO_2e	3,263	
	Category 1	Purchased goods and services[*1]	thousand t-CO_2e	1,141	Multiplied the mass of materials that comprise sold products by their emission factors
	Category 2	Capital goods	thousand t-CO_2e	248	Multiplied the capital expenditure in each investment account by emission factors
	Category 3	Fuel- and energy-related activities not included in scope 1 or scope 2	thousand t-CO_2e	36	Multiplied the amount of each type of energy used at each site by their emission factors
	Category 4	Upstream transportation and distribution	thousand t-CO_2e	201	Emissions from transportation to Epson of products and services purchased from suppliers, and emissions from the transport of goods by Epson, were calculated by multiplying the mass of transported goods and the distance transported by emissions factors

			Unit	FY2018	Calculation method
	Category 5	Waste generated in operations	thousand t-CO_2e	5	Multiplied the amount of each type of waste generated at each site by their emission factors
	Category 6	Business travel	thousand t-CO_2e	19	Multiplied the transportation expenses for each transportation mode and lodging expenses by their emission factors
	Category 7	Employee commuting	thousand t-CO_2e	35	Multiplied the transportation expenses for each transportation mode by their emission factors
	Category 8	Upstream leased assets	thousand t-CO_2e	5	For emissions from the operation of leased assets (excluding those not already included in scope 1 or scope 2 inventories), the floor area of leased buildings was multiplied by emission factors
	Category 9	Downstream transportation and distribution	thousand t-CO_2e	7	Multiplied the sold product not shipped by Epson and the average distances of transported volumes by their emission factors per unit
	Category 10	Processing of sold products	thousand t-CO_2e	68	Multiplied the electricity consumed in the processing of intermediate products into finished products by emission factors
	Category 11	Use of sold products[*1]	thousand t-CO_2e	1,413	Multiplied the estimated electricity consumption over the lifetime of sold products by an emission factor
	Category 12	End-of-life treatment of sold products	thousand t-CO_2e	85	Multiplied the mass of each type of waste treated by the emission factor for each type of waste treatment
	Category 13	Downstream leased assets	thousand t-CO_2e	-	Not applicable
	Category 14	Franchises	thousand t-CO_2e	-	Not applicable
	Category 15	Investments	thousand t-CO_2e	-	Not applicable
FY2025 target (science-based): reduce 44% per unit of business profit from FY2017 (categories 1 and 11)				+6.5%	

Scope 3: Indirect GHG emissions of the entire value chain
[*1] Data verified by a third party

Third-party verification of greenhouse gas (GHG) emissions

We have a third party verify our calculations to ensure reliability. Our FY2018 GHG emissions (scopes 1, 2 and 3) and energy use data were verified as having been measured and calculated accurately, and a greenhouse gas emissions verification report was obtained.

Third-party verification report
https://global.epson.com/SR/esg_data/pdf/verification_report.pdf

Chemical substance

- PRTR[*1] substance emissions

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	t	1.7	1.4	1.5	1.7	1.7
Overseas	t	5.2	5.2	7.3	4.1	1.6
Total	t	6.9	6.6	8.8	5.7	3.3
Per unit of business profit	kg/100 million yen	6.8	7.8	13.4	7.7	4.6
Target: amount of emissions previous year or less						-43%

* Totals do not add up in some cases due to rounding off of fractions.
[*1] Pollutant Release and Transfer Register.

- VOC[*2] emissions

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	t	80	74	80	86	85
Overseas	t	104	118	117	99	83
Total	t	184	192	197	184	168
Per unit of business profit	t/100 million yen	0.18	0.23	0.30	0.25	0.24
Target: amount of emissions previous year or less						-8.8%

[*2] Volatile Organic Compounds

Industrial waste

- Industrial waste emissions

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	Waste generated	thousand t	14.1	12.8	13.8	14.3	15.4
	Recycled	thousand t	13.6	12.4	13.4	13.9	14.8
	Waste (disposed of)	thousand t	0.5	0.4	0.4	0.4	0.6
	Landfilled	thousand t	0.6	0.5	0.4	0.4	0.6
Overseas	Waste generated	thousand t	16.2	15.3	17.0	20.2	18.6
	Recycled	thousand t	14.3	13.1	14.2	17.3	15.6
	Waste (disposed of)	thousand t	1.9	2.2	2.7	2.9	3.0
	Landfilled	thousand t	0.8	1.7	2.4	2.5	2.3
Total waste generated		thousand t	30.3	28.1	30.7	34.4	34.0
Per unit of business profit		t/100 million yen	30	33	47	46	48
Target: amount of emissions (waste generated) previous year or less							-1.4%

* Totals do not add up in some cases due to rounding off of fractions.

Water

- Water withdrawal

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	Municipal water	thousand m^3	4,659	4,611	4,814	5,016	4,990
	Ground water	thousand m^3	622	757	685	742	773
	(Returned water to the source)	thousand m^3	(211)	(376)	(315)	(419)	(465)
	Subtotal	thousand m^3	5,281	5,368	5,499	5,758	5,763
Overseas	Municipal water	thousand m^3	2,296	2,349	2,408	2,566	2,588
	Ground water	thousand m^3	0	0	0	0	0
	(Returned water to the source)	thousand m^3	(0)	(0)	(0)	(0)	(0)
	Subtotal	thousand m^3	2,296	2,349	2,408	2,566	2,588
Total		thousand m^3	7,577	7,717	7,906	8,324	8,351
Recycled water		thousand m^3	1,441	1,344	1,504	1,526	1,548
Recycled ratio		%	19	17	19	18	19
Per unit of business profit		thousand m^3/100 million yen	7.5	9.1	12.0	11.1	11.9
Target: amount of usage (water withdrawal) previous year or less							+0.3%

* Industrial water is included in municipal water.

- Discharge

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Japan	Sewerage	thousand m^3	1,951	2,056	2,111	2,348	2,082
	Rivers	thousand m^3	2,942	2,898	3,013	2,899	3,012
	Subtotal	thousand m^3	4,893	4,954	5,125	5,247	5,095
Overseas	Sewerage	thousand m^3	2,175	2,049	2,096	2,285	2,361
	Rivers	thousand m^3	0	0	0	0	0
	Subtotal	thousand m^3	2,175	2,049	2,096	2,285	2,361
Total		thousand m^3	7,069	7,003	7,221	7,532	7,455

* Totals do not add up in some cases due to rounding off of fractions.

ISO 14001 Certification List

- Japan: Development divisions/Operations divisions/Group companies

Region	Certified sites
Japan	Seiko Epson Corporation Production Planning Division Technology Development Division Visual Products Operations Division Microdevices Operations Division Robotics Solutions Operations Division Tohoku Epson Corporation Akita Epson Corporation Miyazaki Epson Corporation Epson Direct Corporation Epson Logistics Corporation Epson Swan Corporation
	Seiko Epson Corporation Printing Solutions Operations Division
	Epson Atmix Corporation

- Overseas: Regional headquarters/Sales/Service subsidiaries and affiliates

Region	Certified sites
Asia/Oceania	Epson (China) Co., Ltd.
	Epson Singapore Pte. Ltd.
	Seiko Epson Corporation, Hong Kong Office
	Epson Taiwan Technology & Trading Ltd.
	Epson Australia Pty. Ltd.
Europe	Epson Europe B.V.
	Epson Deutschland GmbH
	Epson Europe Electronics GmbH
	Epson France S.A.
	Epson Italia S.p.A.
	Epson Iberica S.A.U.
	Epson Iberica S.A.U., Portugal Office
	Epson (U.K.) Ltd.
	Epson Deutschland GmbH, Switzerland Office
	Epson Deutschland GmbH, Austria Office
Americas	Epson America, Inc. (Long Beach Sales & Headquarter Office)
	Epson America, Inc. (Indianapolis Warehouse)
	Epson America, Inc. (Carson Warehouse)

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- Overseas: Manufacturing industry

Region	Certified sites
Asia/Oceania	Tianjin Epson Co., Ltd.
	Epson Precision Suzhou Co., Ltd.
	Epson Engineering (Shenzhen) Ltd.
	Epson Precision (Philippines) Inc.
	Epson Precision (Johor) Sdn. Bhd.
	Singapore Epson Industrial Pte. Ltd.
	PT. Epson Batam
	PT. Indonesia Epson Industry
	Epson Precision Malaysia Sdn. Bhd.
	Epson Precision (Thailand) Ltd.
	Epson Wuxi Co., Ltd.
	Epson Precision (Shenzhen) Ltd.
Europe	Epson Telford Ltd.
Americas	Epson Portland Inc.

Product Recycling

- Collection

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Finished products[*1]	thousand t	18.2	14.4	13.2	23.0	19.2
Cartridges	thousand t	2.4	2.0	2.0	1.7	1.8

[*1] Collected either voluntarily or as mandated by local law. Sum of amount actually collected and amount expected to be collected.

Education

- Environmental education (Japan)

Training		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Basic environmental training II[*1]	Participants	Persons	13,896	16,513	16,552	16,991	17,379
ISO 14001 environmental auditor training[*2]	Participants	Persons	50	0	26	444	182
	Certification recipients	Persons	1,999	1,956	1,944	697	869

* Figures of Certification Recipients show the number of certified persons as of the end of fiscal year.
[*1] This is the number of persons who took Basic Environmental Training II during the period it was offered.
[*2] Started using ISO14001: 2015 from FY2017.

Social

HR Development

- Main online courses (Japan)

Course	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Fundamentals of security export control	Persons	12,648	14,406	14,487	14,092	16,072
Import/Export control	Persons	12,102	13,985	14,342	13,968	15,986
Epson's compliance (code of conduct etc.)	Persons	17,347	16,828	18,125	18,821	18,331
Basic information security	Persons	18,238	18,786	18,519	18,658	19,924
Basic environmental training II	Persons	13,896	16,513	16,552	16,991	17,379
Introduction to procurement (Subcontract Act.)	Persons	12,102	-	16,302	-	16,801
Introduction to procurement (Ethics and code of conduct)	Persons	-	14,759	-	15,302	-
J-SOX	Persons	14,673	15,645	17,371	17,770	18,497

* The number of person completing the course by March 31 of that year

- Training by employee level

Training	Who	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
New employee orientation	New hires	Persons	186	256	293	293	298
		%	100	100	100	100	100
C-level employee training	New C-level staff	Persons	228	133	191	236	182
		%	96.6	91.7	95	93.4	96.3
Senior staff training	New senior staff	Persons	160	186	293	266	247
		%	96.4	96.3	95.8	93.3	91.1
Section manager training	New section manager	Persons	98	100	174	138	130
		%	97	98	95.6	97.2	93.5
General manager training	New general manager	Persons	-	-	28	33	31
		%	-	-	96.6	92.7	86.9

* The number of person completing the course by March 31 of that year (Seiko Epson Corporation)

- Quality control training (Japan)

Course		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
QC introduction	People trained	Persons	193	247	314	414	457
	% trained	%	92	92	90	90	91
QC-ABC	People trained	Persons	197	175	257	266	194
	% trained	%	82	82	79	80	76

- Licensed quality control training trainers

Region		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Southeast Asia	Number of production sites with licensed trainers	Companies	7	7	7	7	7
	Licensed trainers	Persons	231	260	119	89	97
China	Number of production sites with licensed trainers	Companies	8	8	8	8	7
	Licensed trainers	Persons	78	78	79	71	79

* Number of licensed trainers as of March 31 of that year

Promotion of Diversity

- Employees with disabilities (Japan)

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of employees	Persons	249	253	272	284	295
Employment ratio	%	2.24	2.27	2.43	2.48	2.55
Target: Employment ratio of disable employees by FY2020 (%)						2.5

* Figures for fiscal year as of Jun 1 of that year

- Workforce composition

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Female/Male ratio	Female	%	17	17	17	16	16
	Male	%	83	83	83	84	84
Management diversity*1	Female	%	2	2	2	3	2
	Male	%	98	98	98	97	98
Target: Female management position ratio by FY2022 (%)							5
Junior management diversity*2	Female	%	-	6	6	6	6
	Male	%	-	94	94	94	94
Target: Female junior management position ratio by FY2022 (%)							7

* Data for Seiko Epson Corporation employees as of March 20 of that year
*1 Section managers and higher
*2 Team leader

- Employees by age group

Age	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Less than 20	Persons	-	-	-	41	49
20-29	Persons	-	-	-	1,319	1,533
30-39	Persons	-	-	-	2,357	2,208
40-49	Persons	-	-	-	3,804	3,714
50-59	Persons	-	-	-	3,637	3,724
60-69	Persons	-	-	-	1	0
70 and over	Persons	-	-	-	0	0

* Data for Seiko Epson Corporation regular employees as of March 31 of that year

- Employees by age and by gender (Global)

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Less than 20	Female	%	-	-	-	2.0	2.4
	Male	%	-	-	-	1.3	1.0
	S. Total	%	-	-	-	3.3	3.4
20-29	Female	%	-	-	-	20.9	20.4
	Male	%	-	-	-	18.5	18.2
	S. Total	%	-	-	-	39.4	38.6
30-39	Female	%	-	-	-	12.1	12.0
	Male	%	-	-	-	13.2	13.5
	S. Total	%	-	-	-	25.3	25.5
40-49	Female	%	-	-	-	7.2	7.7
	Male	%	-	-	-	12.9	12.7
	S. Total	%	-	-	-	20.1	20.4
50-59	Female	%	-	-	-	2.6	2.6
	Male	%	-	-	-	8.7	8.9
	S. Total	%	-	-	-	11.3	11.5
60 and over	Female	%	-	-	-	0.2	0.2
	Male	%	-	-	-	0.4	0.4
	S. Total	%	-	-	-	0.6	0.6
Total	Female	%	-	-	-	45.0	45.3
	Male	%	-	-	-	55.0	54.7
	G. Total	%	-	-	-	100.0	100.0

* Data for all Epson group companies regular employees as of March 31 of that year

- Length of employment

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Total	Years	-	19.4	19.4	19.5	19.4
Female	Years	20.7	22.2	22.2	22.1	21.5
Male	Years	18.3	18.9	18.9	19.0	18.9

* Data for Seiko Epson Corporation employees as of March 20 of that year

- Average age

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Total	Years old	-	43.6	43.7	43.8	43.6
Female	Years old	-	44.1	44.3	44.4	43.9
Male	Years old	-	43.4	43.6	43.7	43.6

* Data for Seiko Epson Corporation employees as of March 20 of that year

- Turnover rate

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Total turnover rate	%	-	3.2	3.6	3.6	4.5
Voluntary turnover rate	%	-	1.6	1.6	1.5	1.8

* Data for Seiko Epson Corporation and Japanese affiliated companies as of March 20 of that year (Including retired worker)

Fostering a Better Workplace

- Workforce composition by employment type and by gender (Global)

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Full-time employment	Female	%	-	-	-	34.6	36.1
	Male	%	-	-	-	41.7	43.0
	S. Total	%	-	-	-	76.3	79.1
Part-time employment	Female	%	-	-	-	0.2	0.2
	Male	%	-	-	-	0.0	0.0
	S. Total	%	-	-	-	0.2	0.2
Contrract	Female	%	-	-	-	11.4	10.6
	Male	%	-	-	-	4.9	5.2
	S. Total	%	-	-	-	16.3	15.8
Temporary	Female	%	-	-	-	2.7	2.1
	Male	%	-	-	-	4.6	2.8
	S. Total	%	-	-	-	7.3	4.9
Total	Female	%	-	-	-	48.8	49.0
	Male	%	-	-	-	51.2	51.0
	G. Total	%	-	-	-	100.0	100.0

* Data for all Epson group companies as of March 31 of that year

- Composition of all managerial positions by gender (Global)

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Junior management positions	Female	%	-	-	-	18.6	18.8
	Male	%	-	-	-	81.4	81.2
	S. Total	%	-	-	-	100.0	100.0
Top management positions	Female	%	-	-	-	14.9	13.4
	Male	%	-	-	-	85.1	86.6
	S. Total	%	-	-	-	100.0	100.0
Total	Female	%	-	-	-	16.3	16.2
	Male	%	-	-	-	83.7	83.8
	G. Total	%	-	-	-	100.0	100.0

* Data for all Epson group companies as of March 31 of that year

- Composition of managerial positions in revenue-generating functions by gender (Global)

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Management positions in revenue-generating functions	Female	%	-	-	-	14.8	14.7
	Male	%	-	-	-	85.2	85.3
	S. Total	%	-	-	-	100.0	100.0
Management positions in non-revenue generating functions	Female	%	-	-	-	23.7	24.5
	Male	%	-	-	-	76.3	75.5
	S. Total	%	-	-	-	100.0	100.0
Total	Female	%	-	-	-	16.3	16.2
	Male	%	-	-	-	83.7	83.8
	G. Total	%	-	-	-	100.0	100.0

* Data for all Epson group companies as of March 31 of that year

- Annual total working hours per employee

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Total working hours	Hours	-	-	2,001	1,971	1,943
					Target: Total working hours by FY2019 (Hours)	1,900

* Data for Seiko Epson Corporation employees as of March 31 of that year

- Paid leave

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of paid leave used	Days	-	-	12.6	14.0	13.9
					Target: Days of taking paid leave in FY2019 (Days)	15.0
	%	-	-	63.0	70.0	69.5
					Target: % of taking paid leave in FY2019 (%)	75.0

* Data for Seiko Epson Corporation employees as of March 31 of that year

- Childcare leave trends

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Childcare leave	Total	Persons	67	52	60	64	75
	Female	Persons	49	40	42	44	95
	Ratio of female granted leave*1	%	100	98	100	98	100
	Male	Persons	18	12	18	20	40
Employees using parental reduced hours		Persons	-	-	-	170	160

* Data for Seiko Epson Corporation employees as of March 20 of that year
*1 Number of individuals childcare leave/eligible individuals

- Caregiver leave trends

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Care giver Leave	Persons	4	6	2	2	2
Employee using caregiver reduced hours	Persons	-	-	-	2	5

* Data for Seiko Epson Corporation employees as of March 20 of that year

- Result of employee survey

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Participation ratio	%	-	-	-	95.1	96.7
% of engaged employees	%	87.1	90.7	89.9	92.1	92.2

* Data for Seiko Epson Corporation employees

- Labor Union membership

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Ratio of Union membership	%	-	-	-	85.5	85.8

* Data for Seiko Epson Corporation employees as of March 20 of that year

- Collective bargaining agreements

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Employees covered by collective bargaining agreements	%	-	-	-	-	69.1

* Data for Epson overseas subsidiaries employees as of March 31 of that year

- Employee coverage of the individual performance appraisals by MBO (Manegement by Objectives)

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Performance appraisals by MBO	Female	%	-	-	-	-	47.8
	Male	%	-	-	-	-	31.0
	Total	%	-	-	-	-	44.9

* Data for Epson overseas subsidiaries employees as of March 31 of that year

Minimum Wage

- Ratios of standard entry level wage by gender compared to local minimum wage

	Unit	Amount	Local min. wage	% to local min. wage
Epson Precision (Philippines), Inc. Philippine Peso (as of March 2019 by the day)	Femail	373	373	100%
	Male	373	373	100%
	Average	373	373	100%
Epson Engineering (Shenzhen) Ltd. Chinese Yuan (as of March 2019 by the month)	Femail	2,600	2,300	113%
	Male	2,600	2,300	113%
	Average	2,600	2,300	113%
PT. Indonesia Epson Industry Indonesian Rupiah (as of January 2019 by the month)	Femail	5,867,171	4,632,985	127%
	Male	5,867,171	4,632,985	127%
	Average	5,867,171	4,632,985	127%

Occupational Safety and Health

- Occupational injury accident frequency

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Occupational accident rate	-	0.14	0.13	0.09	0.12	0.07

* The number of injury accidents per million work hours, where an injury accident is an incident that causes a worker to miss one or more days of work

- Occupational injury accident seriousness

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Injuries severity rate	-	0.002	0.002	0.002	0.003	0.005

* The number of injury accidents per 1000 work hours, where an injury accident is an incident that causes a worker to miss one or more days of work

Supply Chain Management

- Supplier conference for CSR

Area		Unit	FY2016	FY2017	FY2018
Japan	Number of companies	Companies	489	237	447
China	Number of companies	Companies	135	113	222
Philippines	Number of companies	Companies	-	-	70
Indonesia	Number of companies	Companies	-	103	168
Others	Number of companies	Companies	-	-	225
Total	Number of companies	Companies	624	453	1,132
Rate of attendance*1	Japan	%	76	92	67

*1 Number of attendance per invited suppliers

- CSR evaluation

Evaluation		Unit	FY2015	FY2016	FY2017	FY2018
Direct evaluation (Annual evaluation)	Number of accounts	Accounts	1,266	1,422	1,413	1,481
	Ratio of evaluation suppliers	%	100	100	100	100
Detailed evaluation*1 Direct suppliers (Production material)	Number of companies	Companies	-	274	-	347
	Ratio of high risk rank	%	-	8	-	5
Detailed evaluation*1 Indirect suppliers (Non-production material)	Number of companies	Companies	-	-	66	-
	Ratio of high risk rank	%	-	-	9	-
Evaluation of emergency response capabilities (BCP self assessment questionnaire)	Number of companies	Companies	320	436	319*2	250
	Target achievement rate	%	-	95	154	91
Safety management evaluation (BCP self assessment questionnaire)	Number of companies	Companies	422	357	1,353*2	481
	Target achievement rate	%	-	92	141	93

* Including 2nd tier supplier
*1 Each attribute evaluation is executed at the every other year.
*2 In FY2017, as a special action, self-assessment was conducted by Tier 1 and non-Tier 1 suppliers.

Conflict Minerals

- Conflict minerals survey

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Survey sheet recovery rate	%	96	99	95	94	92
Number of identified smelters	-	243	298	314	312	314
Number of CFS*1-certified smelters	-	144	211	243	249	256
CFS as a % of identified smelters	%	59	71	77	80	82

*1 Cnflict-free smelter

- Each mineral data

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Gold	Number of identified smelters	-	104	126	138	146	150
	Number of CFS-certified smelters	-	63	78	94	100	102
	CFS as a % of identified smelters	%	61	62	68	68	68
Tantalum	Number of identified smelters	-	40	47	48	41	40
	Number of CFS-certified smelters	-	39	45	43	39	40
	CFS as a % of identified smelters	%	98	96	90	95	100
Tin	Number of identified smelters	-	66	82	93	79	81
	Number of CFS-certified smelters	-	30	58	67	70	74
	CFS as a % of identified smelters	%	45	71	72	89	91
Tungusten	Number of identified smelters	-	33	43	52	46	43
	Number of CFS-certified smelters	-	12	30	39	40	40
	CFS as a % of identified smelters	%	36	70	75	87	93

Corporate Citizenship

- Corporate citizenship

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Corporate citizenship expenditures	Billion yen	0.37	0.40	0.61	0.61	0.82

* The monetary equivalent of donations and grants, as well as human, material, and other assistances

Corporate Governance

- Board of directors

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Independent outside directors	Female	Persons	-	-	2	2	2
	Male	Persons	-	-	3	3	3
	S. Total	Persons	-	-	5	5	5
Inside directors	Female	Persons	-	-	0	0	0
	Male	Persons	-	-	7	6	7
	S. Total	Persons	-	-	7	6	7
Total	Female	Persons	-	-	2	2	2
	Male	Persons	-	-	10	9	10
	G. Total	Persons	-	-	12	11	12

* Data for the after transition from a company with an audit & supervisory board to a company with an audit & supervisory committee

Management Philosophy

Management Philosophy

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

EXCEED YOUR VISION

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

EPSON
EXCEED YOUR VISION

Principles of Corporate Behavior

Issued September 2005
Revised April 2012
Revised October 2017

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

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

- Principle 1: Pursuing customer satisfaction

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

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

- Principle 2: Preserving the natural environment

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

a) Harmony with the environment is one of the highest priorities of the Epson Group's management. When conducting business activities, we will keep future generations in mind, and consider how they might best be sustained.
b) We will strive to minimize environmental impacts in an integrated manner across the entire life cycle of our products and services, from manufacturing to transport, use, and disposal.
c) We will participate in environmental preservation and restoration projects as a member of society.
d) We will promote environmental awareness and provide information to our employees to enhance their understanding of environmental issues.

- Principle 3: Fostering diverse values and teamwork

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

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

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

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

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

- Principle 5: Ensuring effective governance and compliance

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

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

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

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

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

- Principle 7: Working with business partners for mutual benefit

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

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

- Principle 8: Prospering with the Community

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

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

- Principle 9: Initiating honest dialogue with our stakeholders

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

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

Quality Policy

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

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

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

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

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

6. We will readily report even negative information.

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

Environmental Policy

1. Creating and providing earth-friendly products

2. Transforming all processes to reduce the burden on the environment

3. Recovering and recycling used products

4. Sharing of environmental information and contributing to regional and international preservation efforts

5. Continually improving the environmental management system

Human Resources Development Policy

Our basic approach is to support employees who have aspirations for self-actualization, to connect all the companies in the Seiko Epson Group with people, and to nurture employees so that both corporate and individual objectives are met.
The following is our policy for human resources development.

1. The Company positions human resources as an indispensable resource and aims to integrate employee aspirations for high-level achievements with the highest interests of the Company.

2. HR development is a very important instrument for materializing the Management Philosophy and business plans. It is the key to forming a good management cycle.

3. Each level of employee therefore assumes the following roles.
   (a) Executives, as drivers of HR development, must serve as role toward fulfillment of Company philosophies.
   (b) Management-level personnel must practice OJT systematically and continuously with a clear objective for the training. Nurturing of employees must be done principally on an individual basis in a comprehensive manner through the setting of detailed objectives, evaluation of results and acceptance of individual experiences of success. At the same time, management-level personnel must prepare their successors.
   (c) Employees should voluntarily pursue self-improvement.
   (d) Departments in charge of education must promote HR development through off-the-job training, as well as OJT.

Established in 1996
Revised on October 1, 2006

Basic NESP Policy

Epson believes that providing and maintaining a safe and healthy work environment and promoting physical and mental wellness are the foundation of a healthy company. Accordingly, we have established a basic NESP policy and shall take strategic actions to enable personnel at all Epson sites around the world to work with vibrancy as a team in the knowledge that they are safe and secure.

NESP: New Epson Safety & Health Program
(NESP is a progressive program that Epson has developed based on general occupational safety and health management system principles and organizations.)

1. Involving all personnel (employees, contractors, and other partners), implement the PDCA cycle for NESP activities and drive continuous improvements.

2. Investigate potential hazards (via risk assessments, etc.), and thoroughly analyze the causes of industrial incidents and occupational injury accidents. Develop measures based on these to prevent future incidents and accidents.

3. Foster a vital organizational culture where work and health are in harmonious balance by preventing work-related health problems and supporting employees' own health monitoring and improvement efforts.

4. Periodically review the preparations you have in place for fires, earthquakes, floods, infectious diseases, and other natural disasters and the actions you have planned to save lives, prevent the spread of damage, and restore business operations. Conduct drills on an ongoing basis to verify preparation and action effectiveness, and implement further improvements.

5. Systematically train employees, and raise the level of safety and health awareness and management.

6. Observe occupational safety and health legal and regulatory requirements in your country and region, as well as internal regulations, standards, and policies.

7. Allocate appropriate management resources for safety and health programs, and continuously make effective improvements.

Established on April 1, 2001
Revised on June 1, 2014

The Policies Regarding Human Rights and Labor Standards

A. Human Rights

(1) We will respect fundamental human rights. We will not tolerate any violation of human rights.
(2) We will take steps to prevent and eliminate any harassment such as sexual harassment, abuse of power in the workplace.
(3) We will respect individual privacy.

B. Discrimination

(1) We will take steps to prevent and eliminate any discrimination on the basis of race, nationality, ethnic origin, creed, sex, gender, age, religion, disability and any other basis protected by the applicable law of any country or region in which we operate.
(2) In respect of employment and occupation, we will not damage the equality of opportunity on the basis of any irrational reason that is not directly linked to legitimate business needs.
(3) In any country or region in which we operate, we will respect their culture, custom and history identifying how these may vary, and behave in consideration of the differences.

C. Employment and Labor Condition

(1) We will not engage child labor or forced labor. We will never take a child as a laborer who is under the legal employment age as defined in the local law of any country or region in which we operate.
(2) We will secure the soundness of employment and labor, and we will comply with the local law of any country or region in which we operate.
(3) We will not dismiss employees based on irrational reasons without a direct relationship to legitimate business needs.
(4) We will maintain fine industrial relations.
(5) We will observe the local laws, internal rules and policies regarding health and safety, and we will adhere to and maintain good working conditions and environment according to the proper health and safety standards.

Established on September 26, 2005

Basic Information Security Policy

Epson's Basic Information Security Policy, established based on the company's Management Philosophy and Principles of Corporate Behavior, describes our information security approach and requirements. Epson Group companies, their officers and their employees must recognize the importance of information security, exercise effective information security governance, and build information security into the corporate culture so that Epson continues to be a company that is trusted by its stakeholders.
(Established April 1, 2007)

It is therefore company policy to ensure that:

1. All information* used in business activities are recognized as important management assets, and information security activities are treated as a critical management concern.
   * Including customer and other personal information; confidential information relating to sales and marketing, products, technology, production, and know-how, and suppliers; and information systems that store and use such information.

2. A standard information security policy is established for worldwide operations, information security responsibility and management systems are identified, and a management system capable of protecting and controlling information assets is built.

3. Information security risks confronted in business activities are appropriately assessed and managed, to justify the trust placed in the company by stakeholders and to keep business.

4. Continuous training and education are provided to Epson Group companies, their officers and their employees so that security consciousness is integrated into the corporate culture.

5. A compliance program is developed and implemented to ensure compliance with laws, agreements and regulations related to information security management.

6. The information security management system is reviewed, maintained and improved on a continuing basis by Epson management.

Basic Procurement Policy

1. We will build good partnerships with suppliers, based on mutual trust and principles of fairness, coexistence and co-prosperity.

2. Exercising high ethical standards and a social conscience, we will conduct our procurement activities in strict compliance with both the letter and spirit of laws and regulations, both national and international, in every region where we operate.

3. We will strive to reduce the environmental impacts of our procurement activities and will always seek stable and reasonable quality, price, and delivery from suppliers.

EPSON

EXCEED YOUR VISION

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