

日本語版
English Version
中文版



Epson Group

調達ガイドライン
Procurement Guidelines
采购指南

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SEIKO EPSON CORPORATION

English Version

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1. To Our Suppliers

The Epson Group is committed to conducting its business activities transparently, in a socially responsible manner, as "a progressive company, trusted throughout the world."

We procure from you, our suppliers, a wide variety of goods and services that enable us to provide products and services to our customers. Consequently, to assure that we fulfill our corporate social responsibility (CSR), we believe it is essential for you to understand our management philosophy and to support our procurement activities accordingly.

This Procurement Guidelines was created to help you better understand our procurement activities and to enlist your cooperation in helping us fulfill our CSR objectives.

We ask for your understanding and cooperation in achieving these objectives.

2. Basic Procurement Policies

The Epson Group wishes to grow in harmony with the international and local community by conducting procurement activities in accordance with Epson's management philosophy and basic procurement policy, both of which are provided below.

Management Philosophy

Epson is a progressive company,
trusted throughout the world
because of our commitment to customer satisfaction,
environmental conservation, individuality, and teamwork.
We are confident of our collective skills
and meet challenges with innovative and creative solutions.

Basic Procurement Policy

1. We will build good partnerships with suppliers, based on mutual trust and the 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.

3. Partnerships

The Epson Group's basic procurement policy states that "we will build good partnerships with suppliers, based on mutual trust and the principles of fairness, coexistence and co-prosperity." To forge good partnerships, we believe that our suppliers must meet the requirements below.

Requirements

1. A stable management foundation
2. Conducts its business activities in compliance with laws, regulations and social norms and, additionally, with an emphasis on CSR
3. Has strong technical competencies that enable it contribute to Epson products
4. Ability to continuously supply materials that meet expected quality requirements
5. Ability to supply cost-competitive materials
6. Ability to supply goods at the right time and in the right quantity

Overdependence of one party on another in a business relationship can lead to a variety of potential problems for both parties. To minimize this risk and to maintain good partnerships that are mutually beneficial, the Epson Group takes care not to contract an overly large percentage of your business and avoids overdependence on any single supplier.

We have established the following rules to help assure ethical procurement, and we ask for your understanding and cooperation in this regard.

1. Employees of the Epson Group are required to decline all gifts and entertainment invitations from current and potential future suppliers.
2. The Epson Group does not make reciprocal deals, as all its dealings with suppliers are based on fair and impartial relationships.

4. QCD

Quality (Q)

Our approach to quality assurance is grounded in the belief that to continue providing products and services that earn customer trust and satisfaction, our quality assurance system must be built on a "customer first" foundation.

The quality of the raw materials, parts and other goods that we purchase from you affects the performance of our products and, in some cases, has the potential to create serious product defects. A satisfactory level of quality for raw materials and parts is contingent on your having an effective quality assurance system. It is fair to say that our product quality assurance system cannot stand by itself — you must be involved for the system to function. For this reason we ask all suppliers to establish and maintain solid quality assurance systems of their own.

On a fundamental level, the goods and services that you provide must satisfy specified requirements. However, there are other requirements that are not listed in specifications but that we expect you to observe. These other requirements are described in the Epson Quality Standard (EQS) that you have or will receive.

Cost (C)

The cost of the raw materials or parts that you provide significantly impacts the cost competitiveness of Epson products. We therefore expect your prices to be highly competitive against the rest of the market, and we expect you to actively drive ongoing cost-reduction and streamlining activities. In particular, we ask you to propose improvements that will lead to cost reductions on the basis of joint value engineering (VE) proposals.

Delivery (D)

The volume and delivery requirements of our customers varies, and we need to be able to produce product in a timely manner and with a minimal amount of waste so that we can immediately respond to their requirements. Therefore, we expect you to strictly manage delivery schedules by maintaining close communication with us. You are also expected to be able to flexibly accommodate changes in demand for raw materials and parts.

Short lead-times are indispensable to acquiring the ability to flexibly accommodate changes in demand. Promised delivery dates are to be met, and continuous efforts are to be made to shorten lead-times.

5. Compliance with the Epson Supplier Code of Conduct

From the perspective of a customer or other stakeholder, "Epson" does not stop at Seiko Epson Corporation and its subsidiaries but extends across and down Epson's entire supply chain, including all companies associated with Epson products. For this reason, we cannot fulfill our social responsibility and earn the trust of society without your understanding and cooperation. We therefore ask you to fully understand the content and intent of the Epson Supplier Code of Conduct and to conduct your business activities accordingly.

We would like you to ask and assure that your own business partners (sub-suppliers, from Epson's perspective) comply with a similar supplier code of conduct.

This code of conduct reflects the expectations of the international community, and we believe that you will find the content reasonable. Nevertheless, the expectations of society will continue to change with the times. Consequently, these shifting requirements must be constantly monitored and our codes of conduct updated as needed.

Basic approach to the establishment of the Epson Supplier Code of Conduct

1. Compliance with laws, regulations and social norms

We in the Epson Group will meet the expectations of our customers while conducting operations as a good corporate citizen that complies with local, national, and international laws, regulations and social norms. It is imperative that you, our suppliers, also understand that you must carry out all aspects of your business activities in compliance with the laws, regulations and social norms of the country or region in which you operate. You need a system to identify and remain compliant with all applicable laws, regulations and codes, including any amendments. Please be sure to build systems to assure compliance with laws, regulations and social norms.

2. Respect for human rights

We conduct our business activities under the following principles regarding respect for human rights:

- 2.1. The Epson Group will not be party to human rights abuses and will uphold human rights at all times and in all of its business activities.
- 2.2. The Epson Group will not practice discrimination in any form, including but not limited to discrimination based on gender, national origin, religion, race, or disability.
- 2.3. The Epson Group will not engage child labor or forced labor in any form. We ask that you also uphold the human rights of your employees and treat them with dignity and respect as understood by the international community.

3. Ethical conduct

We are committed to conducting all our activities in accordance with the highest ethical standards. We expect you to likewise maintain the highest code of ethics.

4. Health and safety

Health and safety are the most fundamental of all concerns. We place the highest importance on promoting the creation of a safe work environment and on maintaining and enhancing the health of our employees. We do this by, for example, identifying and assessing potential hazards and risks within our operations in order to prevent accidents and occupational injuries. When, despite our efforts, an accident does occur, we thoroughly analyze the root cause and take steps to prevent similar accidents and occupational injuries. We would like you to take similar actions to provide, maintain and improve the safety, sanitation and health of your work environment so that your employees can feel safe.

5. Environmental conservation

We integrate environmental considerations into our corporate activities and actively strive to meet high conservation standards in fulfilling our responsibilities as a good corporate citizen. Likewise, we ask you to remember that adequate environmental care is essential for any manufacturer of products for global markets, and we expect you to minimize the adverse effects of your manufacturing processes on society, the environment and natural resources.

We seek to create and provide products that are in harmony with the environment, by driving programs to reduce our environmental footprint across the product life cycle, from planning and design to parts and materials procurement to collection and recycling. Therefore, we require suppliers of production materials in particular to:

- 5.1 Maintain and manage environmentally considerate production processes.
- 5.2 Comply with applicable environmental legislation, control substances in products so as to prevent the inclusion of controlled materials as stipulated separately, prepare supporting data (to enable Epson to comply with customer requirements).
- 5.3 Maintain compliance with legislation on industrial waste management and pollution control.

6. Periodic Evaluations and Detailed Evaluations

We reserve the right to verify and evaluate our suppliers' state of compliance against the requirements imposed by these guidelines. Depending on our findings, you may be asked to make improvements. As we do this in order to build a good partnership with you, we ask for your understanding and cooperation.

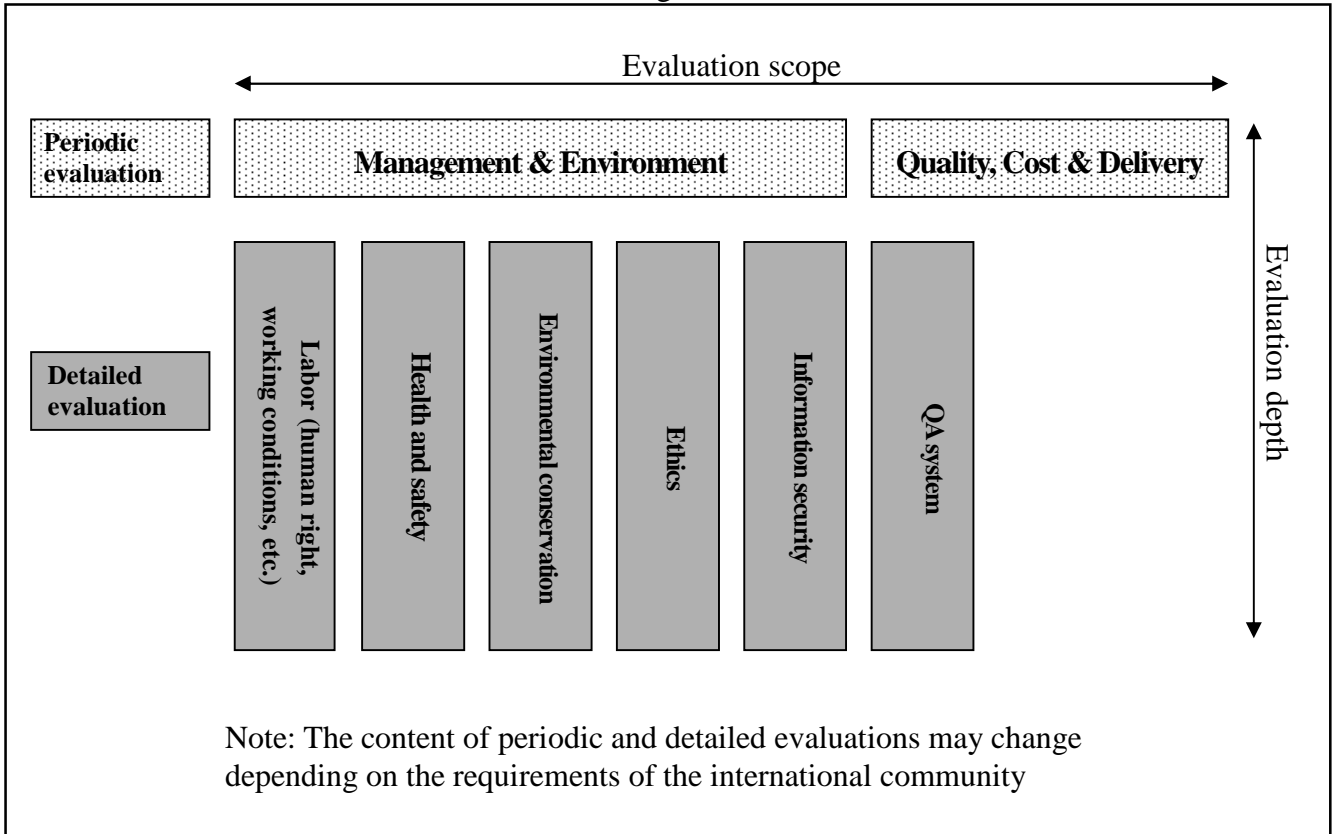
The nature of business transactions determines which suppliers we evaluate. If we plan to request permission to evaluate your operations, we will notify you as early in the fiscal year (beginning April 1 every year) as possible. We ask that you please accommodate our request. (Your QA system will be evaluated as needed and is not part of this evaluation.)

We may evaluate you by using one or a combination of three different methods: a completed self-assessment checklist, interviews, or an on-site audit. We may ask to audit your head office and/or any sites that manufacture products you deliver to the Epson Group. If an on-site audit is needed, we will contact you in advance to discuss the schedule.

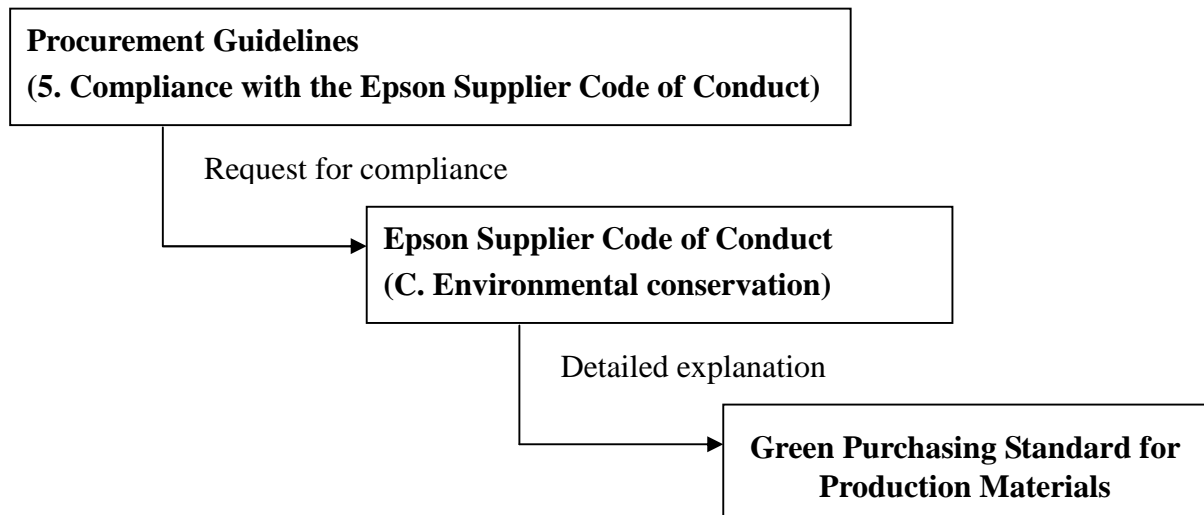
Epson employs two types of supplier evaluations: a periodic evaluation and a detailed evaluation. The role and scope of each is as shown in Fig. 1. Periodic evaluations, which cover items related to management, environment, quality, cost and delivery, are the norm. Detailed evaluations, which cover the gaps left by a periodic evaluation, are used to closely assess specific disciplines, as needed.

We ask that you address as quickly as possible any requested improvements resulting from an evaluation. Depending on the situation, we may lend assistance to help you improve. If you do not act on requested improvements and continue to have issues for an extended period of time, we will be forced to review whether to continue our business relationship.

Fig. 1



The Relationship Between Procurement Guidelines, the Supplier Code of Conduct, and the Green Purchasing Standard



Epson Supplier Code of Conduct

Introduction

We in the Epson Group have long sought to realize the ideals set forth in our corporate management philosophy by maintaining a steadfast commitment to practicing what we call "trust-based management." We define "trust-based management" as the practice of corporate social responsibility and the realization of our management philosophy. Sustaining the trust of all stakeholders and growing with and contributing to the creation of a better society are the principles that form the backbone of "trust-based management."

To translate these principles into actual practice, we established "Principles of Corporate Behavior," a nine-pillar code of conduct that offers specific guidelines for conducting our activities in a socially responsible manner. On top of this, we established an Employee Code of Conduct. We make certain that our employees receive training in and understand these codes.

The most important means to foster trust is to continue to provide the world with customer-pleasing, useful products. This is not something we can do alone. The Epson Group needs your cooperation to make this possible. For this reason, we need to work with you to practice corporate social responsibility ("trust-based management") down and across the entire supply chain. We ask that you approve of these basic policies of the Epson Group, fully familiarize yourselves with the content of the Epson Supplier Code of Conduct, and strive toward continuous improvement on the basis of this code.

In addition, we will constantly monitor the ever-changing requirements of the international community and will review and update the Epson Supplier Code of Conduct as appropriate so as to enable us to respond to these requirements. The Epson Supplier Code of Conduct will thus always be a work in progress.

The Epson Supplier Code of Conduct

The Epson Supplier Code of Conduct ("the Code") is a set of standards set forth as rules for ensuring that our suppliers provide their employees with a safe working environment, treat them with dignity and respect, and exercise environmental care in their manufacturing processes, for example.

As a supplier, you will be expected to follow the Code. It is thus imperative to understand that all aspects of your business activities are to be conducted in compliance with the laws, regulations and social norms of the country or region in which you operate. The Code, going beyond legal compliance, encourages progressive social and environmental initiatives founded on international standards.

The Code is divided into six sections. Sections A, B and C outline standards for labor, health and safety, and the environment, respectively. Section D describes the minimum system required for managing compliance with the code. Section E describes standards for ethical management. The Code conforms to the Electronic Industry Code of Conduct (EICC). Section F includes additional items that are unique to the Epson Group.

A. Labor

Suppliers are to be committed to upholding the human rights of their employees (which, herein, means persons engaged in work therein), and to treat them with dignity and respect as understood by the international community.

Recognized standards such as the Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI) were used as references in preparing the Code and may be a useful source of additional information.

The labor standards are:

1) Freely Chosen Employment

Forced, bonded or indentured labor or involuntary prison labor is not to be used. All work will be voluntary, and employees should be free to leave upon reasonable notice. Employees shall not be required to hand over government-issued identification, passports or work permits as a condition of employment.

2) Child Labor Avoidance

Child labor is not to be used in any stage of manufacturing. The term “child” refers to any person employed under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Employees under the age of 18 should not perform hazardous work and may be restricted from night work with consideration given to educational needs.

3) Working Hours

Studies of business practices clearly link employee strain to reduced productivity, increased turnover and increased injury and illness. The annual number of regular working days is not to exceed the maximum set by local law. Suppliers shall comply with local laws concerning work hours and overtime hours per week. Employees shall be allowed at least one day off per seven-day week.

4) Wages and Benefits

Compensation paid to employees shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Deductions from wages as a disciplinary measure shall be in compliance with local law. The basis on which employees are being paid is to be provided in a timely manner, without delay, via pay stub or similar documentation.

5) Humane Treatment

There is to be no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of employees, nor is there to be the threat of any such treatment.

6) Non-Discrimination

Suppliers should be committed to a workforce free of harassment and unlawful discrimination. Suppliers shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, employees and job applicants should not be subjected to medical tests that could be used in a discriminatory way.

7) Freedom of Association

Open communication between employees and management regarding working conditions is an effective way to resolve working environment and compensation issues. Suppliers are to respect the rights of their employees to associate freely, join or not join labor unions, and participate in or serve as representatives of workers' councils in accordance with local laws. Employees shall be able to communicate openly with management regarding the working environment without fear of reprisal, intimidation or harassment.

B. Health and Safety

Suppliers must recognize that the quality of products and services, consistency of production, and employees' morale, are enhanced by a safe and healthy work environment.

Recognized management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Code and may be a useful source of additional information.

The health and safety standards are:

1) Occupational Safety

Employee exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicle, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout). Where hazards cannot be adequately controlled by these means, employees are to be provided with appropriate personal protective equipment. Employees shall not be disciplined for raising safety concerns.

2) Emergency Preparedness

Suppliers are to have a system in place for identifying, assessing, and analyzing emergency and potential emergency situations. Impacts are to be minimized by implementing emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, evacuation drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

3) Occupational Injury and Illness

Procedures and systems are to be in place to manage, track and report occupational injury and illness, including provisions to: a) encourage employee reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate their causes; and e) facilitate return of employees to work.

4) Industrial Hygiene

Employee exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. When hazards cannot be adequately controlled by engineering and administrative means, employees are to be provided with appropriate personal protective equipment.

5) Physically Demanding Work

Work where employees are engaged in physically demanding tasks, including manual material handling and heavy lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

6) Machine Safeguarding

Physical guards, interlocks and barriers are to be provided and properly maintained for machinery used by employees.

7) Dormitory and Canteen

Employees are to be provided with clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Employee dormitories provided by the Supplier or a labor agent are to be clean, safe, and provide emergency egress, adequate heat and ventilation and reasonable personal space.

C. Environmental

Suppliers must recognize that environmental responsibility is integral to producing world-class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public.

Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing the Code and may be a useful source of additional information.

The environmental standards are:

1) Environmental Permits and Reporting

Suppliers shall submit the legally required applications, notices and reports needed to obtain environmental permits and shall remain compliant with environmental laws and regulations by keeping permits and operations current.

2) Pollution Prevention and Resource Reduction

Emissions of all types, including wastewater, wastes, and emissions from energy use, are to be reduced or eliminated by practices such as modifying processes or by substituting, recycling and re-using materials.

3) Hazardous Substances

Suppliers shall identify and manage chemical and other materials posing a hazard if released to the environment to ensure their safe handling, movement, storage, recycling or reuse and disposal.

4) Wastewater and Solid Waste

Industrial wastewater is to be properly treated and monitored to ensure that it meets discharge standards prior to being discharged. Wastes emitted from factories shall be properly sorted, stored and controlled prior to disposal by the supplier or the supplier's waste management provider.

5) Air Emissions

Industrial facility air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting substances such as CFCs, and SO_x, NO_x, and ash dust emitted by exhaust flues are to be characterized, controlled and appropriately monitored.

6) Product Content Restrictions

Suppliers are to adhere to all applicable laws and regulations regarding prohibition or restriction of specific substances including labeling laws and regulations for recycling and disposal. Suppliers are also to establish and adhere to processes to comply with each agreed-upon customer-specific restricted and hazardous materials list.

Note: Detailed environmental conservation requirements for suppliers are found in the Epson Group Green Purchasing Standard for Production Materials.

D. Management System

Suppliers shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure (a) compliance with applicable laws, regulations and customer requirements related to the Supplier's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continuous improvement.

The management system should contain the following elements:

1) Company Commitment

Corporate social and environmental responsibility statements affirming Supplier's commitment to compliance and continuous improvement.

2) Management Accountability and Responsibility

Clearly identified company representative[s] responsible for ensuring implementation and periodic review of the status of the management systems.

3) Legal and Customer Requirements

Identification, monitoring and proper understanding of applicable laws, regulations and customer requirements.

4) Risk Assessment and Risk Management

Process to identify the environmental, health and safety and labor practice risks associated with Supplier's operations. Evaluation of the relative significance for each risk and implementation of appropriate procedural and physical controls to ensure regulatory compliance to control the identified risks.

5) Performance Objectives with Implementation Plan and Measures

Written standards, performance objectives, targets and implementation plans including a periodic assessment of Supplier's performance against those objectives.

6) Training

Programs for training managers and employees to implement Supplier's policies, procedures and improvement objectives.

7) Communication

Process for communicating clear and accurate information about Supplier's performance, practices and expectations to employees suppliers and customers.

8) Employee Feedback and Participation

Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

9) Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

10) Corrective Action Process

Process for prompt correction of nonconformances identified by internal or external assessments, inspections, investigations and reviews.

11) Documentation and Records

Creation of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

E. Ethics

To meet social responsibilities and to achieve success in the marketplace, Suppliers are to uphold the highest standards of ethics including:

1) Business Integrity

The highest standards of integrity are to be expected in all business interactions.

Any and all forms of corruption, extortion and embezzlement are strictly prohibited resulting in immediate termination and legal actions.

2) No Improper Advantage

Bribes, gifts, entertainment or other means of obtaining undue or improper advantage are not to be offered or accepted.

3) Disclosure of Information

Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.

4) Intellectual Property

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights.

5) Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld.

6) Protection of Identity

Programs that ensure the protection of supplier and employee whistleblower confidentiality are to be maintained.

7) Community Engagement

Community engagement is encouraged to help foster social and economic development.

F. Additional Requirements

1) Export Control

A well-defined management system is to be provided for the export of legally regulated technology and goods, and the proper export procedures are to be followed. "Legally regulated technology and goods" includes things such as parts, finished products, technology, equipment, and software whose export is regulated by law or regulations on the basis of international agreements, e.g. the Wassenaar Arrangement. In some cases an export license or other form of approval from a regulatory authority must be acquired prior to export.

2) Information Security

Confidential information (trade information or technical information) acquired from customers or others and personal information belonging to customers, your employees, or others are to be handled in compliance with applicable laws and as stipulated in any applicable agreements. They are to be managed accordingly as trade secrets and are to be protected from internal and external threats to confidentiality (leaks), availability (unusable), and integrity (alteration).

IT systems are to be equipped with technical protection against computer network threats (e.g. unauthorized access and viruses) and monitored/administered so that damage does not spread within your company or to other companies.

3) Product Safety

Products that you are responsible for designing are to satisfy the safety standards set forth in applicable national laws and the like. Your product designs are to assure adequate product safety, and you are to duly consider your responsibility and accountability as the manufacturer of any such products that you sell. Care in providing reasonable safety beyond compliance with applicable product safety laws is also expected.

To assure product safety, traceability (the history of materials, parts and processes) is to be managed and prompt action is to be taken to resolve any problems.

4) Procedures for Using Trademarks and Company Names

A written application is to be submitted to the procurement organization of the Epson Group if permission to use any trademark or company name belonging to the Epson Group is desired. Care is to be taken to prevent the unauthorized use or public release of Epson Group trademarks and company names in advertising, promotions and so forth.

5) Management of Consigned Assets

Any assets owned by the Epson Group that are consigned for use in production shall be managed in compliance with applicable agreements and laws. Consigned assets are to be properly managed so that they are kept in good working order. Suppliers are to promptly accommodate consigned-asset related requests from the Epson Group, including but not limited to requests for receipts, stocktaking requests, and requests for permission to conduct on-site inspections of usage conditions.

(Note: Suppliers ordinarily are to procure any equipment needed for production of delivered goods, but the Epson Group may consign such equipment when deemed necessary. However, any such consignments shall require the execution of a basic trade agreement or an individual consignment/lease agreement that specifies the consignee's obligation of care.)