Commitment to Customer Satisfaction

We will keep the customer in mind at all times and make the quality of our products and services our highest priority. From the quality assurance efforts of each employee to the quality of our company as a whole, we will devote ourselves to creating products and services that please our customers and earn their trust.

Maximizing "must-have quality" and "attractive quality" from a customer perspective to provide satisfying products and services

Ryuhei Miyagawa
Executive Officer
Deputy General Administrative Manager, Business Infrastructure Improvement Division (in charge of CS/Quality Assurance, Environmental Affairs, Safety, Monozukuri-Juku) / General Manager of Safety

Product Value That Meets Customer Expectations

Product value is made up of two components that are essential for satisfying customers. The first is "must-have quality," attributes that are essential for any product and that provide customers with assurance. The second is "attractive quality," attributes that are not essential but that, when provided, perfectly match customer needs and exceed their expectations.

"Must-have quality" derives from two elements: product safety and expected performance. A product must not ignite, produce smoke, cause an accident, or contain harmful chemicals that could impair health. Meanwhile, it has to demonstrate the promised and expected performance.

"Attractive quality," on the other hand, is, in Epson's case, achieved by providing the best solution to customers' difficulties or needs by capitalizing on advances in our compact, energy-saving, and high-precision technologies. To achieve "attractive quality," we have to provide products that meet or exceed customer expectations by finding out exactly what they actually want, by making products smaller, more energy efficient, and more accurate, and by supplying them with useful new technology.

To create product value that satisfies customers, we seek to satisfy these two components on the highest level.

Building in Customer Value in Every Process and Department

To incorporate these two essential components in a product, we first have to apply the customer-focused "create, produce, and sell" process to all work performed in every department, from product planning and development to sales and marketing. Only when customers are satisfied with the value we created and embodied in the product can we say that we have actually delivered the value we intended. The cycle for creating product value that will earn customer satisfaction is completed by listening to customer feedback and using it to fashion new value.

In addition, we have to reexamine the work we do in every department from a customer perspective and enhance the quality of work with a commitment to achieving 100% conformance. In the "create" process, in particular, we have to identify customer difficulties and needs in the usage environment; we have to dig down to unearth the real needs of customers and the real causes of problems. To do so, we think it is important to go out into the market, actually visit places where work is performed, and ask ourselves constantly what customers want. By using what we learn to shape product specifications and quality from the development phase, we prevent quality problems and provide the kind of product value that customers seek.

Going forward, we will strive to deepen communication with customers and markets, and continuously execute the "create, produce, and sell" cycle to provide product value that earns customer satisfaction.
"Create, produce, and sell" represents the cycle of value through which we at Epson forge bonds with our customers by providing products and services that engender trust, assurance, and shared enjoyment.

**Create**

Confront customer expectations head-on, involve all personnel from the planning phase, and pursue value to deliver to customers.

- Enhance planning quality (must-have quality and attractive quality) to meet customer expectations.
- Establish a QA system that meets customer use needs.

I’m a product design engineer. Since customer likes and dislikes have a major impact on the size, shape, appearance of a product, and ease of use, I am acutely conscious of the customer whenever I’m designing a product. I have to hone my own sensibilities and attune product designs so that they are in accord with what customers say they want.

Yusuke Kimura
Imaging Products Design Department

**Produce**

Provide customers with new value by continuously improving the quality of your work and by maximizing teamwork.

- Take action to achieve the goal of 100% conformance, never neglecting the things you are supposed to do.
- Establish data analysis techniques that lead to higher built-in quality.

I help manufacture approximately 800 kinds of tape cartridges for handheld label printers. To ensure that all products are conforming, I always work in accordance with work process standards, assiduously follow instructions, maintain 5S3T\(^1\), and determinedly drive continuous improvements to improve quality.

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Keiko Hatano
VP Manufacturing Department

**Sell**

Listen to customer feedback, and use what you learn to create new value.

- Enhance communication with customers.
- Listen seriously to customers and relay their opinions to the planning department.

I work in the information center, fielding customer inquiries. My goal is to enable customers to easily use their products by helping them quickly solve difficulties. I analyze inquiries and share my data with the Head Office in Japan and relevant departments. I strive to provide and enrich online instructions for users with movies and illustrations.

Zhao Mei
Epson (China) Co., Ltd. (ECC)

Establish relationships with customers so that they feel confident in choosing Epson products.

- Provide customers with accurate, easy-to-understand information.
- Provide customer-assuring service and support.

I sell and market industrial robots. There are a lot of potential robot customers who assume that their factories lack the necessary environmental setup for robots or that robot maintenance would be a problem. My job is to dispel these notions by showing them the actual environmental setup and maintenance requirements, which are minimal.

Ho Kok Koon
Epson Singapore Pte. Ltd. (ESP)
on target measurements of 390 mm (width) by 341 mm (depth from front to back), and a height of 139 mm. These measurements would make the XP-600 approximately 40% smaller than the Artisan 730. The size target was met by shrinking the printer’s mechanisms, including a duplexer for two-sided printing, and developing a new type of print head and lower ink cartridges. Epson also increased printer energy efficiency, reducing daily power consumption by about 57%. The new design reduced global warming impacts across the product life cycle by approximately 28%.

The Expression Premium Series

Epson learned from a survey of the Artisan 730 (launched in 2011) users that they often installed these printers somewhere other than where they wanted because of size constraints. So, when we began studying the size requirements of the 2012 Expression Premium XP-600, we went into the field to see where users actually wanted to place their home printers. We then made numerous mockups to evaluate printer functionality, usability, ease of installation and so forth within the given space constraints. After repeated tests and analyses, we settled on target measurements of 390 mm (width) by 341 mm (depth from front to back), and a height of 139 mm.

These measurements would make the XP-600 approximately 40% smaller than the Artisan 730. The size target was met by shrinking the printer’s mechanisms, including a duplexer for two-sided printing, and developing a new type of print head and lower ink cartridges. Epson also increased printer energy efficiency, reducing daily power consumption by about 57%. The new design reduced global warming impacts across the product life cycle by approximately 28%.

The XP-600 is 40% smaller than the Artisan 730 in terms of cubic measurements.
Improved Touch Panel Usability

Customers told us that on the previous touch panel it was hard to tell when it was okay to press the next button. We solved this issue on the new panel of the Expression Premium XP-700 / 800 by lighting up the buttons that can be used. We also enlarged the size of the areas around the icons that respond to touch, since users sometimes press the lettering or their fingers stray from the intended target.

Convenient Network Environment

The growth and spread of wireless networks and wireless devices have made our lives more convenient. On the other hand, setting up a connection can be complicated. That is why Epson Sales Japan created an easy-to-understand yet thorough guide to using wireless LANs for customers who want to learn how to enjoy wireless network printing the easy way. The guide uses actual screenshots and illustrations to show how to connect smartphones, tablets, and other devices to the printer and how to make prints.

Scatter-Free Prints

On earlier printers prints were deposited on an output paper tray that had to be pulled out manually, so if the user was not near the printer or forgot to pull out the tray, the prints would fall to and scatter on the floor. The Expression Premium XP-700 / 800, however, was designed so that the output paper tray automatically extends when printing starts, so that prints never scatter.

A Better Red

The Expression Premium series, which was launched in 2011, was available in red in Japan as well as black or white, but some consumers felt that the red model lacked the high-end feel of the black and white models.

So, for the EP-805AR and XP-700 (sold only in Japan and some Asian markets as a variation of the Expression Premium Printer) we explored and tested other compositions, constructions, and designs to find the most appealing look, feel, and color. We switched to a plastic that has a richer, deeper color. We also expanded the area composed of glossy plastic, and we used a metallic finish film on the front face of the printer to improve the overall impression of the product. As a result of these efforts we were able to come up with a red with an appealing quality. A survey showed a higher level of customer satisfaction with the new red color.

Ensuring Product Safety

Epson strictly controls product safety in conformity with the Epson Quality Standard (EQS) which specifies far-reaching product safety requirements uniformed within Epson group. Under the EQS, Epson obviously strives to ensure that emitting smoke, ignition and customer’s injuries are never caused by our products. We also consider electromagnetic compatibility (EMC), product substance content, chemical emission from product and product information security vulnerabilities as part of said product safety.

In addition, every effort is made to build product safety into our products at the planning and design stage, to eliminate potential hazards and to make sure the products are safe even if misused.
Customer Commitment

High-Capacity Ink Tank for Volume Printing

In 2010, Epson’s L-series printers became the first printers sold with Epson’s ink tank system. These printers, which can output a large quantity of prints on a single tank, proved to be extremely popular in emerging markets. In 2012 we launched the M series of low-priced monochrome printers. The smaller size, faster printing speeds, and increased durability of these models match the needs of small business users, banks, and government agencies.

The new products are currently sold in markets such as Indonesia, Russia, China, Brazil, and India and will be successively rolled out to other regions in the future.

Select Green Products Based on Objective Ratings

EPEAT®, an American environmental rating system that helps identify greener electronic equipment, expanded its registry to include imaging equipment, in February 2013. In response, Epson registered a number of business inkjet printers and large-format printers that are sold in the U.S. to make it easier for consumers to choose eco-considerate products.

To be registered, products in the imaging devices category must meet at least 33 required environmental performance criteria. (There are also 26 optional criteria.) Products are rated on a life-cycle basis, addressing such aspects as the elimination of toxic substances, the use of recycled or recyclable materials, and energy efficiency.

Aiding Automotive Safety

The XV-9000 series of gyroscopic sensors detect vehicle fishtailing and potential rollovers, and activate compensatory safety systems. Because these sensors have a role in controlling vehicle safety and saving lives, Epson takes special care to ensure the utmost reliability. To identify and eradicate potential defects, we exhaustively analyzed every step in the design process and in work procedures, looking for and addressing potential causes of problems, including human error.

In addition, we mark the built-in ICs with serial numbers to allow us to trace and retrieve inspection and production history information so that we can pinpoint the cause of problems, if necessary.
Understanding Products through Actual Use

GPS Running Monitors

Epson’s WristableGPS monitors (currently available only in Japan) record distance, time, pace, and other data during exercise such as running and jogging. To introduce our running monitors to potential users, Epson Sales Japan (ESJ) conducted free product trials at numerous events.

ESJ set up booths at popular road races in Japan and offered runners—both serious athletes and fun runners alike—a chance to sample one of our products. Those who tried them out commented that the running monitors were light, comfortable, easy to use, useful even for beginners, and would even make training more enjoyable.

Main races at which product trials were conducted:
- Arakawa 30k, the Turtle Marathon in Adachi, the Suwako Half-Marathon, and the Fujisan Marathon

Epson booth at the Fujisan Marathon

Visibility Improved by Universal Design

Large-Format Printers

Epson acquired Color Universal Design (CUD) certification for the SureColor SC-T3050, SC-T5050, and SC-T7050. Launched in 2012, these large-format office and school printers are designed to print architectural drawings, posters, point-of-purchase displays, and more. The CUD program certifies products, printed materials, buildings and facilities that are accessible to persons with color vision deficiency. These products are designed so that they are easy to use even for persons with deficient color vision, with carefully selected color schemes for display lamps, messages on the LCD, control buttons, labels, and software screens.

Example of improved colors

Switched to a shade of red

Lighting up an orange LED

Epson booth at the Fujisan Marathon

Multiple Functions for Greater Productivity

Check Scanner

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.

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.

Check MICR reader

Card magnetic stripe reader

Inkjet printers

Thermal receipt printer

Image scanner

Page printer

TM-S9000MJ functions

- Simultaneous double-sided check scanning
- Thermal printing of roll-paper receipts
- Check & cut-sheet printing (inkjet)
- Check magnetic ink character recognition (MICR) scanning
- Photo ID scanning
- ATM card magnetic stripe scanning (optional)
Customer Commitment

Quality Improvement Program

Epson conducts a variety of programs in line with a quality policy we established to provide concrete guidelines for continuing to create products and services that please and are trusted by customers. Good programs are shared across the global organization to boost the level of the Epson Group as a whole.

Quality Control Training

Epson provides QC training to all employees. The goal is to continuously improve quality by developing people who can identify and address the root causes of problems. Employees receive practical training that they can put to immediate use. In the basic course they learn the fundamentals of QC along with problem-solving tools and techniques. Epson also offers professional courses that teach advanced analytical techniques.

 Trainer Training at Overseas Production Sites
Epson’s products should be of the same high quality no matter where they are manufactured. That is why Epson also puts a great deal of effort into QC training overseas.

Employees of overseas production sites who have undergone QC trainer training and who are recognized to have reached a certain level of knowledge and teaching proficiency become licensed as trainers.

 Trainer Training (Thailand)

<table>
<thead>
<tr>
<th>Region</th>
<th>Production Sites</th>
<th>Licensed Trainers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast Asia</td>
<td>7 companies</td>
<td>103, cumulative</td>
</tr>
<tr>
<td>China</td>
<td>8 companies</td>
<td>125, cumulative</td>
</tr>
</tbody>
</table>

Pay Day is Customer Satisfaction Day

Every month on pay day Epson publishes on its intranet bulletin board comments and opinions received from customers. This is part of a wider program to share voice-of-the-customer (VOC) data with all employees. Sharing customer problems and praise with all employees instead of only those who directly interface with them enables us to coordinate cross-organizational programs to increase customer satisfaction.

On pay day in February 2013 Epson posted customer complaints about our products. This generated a lot of feedback from upstream departments such as R&D, planning, design, engineering and quality. Epson will use VOC data to improve its products going forward.

Quality Control Training Program

<table>
<thead>
<tr>
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<th>People trained</th>
<th>% trained</th>
</tr>
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<tbody>
<tr>
<td>QC Introduction</td>
<td>583</td>
<td>93.6% (15,229 cumulative)</td>
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<tr>
<td>QC-ABC</td>
<td>590</td>
<td>88.4% (13,545 cumulative)</td>
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* QC-ABC courses shall be selected one or more.

Standard QC Courses for All Employees (Japan)

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* The number of persons completing the course by March 31, 2013.
Quality Improvement Initiatives (E-KAIZEN Activities)

In the Epson Group, “E-KAIZEN” activities are taken on the individual and team level to systematically solve problems and issues encountered on the job.

In the 2012 fiscal year we implemented actions to achieve Epson’s mid-term CS/quality goal of constantly improving quality and team strength so that we can keep delivering new value to customers.

Every year, the results of team-based improvement activities are presented in blocs. There are four blocs, consisting of Japan, China, Southeast Asia, and Europe/America. The teams with the best presentations in each bloc are invited to the Worldwide Team Presentations in Japan, where the teams with the best presentations are recognized with awards. In addition to sharing presentations at the various events, we upload details about activities to the company intranet. The objective is to promote similar activities across the Epson Group, for mutual improvement and enlightenment.

Selection Process

Worldwide Team Presentations

- Japan Bloc Competition
- China Bloc Competition
- SE Asia Bloc Competition
- Select teams from Europe/America
- Select teams from each division & site

The Worldwide Team Presentations conference was held in October 2012, with 17 elite teams from the various blocs giving their presentations. A team from the Micro-devices Operations Division in Japan was presented with the President’s Award in recognition of its outstanding activities. The team earned high marks for improving the existing oscillator test process so as to increase customer value. Presenter Mayumi Kamijo says, “We had meeting after meeting to try to quickly solve issues and, ultimately, our persistence paid off. Our motto is to work steadily to improve in every area, not matter how small.”

CS & Quality Month Best Practices Assembly

Epson has designated November as CS & Quality Month. During the month, we carry out programs across the Epson Group to increase awareness of day-to-day quality assurance activities and to further improve quality.

One of the key activities during the month is an assembly at which people share best practices. The purpose is to roll best practices out across the entire Epson Group. More than 100 employees from operations divisions around Japan participated in the 2012 event, where they presented case studies on best practices in two thematic areas: assessment costs (“A costs”) and a customer perspective.

Theme 1: Efforts by designers & engineers to cut A costs

Epson aims to build quality into products from the start of the commercialization phase so as to attain manufacturing quality high enough to eliminate the need for inspections. Numerous case studies described ways to develop new methods to increase inspectors’ evaluation capabilities and designs that do not rely on inspections.

Theme 2: Products arising from a customer perspective

To satisfy customers, you have to start by asking yourself not what kind of products to make but what kind of value to provide. Reports on this theme were presented at a round-table discussion at which project leaders talked about actual products that arose from a customer-based perspective. People who were directly involved in product development talked about how they identified customer wants and requirements, how they incorporated them into products, and about such things as processes, tools, and keys to unearthing underlying issues.
Sales / Service & Support

Epson provides customer value through its products and services. We want consumers to be able to identify products that meet their needs, so we always look to provide accurate, readily understandable product information and quality after-sales service so that they can use our products with assurance.

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 just because their PC failed. 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. In addition to providing free repairs during the standard warranty period, we also offer a type of extended warranty in which we guarantee a one-day turnaround on repairs. If an Epson PC should fail during the coverage period, Epson Direct will pick up the product, repair it, and return it the next day, weekends included.

In July 2012 economic and business magazine Nikkei Business ranked Epson Direct Corp. No. 1 for the eighth consecutive year in the PC category for after-sales service satisfaction. Tsutomu Hatakeyama of the CS & Quality Control Department, which handles after-sales service, said about receiving the award, "We have always worked to provide customers with a level of service and support that they want. We take pride in our work, and this award is a confidence builder. It shows that we are doing something right. We are going to continue our efforts to maximize customer satisfaction."

Sales and Marketing Campaign in China

Epson (China) Co., Ltd. (ECC), which oversees sales and marketing in China, launched a new sales and marketing campaign in 2011 based on market research that showed that modified Epson products sold in unauthorized channels were not receiving quick after-sales service.

One of the main programs is designed to expand the number of authorized dealers who can provide customers with assurance before and after purchase in 4- to 6-tier cities that ECC’s existing channels cannot cover.

To earn authorization, dealers have to undergo training to learn about product functions and product use so that they can provide the right products for customer needs and respond quickly to inquiries and requests for repairs. As of the end of March 2013, there were about 1,000 authorized dealers in China.

For customers who are not able to visit a dealer outlet to see products first hand, ECC provides enriched online content and service, including detailed descriptions of functions with illustrations and online sales.

Advice Leaflets

Field service personnel reported frequently hearing from customers that customers wanted convenient and easy-to-understand documentation for their printers. So, in 2009, Epson Sales Japan Corporation launched a project to create and distribute advice leaflets. These leaflets provide customers with clear and accurate answers to frequently asked questions in a timely manner.

Service personnel carry advice leaflets with them to give to customers. Advice leaflets are also provided to customers who enter into a service agreement. Moreover, they are used as answers to FAQs on the Epson Sales Japan website. Going forward, we will enrich the content of the advice that our service personnel can provide.
**Product Safety**

Epson applies its Quality Management Regulation and Product Safety Management Regulation globally to realize a uniform level of product quality. We strive to ensure customer safety and security with the Epson Quality Standard, which specifies far-reaching product safety and environmental requirements to be met by Epson and its suppliers. These self-imposed standards meet or exceed the legal and regulatory requirements of countries and regions.

Epson recognizes the importance of product safety in winning customer trust. That is why we established our Basic Policy on Product Safety and are extremely proactive in ensuring product safety.

### Product Safety Initiatives

Epson makes every effort to ensure the safety of our products. We use analytic equipment and techniques learned and honed over the years to analyze safety-related incidents reported by customers and to determine root cause. The lessons learned are shared throughout the Epson Group to prevent recurrences of similar incidents.

We also provide product safety training for all employees and build intrinsic safety into our products by eliminating hazards at the product planning and design stages and by making sure the products are safe even if misused.

We set and ensure compliance with strict voluntary limits for product chemical emissions of things such as volatile organic compounds, ozone, dust, and ultra fine particles. Epson’s chemical emissions testing laboratory earned accreditation as a testing facility to ISO/IEC 17025 in April 2013.

### Product Information Security Initiatives

With the growth and expansion of networks, products of all kinds are now commonly equipped with network connectivity. While network connectivity is convenient, it also poses security risks, as systems are subject to the threat of attacks, data alteration, and the leak of confidential information by third parties with malicious intent.

To help maintain the security of printers and other products that are used in a network environment, Epson has set demanding quality standards for printer drivers and various software of products so as to eliminate vulnerabilities to the extent possible.

In 2012, web services products, such as Epson Email Print were included in the Epson Quality Standard. Kyoichi Kamijima of Epson’s Imaging Products Software Planning and Design Department says, “We analyze the latest threat trends and design our software so as to eliminate vulnerabilities and protect customers from security threats.”

### Rapid Response to Product Incidents

Whenever a safety incident occurs, we immediately issue a preliminary report using a Quality Crisis Management (QCM) system that spans the entire Epson Group. The QCM system quickly delivers the information to relevant personnel and, depending on the seriousness of the incident, to the chief executive. Then, putting the needs of our customers first, we analyze the cause, develop countermeasures, announce the incident to the public, provide market support, and submit to outside agencies the reports and notifications required by product safety laws and regulations, such as Japan’s Consumer Product Safety Act.

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### Rapid Response to Product Incidents

Whenever a safety incident occurs, we immediately issue a preliminary report using a Quality Crisis Management (QCM) system that spans the entire Epson Group. The QCM system quickly delivers the information to relevant personnel and, depending on the seriousness of the incident, to the chief executive. Then, putting the needs of our customers first, we analyze the cause, develop countermeasures, announce the incident to the public, provide market support, and submit to outside agencies the reports and notifications required by product safety laws and regulations, such as Japan’s Consumer Product Safety Act.

<table>
<thead>
<tr>
<th>Epson Product Incident Response Process</th>
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