

Sustainability Management



Epson's Management Philosophy, which was established in 1989, declares our commitment to customer satisfaction and sustainability and embodies the ideals of the SDGs and sustainability management. With the Management Philosophy as a guide, we will continue to contribute to solutions to societal issues. The uncertainty created by COVID-19 has made now the time to practice sustainability management in collaboration with like-minded internal and external partners to realize a brighter world.

Message

With the Management Philosophy as a guide, we will continue to contribute to solutions to societal issues

Tatsuaki Seki

Director, Managing Executive Officer
Chief Compliance Officer
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/ Sustainability Promotion Office



The global sustainability movement has rapidly accelerated in recent years, as evidenced by the expansion of ESG investment and the formulation of national and regional sustainability policies such as the European Green Deal. Today more than ever, companies must demonstrate how they are responding to the issues facing society through sustainability and growth strategies based on sustainability initiatives. Epson has identified four materialities, including achieving sustainability in a circular economy and advancing the frontiers of industry, as key topics that it should address by capitalizing on its efficient, compact, and precision technologies and other technology assets. The company is working in line with its value creation story to find solutions to societal issues and provide value.

In April 2020, we integrated our CSR and corporate shared value creation (CSV) activities to accelerate efforts to achieve social sustainability and sustained company growth. In conjunction with this, we reorganized the CSR Management Office to create a new Sustainability Promotion Office.

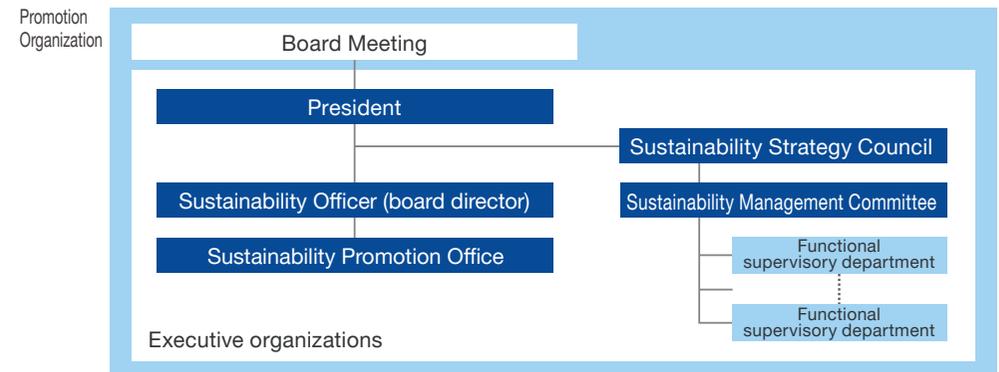
In the 2021 fiscal year, Epson, responding to demands to adopt the TFCFD recommendations and demonstrate business sustainability, assessed the quantitative financial impact of climate change from both a risk and opportunity perspective and disclosed the results. In 2019, Epson joined the Responsible Business Alliance (RBA), a global coalition dedicated to corporate social responsibility (CSR) in global supply chains, and is executing actions to strengthen its value creation infrastructure in line with the RBA Code of Conduct.

Sustainability Promotion Organization

Epson's Sustainability Promotion Office reports directly to the president. The office is headed by an executive officer who has responsibility and authority for sustainability activities (sustainable growth based on societal needs) across the entire Epson Group. The CSR Executive Council, which is made up of executive officers and other members of executive management, serves as an advisory body to the president. The role of the council was revised. It is now responsible for investigating and deciding the strategies and direction of sustainability activities across the Epson Group and was thus renamed the Sustainability Strategy Council.

The Sustainability Strategy Council reviews social trends, formulates long-term strategies for sustainability for the entire Epson Group, reviews actions taken, and discusses initiatives for addressing important issues. The Sustainability Management Committee is subordinate to the Sustainability Strategy Council. It studies and discusses matters related to sustainability that require specialized knowledge. This council, which is composed of the general managers of certain supervisory departments, advises and reports to the Sustainability Strategy Council.

The Sustainability Promotion Office handles the administrative affairs of these two meeting bodies, regularly reports to the board of directors, and endeavors to increase the effectiveness of sustainability activities.



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Deciding Materiality

When establishing the Epson 25 Renewed corporate vision in 2021, Epson referenced the societal issues and megatrends described in ISO 26000 and other sources, evaluated them from both a company perspective and a social perspective, and identified the high-priority issues (materialities) that Epson should address to solve societal issues.

Material Trends and Frameworks Referenced

- The Sustainable Development Goals (SDGs)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Macro trends in the social and economic fields, including climate change (European Green Deal Policy, Paris Agreement, etc.)
- Global Japan: 2050 Simulations and Strategies
- GRI Standard
- SASB Standard
- ISO 26000
- Socially Responsible Investing (SRI) survey items
- Responsible Business Alliance (RBA) Code of Conduct

The Process for Determining Materiality

Selecting societal issues

Filter and select which societal issues to address based on an assessment of social trends on the horizon, ESG investor expectations, and Epson's own direction.

Evaluating importance

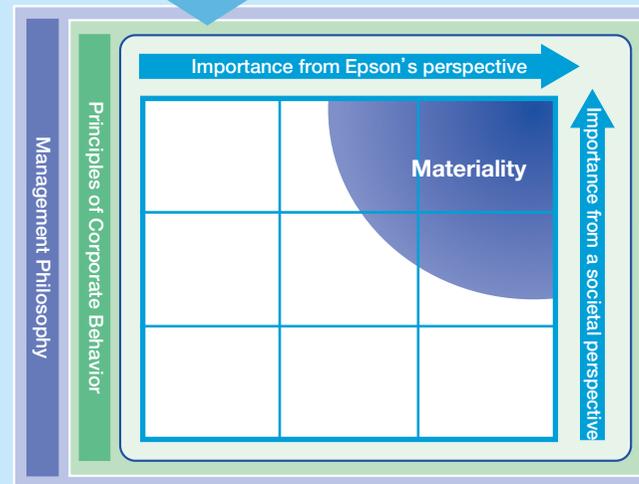
Consider materiality while evaluating the importance of selected issues to society and to Epson at Corporate Strategy Council meetings, etc.

Analyzing validity

Have outside directors and Audit & Supervisory Committee members analyze the validity of the materiality selection process and conclusions at meetings of the Sustainability Strategy Council and Board of Directors.

Deciding materiality

Identify and decide on materiality at meetings of the Sustainability Strategy Council.



Materiality

Achieve sustainability
in a circular economy

Advance the frontiers
of industry

Improve the quality
of life

Fulfill our
social responsibility

* We evaluated the importance of societal issues from both society's perspective and from Epson's perspective, selected the highest priority societal issues that Epson should focus on through its business operations, and decided on four materialities.

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Key Sustainability Topics

In the 2021 fiscal year, Epson selected 12 key sustainability topics to enable us to address four newly identified priority issues (materialities). Epson has incorporated these topics in its mid-range action plans and is driving initiatives to address societal issues and contribute to the SDGs.

Materiality	Key Sustainability Topics	Examples of Medium-Term Actions
Achieve sustainability in a circular economy	Decarbonization initiatives	Using renewable energy and energy-saving equipment and facilities, removing greenhouse gases, engaging suppliers, and pursuing carbon-free logistics
	Closed resource loop initiatives	Using resources effectively, minimizing product loss, ensuring long use of products (refurbishment, reuse, etc.)
	Reducing the environmental impact of customers	Reducing power consumption, extending service life (providing long-term corrective maintenance), scaling down production equipment
	Environmental technology development	Applying Dry Fiber Technology, using naturally derived (plastic-free) materials, recycling raw materials (metals, paper)
Advance the frontiers of industry	Improving productivity through digitalization and automation	Transitioning to distributed production, local production, and low-volume high-mix production; driving printing innovations; supporting diverse customer needs; innovating production processes and printing processes through the application of inkjet technology
	Improving the work and education environments	Creating clean, space-efficient workspaces, relieving labor shortages through automation, supporting remote learning and remote work, creating a fair and high-quality learning environment
Improve the quality of life	Enriching diverse lifestyles	Providing personalized health support and safety services that reassure; providing products that are immediately adaptable to lifestyle changes
	Realizing lives that are rich, dynamic, and interesting	Providing products such as high-quality watches with appealing designs, expanding products and services in spatial design and art
Fulfill our social responsibility	Increasing stakeholder engagement	Responding to needs and social demands by strengthening dialogue with customers, shareholders, investors, suppliers, NGOs / NPOs, international organizations, employees, and potential stakeholders
	Realizing responsible supply chains	Carrying out socially responsible activities that promote human rights and good environmental practices throughout the supply chain, and stably providing customers with products and services by strengthening business continuity management
	Respecting human rights and promoting diversity	Preventing harassment and respecting human rights, utilizing human resources in a way that respects diversity, recruiting and developing human resources, and creating a free and open organizational culture
	Strengthening governance	Accelerating and ensuring the transparency of management decision-making, improving the risk management system, ensuring 100% compliance, and strengthening information security

Sustainability Management

Top Commitment

Epson is committed to co-creating sustainable and enriched communities by addressing solutions to environmental problems and other societal issues, as well as by providing surprise and delight that exceed customer expectations. This commitment is aligned with the sustainable development goals (SDGs) adopted by the United Nations.

We will contribute to the achievement of a better and more sustainable future as envisioned by the SDGs by using our efficient, compact, and precision technologies and digital technology to connect people, things, and information and by applying new ideas and methods to create fresh value.



Yasunori Ogawa President and CEO Seiko Epson Corporation

Key Sustainability Topics and Their Relationship to the 17 SDGs

There are 169 targets under the SDGs. The figures in the table below indicate the targets that Epson is addressing (as of August 2021).

Materiality	Key Sustainability Topics	ESG	Relevance to SDGs																	
			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	
Achieve sustainability in a circular economy	Decarbonization initiatives	Environment	1.5	2.4					7.2 7.3	8.4	9.4			12.2 12.4 12.8	13.1 13.2 13.3	14.3		17.17		
	Closed resource loop initiatives			2.4				6.3 6.4	7.2 7.3	8.4	9.4		11.6	12.2 12.8 12.4 12.5	13.2 13.3	14.1	15.1 15.4 15.5		17.17	
	Reducing the environmental impact of customers					3.9			6.3 6.4	7.3	8.4	9.4		11.6	12.2 12.8 12.4 12.5	13.2 13.3	14.1 14.3	15.1 15.5 15.2 15.4		17.7 17.17
	Environmental technology development			2.4	3.9					7.3	8.4	9.4		11.6	12.2 12.5	13.2	14.1	15.2		17.7 17.17
Advance the frontiers of industry	Improving productivity through digitalization and automation							7.3	8.2	9.4									17.16 17.17	
	Improving the work and education environments				4.1 4.5 4.2 4.6 4.3 4.7 4.4 4.a		6.3		8.2 8.5										17.16 17.17	
Improve the quality of life	Enriching diverse lifestyles				3.d	4.2 4.7					9.c								17.16 17.17	
	Realizing lives that are rich, dynamic, and interesting				3.6														17.16 17.17	
Fulfill our social responsibility	Increasing stakeholder engagement	Social	1.1 1.2 1.5	2.4	3.6 3.9 3.d	4.1 4.5 4.2 4.6 4.3 4.7 4.4 4.a	5.1 5.2 5.5	6.1 6.4 6.2 6.5 6.3 6.6	7.1 7.2 7.3	8.2 8.6 8.4 8.7 8.5 8.8	9.4 9.c	10.2 10.3 10.7	11.6	12.2 12.6 12.4 12.8 12.5 12.a	13.1 13.2 13.3	14.1 14.2 14.3	15.1 15.4 15.2 15.5 15.3 15.7	16.1 16.5 16.2 16.6 16.3 16.7 16.4 16.10	17.16 17.17	
	Realizing responsible supply chains			1.1 1.2		3.9	4.1 4.5 4.3 4.7 4.4	5.1 5.2 5.5	6.1 6.4 6.2 6.5 6.3 6.6	7.1 7.2 7.3	8.2 8.6 8.4 8.7 8.5 8.8	9.4	10.2 10.3 10.7	11.6	12.2 12.6 12.4 12.5	13.1 13.3	14.1 14.2 14.3	15.1 15.4 15.2 15.7 15.3	16.1 16.5 16.2 16.10 16.4	17.16 17.17
	Respecting human rights and promoting diversity		1.1 1.2			4.1 4.4 4.2 4.5 4.3 4.7	5.1 5.5			8.2 8.7 8.5 8.8 8.6		10.2 10.3		12.a						
	Strengthening governance	Governance																	16.3 16.7 16.4 16.10 16.5 16.6	
Epson confirmed that its initiatives are relevant to all 17 SDGs.			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

● The figures in the table below indicate which of the 169 targets (1.1 to 17.19) under the SDGs Epson is addressing with its initiatives (August 2021)