

Epson Slavery & Human Trafficking Statement for Financial Year 2018

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chain or in any part of our business. We will respect fundamental human rights and facilitate a fair, safe, healthy and pleasant work environment.

This statement is made pursuant to section 54(1) of the UK's modern Slavery Act 2015 and the Australian Modern Slavery Act 2018.

Our organisation

Seiko Epson Corporation and Epson Group companies are primarily engaged in developing, manufacturing, selling, and providing services for printing solutions, visual communications products, and wearable and industrial products.

We use the word Epson to describe all companies in the Epson Group.

Epson is organized into operations divisions that come under global consolidated management. The majority of advanced R&D and product development is conducted in Japan, while manufacturing and sales activities are conducted around the world by 85 Epson Group manufacturing and sales companies, in 56 countries and regions, with 76,647 employees and over 1 trillion yen in net revenue for FY2018.

Epson is vertically integrated and develops and manufactures the majority of the products we sell through our global network of sales subsidiaries.

Our printing solutions business provides home and office inkjet printers, serial impact dot matrix (SIDM) printers, page printers, colour image scanners, dry process office papermaking systems, large-format inkjet printers, industrial inkjet printing systems, printers for use in POS systems, label printers, related consumables, and, in the Japanese market, PCs.

Our visual communication business provides comprehensive range of 3LCD projectors and smart glasses, for various kind of solutions at business, education, entertainment and home.

Our wearable & industrial products business provides wristwatches and watch movements; sensing equipment; industrial robots; IC handlers; crystal units, crystal oscillators, and quartz sensors for consumer, automotive, industrial equipment applications; CMOS LSIs and other semiconductor chips; high-performance metal powders, and high-value-added surface finishing.

Our Supply Chain

Currently, Epson procures raw materials, components, and services from about 1,400 suppliers. Some 23% of the value of our procurement comes from Japan and 77% from elsewhere. Outside Japan, most of our non-Japanese procurement comes from China, Asia, and Oceania.

Epson considers suppliers to be important partners in its business activities. As such, our procurement is designed to develop mutually beneficial trusting relationships with our business partners based on the concepts of fairness, coexistence, transparency, and co-prosperity.

Epson believes its responsibility for products and services goes beyond just ensuring high-quality products for the market. We also believe that we are responsible for ensuring that our entire supply chain upholds appropriate standards in respect to human rights, labour, and the environment. Therefore, we recognize the importance of taking CSR initiatives hand in hand with our suppliers. Ensuring that the products and services we provide our customers continue to be outstanding in every respect including quality, price, and eco-friendliness requires having suppliers we can trust. For that reason, we practice fair and transparent trade with our suppliers and thereby build trusting relationships. Epson believes that it is only with such partnerships that we can enjoy "harmonious development" supported by rapport with international and local communities.

Our standards

Epson is serious about keeping all forms of discrimination and unfair practices out of its global operations. As stated in its [management philosophy](#), Epson aspires to be an indispensable company which is trusted throughout the world. In 2005, Seiko Epson Corporation established the [Principles of Corporate Behavior](#) (Corporate Social Responsibility Guidelines) which are adhered to by all companies ultimately owned by Seiko Epson Corporation. In 2017, we updated the Principles of Corporate Behaviour in response to the latest societal requirements. These guidelines were established to clarify the foundations for implementing trust-based management, which is aimed at building stakeholder trust and is the fundamental principle of Epson management, and are shared across the Group.

Epson's stance on [Corporate Social Responsibility](#) is reflected in its participation in the United Nations Global Compact since 2004. Epson also used ISO 26000 (Guidance on social responsibility) and OECD Guidelines for Multinational Enterprises as references. In 2005 we documented [our policies regarding Human Rights and Labour Standards](#) that outline our 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 labour, and maintenance of positive labour relations.

Our policy requires us to hold our business partners to the same standards as Epson with regard to legal compliance, ethics, quality, the environment, human rights and labour conditions. Our suppliers are subject to audits to ensure compliance to our policy.

In addition, [Epson Group Procurement Guidelines](#) state: "We cannot limit our focus exclusively to quality, cost, delivery and other concerns that directly affect business. Epson's executive management team and employees, along with the companies in Epson's supply chain, must fulfill their corporate social responsibility by addressing social issues in areas such as human rights, labor, and the environment, as we desire to build trust around the world and achieve sustained growth together with society. Epson asks that you review and understand the spirit of these guidelines and that you agree to implement and act in accordance with them. We also ask that you effectively communicate the Epson Group Procurement Guidelines to your own suppliers". The Guidelines also require periodic and detailed evaluation of this and other issues.

The labour standards specified in the Guidelines include freely chosen employment, child labour avoidance, working hours, wages & benefits, humane treatment, non-discrimination, and freedom of association. The Guidelines also set out a [Code of Conduct of Suppliers](#) (Epson Supplier Code of Conduct). The Code provides that suppliers are to be committed to upholding the human rights of their employees and that they treat them with dignity and respect as understood by the international community.

Epson referred to the Electronic Industry Citizenship Coalition (EICC) Code of Conduct while creating the Code, in April 2005. The company requires that suppliers follow this Code and revises it on a regular basis. (EICC became the Responsible Business Alliance [RBA] in 2017.)

The Guidelines require that suppliers' management systems contain certain elements including processes (i) to identify the environmental, health and safety, and labour practice risks associated with suppliers' operations and (ii) for communicating Code requirements to suppliers and for monitoring supplier compliance to the Code.

To enforce the Supplier Code of Conduct, Epson requires suppliers to sign a written consent form and return it to us. In 2018, we distributed the consent form to 1,252 companies. The consent form was signed and returned by 1,026 companies (82%).

In April 2019, Epson joined the Responsible Business Alliance (RBA), a global coalition dedicated to CSR in global supply chains. Epson has promised to comply with the RBA Code of Conduct, progressively implementing the RBA approach and tools in the spirit of the industry's common goals.

Epson has also committed to progressively applying the RBA Code of Conduct to its Tier 1 suppliers, to monitor the application of the Code to the best of its ability using RBA practices and tools, and to encourage and support its suppliers to do the same.

Moving forward, Epson will work with its suppliers to strengthen CSR supply chain initiatives.

Assessing and managing risk

In 2017 Epson created "Key CSR Themes," a materiality matrix that identifies important initiatives for addressing social issues such as respect for human rights and supply chain management. 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.

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.

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 high. So, to assess human rights risks at our overseas subsidiaries, we had all our overseas production and sales companies complete an Epson CSR self-assessment. The results allowed us to identify risks, which we instructed our overseas subsidiaries 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.

In FY2018, Epson had its 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, labour, safety and health, the environment, the management system, and ethics.

The SAQ survey showed that there were no serious compliance or ethics problems at any overseas Group company.

Since FY2016, we have held conferences to brief our suppliers about Epson's socially responsible procurement programs. In FY2018, we held briefings in Japan, China, the Philippines, Indonesia, and elsewhere. Briefings were attended by 447 suppliers in Japan and by 685 suppliers overseas. We shared the following information:

1. Epson's CSR activities
2. Practicing CSR in the supply chain
 - Detailed evaluation
 - Improving accuracy of conflict mineral surveys
 - Supplier BCP initiatives
 - Establishment of compliance hotlines
3. Product substance control

In FY2018, we conducted the following activities for key suppliers:

1. 5% of the 312 direct materials suppliers that were surveyed with a Self-Assessment Questionnaire (SAQ) were deemed to be high-risk based on the survey results. In FY2019, we will survey indirect materials suppliers (service providers such as logistics, construction, and staffing companies) for some overseas subsidiaries.

2. Six of the 66 indirect materials suppliers surveyed in FY2017 were judged to be high-risk. Epson verified the situation at the sites of these high-risk suppliers (on-site verification), discussed issues, and drove improvements to minimize risks for 50% (3 suppliers) of the high-risk suppliers. In FY2019, we will conduct on-site verification (or, in some cases, a third-party audit) to reconfirm the results of the improvements and minimize risks.

For key high-risk suppliers, we conducted an on-site verification and shared issues with them to help them drive improvements based on a corrective action plan. The goal is to improve their risk ranking to the middle risk level or better by FY2020.

In January 2019, an independent firm was hired to audit one supplier in the Philippines. At present Epson and the supplier are working to create an improvement plan. The supplier will implement improvements based on the plan while receiving support from Epson. Afterward, Epson will conduct a follow-up audit and confirm the progress of improvement.

In FY2017, one Indonesian supplier was independently audited. Upon completion of the planned improvements, we confirmed that all improvements were completed. This supplier was asked to continue its efforts to ensure socially responsible procurement.

Due diligence processes for slavery and human trafficking

Under Epson's socially responsible procurement program, suppliers are asked at supplier conferences to practice socially responsible procurement and complete an SAQ (Self-Assessment Questionnaire) to assess their own observance of the Epson Supplier Code of Conduct. Answers are verified on-site and audits are performed to share issues and drive improvement. In addition to conducting periodic evaluations of all new and current suppliers, we apply a more rigorous program to key suppliers, which we define as large suppliers, mission-critical parts suppliers, and sole-source suppliers.

As part of our initiatives to identify and mitigate risk we audit suppliers to ensure they are compliant with SEC policies. We have in place systems to:

- Identify and assess potential risk areas in our supply chains.
- Mitigate the risk of slavery and human trafficking in our supply chains.
- Monitor potential risk areas in our supply chains.
- Protect whistle-blowers.

Performance indicators

Epson sets and acts upon medium-range targets, major action items, and key performance indicators (KPIs) for achieving its supply chain CSR vision.

Medium-range targets (achieve by 2020)

- Socially responsible procurement: Key suppliers earn a medium risk ranking or better.
- Conflict minerals: Procure minerals only from smelters certified by the RMI's Conflict-Free Smelter (CFS) Program.

FY2018 results for Major Action Items and KPIs
1. Understand the Epson Supplier Code of Conduct (based on RBA) and get 100% compliance – DONE for 100% of key suppliers
2. 100% implementation of SAQ to determine compliance status – DONE for 100% of manufacturing key suppliers
3. Complete improvements on all issues identified from SAQs and on-site audits – Confirmed improvement for 50% (3 suppliers) of high-risk suppliers (6 suppliers)
4. 100% implementation of conflict minerals survey - Requested SAQ to suppliers and received completed SAQ from 92% companies (838 of 910 suppliers)

FY2019 Major Action Items and KPIs
1. 100% implementation of SAQ to determine compliance status
2. 100% implementation of conflict minerals survey
3. Conduct supplier briefings to ask them to observe the Epson supplier code of conduct

Training and whistleblower systems

We are committed to exercising high ethical standards and a social conscience, and we have declared that we will conduct our procurement activities in strict compliance with both the letter and spirit of laws and regulations in regions where we operate. Employee training is an important part of this commitment.

All employees in Japan are required to take the Introduction to Procurement (Ethics & Code of Conduct) and the Introduction to Procurement (Subcontract Act) online training courses. Employees directly involved in procurement must successfully complete procurement and compliance management training based on an in-house certification system. Renewal training is conducted every five years to ensure that employees acquire the latest information and knowledge. Moving forward, we will expand the scope of these initiatives to include overseas Group companies as we further elevate the level of our compliance and procurement initiatives.

Epson believes that it is vital to understand the Epson Supplier Code of Conduct (RBA compliant), SAQ, and other initiatives in addition to international CSR trends when promoting socially responsible procurement. Epson therefore invites external instructors to provide education in socially responsible procurement. In FY2018, global procurement department staff members received training on topics including CSR issues, the RBA framework, and the SAQ.

During on-site verification, we interview workers, review documents, and tour sites to better ascertain labour and human rights risks at supplier plants.

We invited outside instructors to conduct worker interview training for Epson employees responsible for on-site verification. This training was aimed at developing their ability to identify worker concerns and dissatisfaction within a limited amount of time. The training curriculum includes instructor lectures as well as role playing, in which the trainees learn interview techniques, procedures, and points of caution. Epson requires this training for employees who implement on-site verification to help ensure accuracy.

Epson is committed to maintaining effective whistleblower systems. We have installed internal and external compliance hotlines and other advisory and support services for Japanese business partners to facilitate the reporting of actual or potential compliance violations, including violations of Epson Group Procurement Guidelines. We will strive to further ensure corporate ethics compliance by installing a hotline.

Further steps

We will continue to review the effectiveness of the steps we have taken to ensure that there is no slavery or human trafficking in our supply chains. To further improve our policies and procedures, we will refer directly to the UK's Modern Slavery Act 2015, the Australian Modern Slavery Act 2018, and other legal requirements to ensure complete compliance.

This Statement was approved at the Seiko Epson Corporation's board of directors meeting on 30 July 2019 and signed by the President of Seiko Epson Corporation.

Minoru Usui
President, Board of Directors
Seiko Epson Corporation

Date: 6 August 2019

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement of Epson (UK) Limited for the financial year ending 31 March 2019.

Epson (UK) Limited is a wholly owned subsidiary of Epson Europe B.V. of Amsterdam, The Netherlands. Our ultimate parent company is Seiko Epson Corporation, headquartered in Japan.

Epson (UK) Limited sells printers, business imaging, visual instruments, consumables and other products manufactured by Seiko Epson Corporation and purchased from Epson Europe B.V., which purchases products and consumables from Seiko Epson Corporation. This is our supply chain for products sold in the UK and these entities are a part of the Epson Group.

Epson Europe has a Corporate Social Responsibility specialist with responsibility for ensuring that we maintain the highest standards across Epson businesses in Europe, the Middle East, Africa and Russia.

As the supplier of our products, Seiko Epson Corporation and Epson Europe B.V. have assured Epson (UK) Limited that they are committed to combatting slavery and human trafficking in their businesses and supply chains. We, in turn, confirm that we are committed to the same.

This Statement was approved at the Epson (UK) Limited's board of directors meeting on 23 August 2019 and signed by the Managing Director.

**Duncan Ferguson
Managing Director
Epson (UK) Limited**

Date: 23 August 2019

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement of Epson Telford Limited for the financial year ending 31 March 2019.

Epson Telford Limited is a wholly owned subsidiary of Epson Europe B.V. of Amsterdam, The Netherlands. Our ultimate parent company is Seiko Epson Corporation, headquartered in Japan.

Epson Telford Limited manufactures and packs ink cartridges for consumer use and ink products and textile inks for industrial use. These products are shipped to other Epson affiliates, where they are then distributed worldwide.

This Statement was approved at the Epson Telford Limited's board of directors meeting on 7 August 2019 and signed by the Managing Director.

Kevin Browne
Managing Director
Epson Telford Limited

Date: 28 August 2019

This statement is made pursuant to the Modern Slavery Act 2018 and constitutes the slavery and human trafficking statement of Epson Australia Pty. Ltd. for the financial year ending 31 March 2019.

Epson Australia Pty. Ltd. is a wholly owned subsidiary of Seiko Epson Corporation, headquartered in Japan.

Epson Australia Pty. Ltd. sells printers, business imaging, visual instruments, consumables and other products manufactured by Seiko Epson Corporation. This is our supply chain for products sold in Australia and New Zealand.

This Statement was approved at the Epson Australia Ltd. Pty.'s board of directors meeting on 30 August 2019 and signed by the Managing Director.

**Craig Heckenberg
Managing Director
Epson Australia Pty. Ltd.**

Date: 30 August 2019