

## Epson Slavery & Human Trafficking Statement for Financial Year 2019

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, the Australian Modern Slavery Act 2018 and the U.S. California Transparency in Supply Chain ACT 2010 (SB 657).**

### Our organisation

Seiko Epson Corporation and Epson Group companies are primarily engaged in the development, manufacturing, and sales of products and services in the areas of printing, visual communications, wearables and robotics.

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

Epson is organized into operational divisions that come under 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 75,608 employees and over 1 trillion yen in net revenue for FY2019.

Epson is vertically integrated and develops and manufactures the majority of its components in-house and then sells through its global network of wholly owned sales subsidiaries.

Epson's 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.

Epson's visual communications business provides 3LCD projectors mainly for business, education, the home, and events; high-temperature polysilicon TFT LCD panels for 3LCD projectors; and augmented reality smart glasses.

Its wearables & 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.

### Supply Chain

In manufacturing and selling the many Epson products mentioned above, currently, Epson procures goods and services from about 1,700 direct material suppliers around the world. Domestic Japanese procurement accounts for about 39% of its total procurement spend. Asia accounts for the large majority of the remaining 61%.

Epson considers suppliers to be important partners in its business activities. As such, its procurement activities are designed to develop mutually beneficial trusting relationships with its business partners based on fairness, transparency, and respect.

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

### **Epson 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, Epson 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 which 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, Epson documented its [policies regarding Human Rights and Labour Standards](#) that outline its 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.

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

Epson's policy requires it to hold its business partners to the same standards as Epson with regards to legal compliance, ethics, quality, the environment, human rights and labour conditions.

Epson aspires to be an indispensable company, one that seeks to build mutually beneficial relationships with all its business partners, including suppliers, by asking them to uphold the highest standards of integrity and ethics while, at the same time, respecting their autonomy and independence.

Epson is particularly adamant that its business partners meet the following requirements:

- (1) Strictly forbid acts of bribery and collusion with their business partners and refuse to engage in illegal or unethical business practices.
- (2) Hold its business partners to the same strict standards that Epson upholds with regards to compliance with laws and maintenance of human rights, suitable labour conditions, the environment, ethics, quality, and information security, and support improvements to any of these areas as needed.
- (3) Develop and maintain open relationships with their business partners and work with them to increase the competitiveness of the entire supply chain, based on mutual trust and mutual benefit.

These supply chain ethics requirements are based on the code of conduct of RBA. Epson, which has mapped each of its supply chain initiatives to one or more of the Sustainable Development Goals (SDGs) of the United Nations, will help to achieve the SDGs by taking action throughout the supply chain.

The Epson Group Procurement Guidelines were established in 2005 to inform suppliers about Epson's procurement policies and requirements. In 2008, the Epson Supplier Code of Conduct was added as an appendix to the Epson Group Supplier Guidelines. Epson's Code of Conduct was based on the code of conduct created by the Electronic Industry Citizenship Coalition (EICC), now called the Responsible Business Alliance (RBA).

The Epson Group Procurement Guidelines reflect international requirements. They are intended to help ensure that Epson's suppliers work with the company as partners to meet quality, cost, and delivery (QCD) obligations and maintain compliance with requirements in areas such as human rights, labour, health and safety, environment, ethics, and trade control and security, as well as information security. Epson revised and released the Epson Group Procurement Guidelines Rev. 6.0 in January 2020, to maintain consistency with the latest RBA Code of Conduct. The Epson Supplier Code of Conduct is now a major part of the Procurement Guidelines and is available in multiple languages.

The labour standards specified in the Guidelines includes freely chosen employment, child labour avoidance, working hours, wages & benefits, humane treatment, non-discrimination, and freedom of association. 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.

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 suppliers' compliance to the Code.

Over the 15-year history of the Guidelines, we have asked all suppliers to comply with the requirements and have asked our major direct suppliers of production materials to sign a formal agreement.

To enforce the Supplier Code of Conduct, Epson requires suppliers to sign a written consent form and return it to the company. In 2019, the consent form was signed and returned by 94% of suppliers of major manufacturing subsidiaries.

Going forward, Epson will further observe the RBA Code of Conduct and work with its suppliers to strengthen CSR supply chain initiatives.

### **Due diligence processes for slavery and human trafficking**

Epson strives to identify human rights risks throughout its operations but particularly at its production sites in Southeast Asia, where the risk of human rights violations is generally considered to be higher. So, since FY2017, Epson conducted the CSR Self-assessment to assess human rights risks within its own group. The results allowed it to identify risks, which it then instructed its facilities and group companies to take steps to mitigate.

In FY2019, Epson had its own facilities, domestic affiliates and overseas group companies complete a self-assessment questionnaire (SAQ) to evaluate their performance with respect to CSR requirements. We 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, ethics, and the management system.

The SAQ survey results showed that there were no serious human rights, compliance or ethics problems at any facilities and group companies. The CSR self-assessment will be performed yearly, and we will encourage companies to understand where the issues are and to address them.

Epson evaluates supplier compliance with the Epson Supplier Code of Conduct (RBA Code of Conduct) based on a detailed SAQ. Epson works with suppliers to make improvements as appropriate depending on their score and the gravity of noncompliance incidents.

The SAQ is based on site audit standards of RBA. Major direct material suppliers (those representing 80% of the Group-wide spend and selected by a business unit), on-site service vendors, and HR agencies are required to complete an SAQ as Epson critical suppliers. Direct material suppliers deemed high risk based on their SAQ scores are asked to undergo an RBA VAP audit under the RBA's Validated Audit Program to foster improvement.

Epson evaluates supply chain CSR annually.

### **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 its activities are effective, Epson specified action items and targets (KPI) for each key CSR theme. Epson will periodically revise the key CSR themes and action items based on feedback from stakeholders and will systematically drive continuous improvements.

Since FY2016, Epson has held an annual CSR procurement supplier conference. At the conference, Epson explains CSR trends, its CSR procuring activity and makes requests to suppliers. Hundreds of suppliers attend the conferences in various Epson manufacturing sites such as Japan, China, and Indonesia.

In the conference, Epson requests suppliers to comply with the Sustainable procurement policy and the Epson Procurement Guideline. And Epson explains the guidance for self-assessment (SAQ) of CSR detail evaluation and emergency response capabilities, and conflict mineral survey.

As part of its initiatives to identify and mitigate risk Epson audits suppliers to ensure they are compliant with Epson's policies. Epson has in place systems to:

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

In 2019, Epson evaluated direct material suppliers as well as on-site service vendors and HR agencies at major production sites. Epson asked 233 critical Tier 1 direct material suppliers to complete the SAQ. It received completed questionnaires from 222 suppliers. It also asked Tier 2 suppliers to complete the SAQ when the Tier 1 supplier was a trading company.

For critical Tier 1 direct material suppliers that were deemed to be high risk, Epson verified the facts on-site (including third party CSR audit) and supported corrective actions to help them improve to medium risk or better. As a result of these actions, the average score of suppliers who fell into the high-risk rank on the 2018 SAQ improved by 24 points on the 2019 SAQ to attain middle risk or better.

Epson asked on-site service vendors and HR agencies at 10 key production sites to complete an SAQ and received completed SAQs from 124 of them. Service vendors are essential business partners for running our production operations, so Epson requires them to understand and follow the RBA code requirements.

Epson provided suppliers and vendors with their SAQ score and with feedback, including advice for corrective actions.

### **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.

Mid-term targets (achieve by 2020)

- Sustainable procurement: All critical suppliers earn no less than a medium-risk rank
- Conflict minerals: Ensures that minerals are sourced only from smelters certified by the RMI's Responsible Mineral Assurance Process.

FY2019 Major Action Items and KPIs	Results
<p>1. Ask suppliers to complete a CSR SAQ.</p> <p>KPI: 100%</p>	<p>Key direct material suppliers asked to complete a CSR SAQ: 100%</p> <p>HR agencies and onsite vendors at major Epson Group manufacturing sites asked to complete a CSR SAQ: 100%</p>
<p>2. Provide high-risk suppliers with feedback on their CSR SAQ results and support corrective action.</p> <p>KPI: 100%</p>	<p>High-risk suppliers provided with their score, rank and feedback: 100%</p>
<p>3. Complete corrective action plans by high-risk suppliers.</p> <p>KPI: 100%</p>	<p>High-risk suppliers audited by a 3rd party in FY2019 that completed their corrective action plans: 100%</p> <p>Percentage of suppliers rated high risk based on the SAQ that completed their corrective action plans: 70% (5/7 suppliers)</p>
<p>4. Ask suppliers to complete a conflict mineral survey.</p> <p>KPI: Targeted suppliers 100%</p>	<p>Targeted suppliers surveyed: 100%</p>

FY2020 Major Action Items and KPIs
<p>1. Ask major suppliers to complete a CSR self-assessment questionnaire (SAQ) to check compliance.</p> <p>(1) Major suppliers provided with feedback on CSR SAQ results</p> <p>KPI: 100%</p> <p>(2) High-risk suppliers that completed their corrective action plans</p> <p>KPI: 100% (No high-risk suppliers)</p>

2. Customers that responded to CSR survey requests (including conflict free mineral survey requests)
KPI: 100%
3. Smelters certified by the RMI's Responsible Mineral Assurance Process per the conflict mineral survey
KPI: 100%

### Training and whistleblowing systems

Epson is committed to exercising high ethical standards and a social conscience, and It has declared that it will conduct our procurement activities in strict compliance with both the letter and spirit of laws and regulations in regions where it operates. 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, Epson will expand the scope of these initiatives to include overseas Group companies as it further elevates the level of its 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 FY2019, global procurement department staff members received training on topics including CSR issues, the RBA framework, and the SAQ.

Epson provided professional training for procurement staff to manage supplier CSR. These programs are based on the RBA Code of Conduct and RBA (VAP) audit standards. Some are conducted by outside consultants.

Epson has established compliance hotlines for receiving reports and consultations from suppliers regarding violations or potential violations of legislative requirements and the Epson Group Procurement Guidelines. Suppliers are asked to report any real or suspected misconduct or legal, regulatory, or ethical violations relating to Epson's operations or involving Epson officers or employees. In FY2019 Epson has established contact points for business partners at overseas manufacturing companies. Epson will further ensure corporate ethics compliance by installing a hotline.

### **Further steps**

Epson will continue to review the effectiveness of the steps it has taken to ensure that there is no slavery or human trafficking in its supply chains. To further improve its policies and procedures, it will refer directly to the UK's Modern Slavery Act 2015, the Australian Modern Slavery Act 2018, the U.S. California Transparency in Supply Chain ACT 2010 (SB 657) and other legal requirements to ensure complete compliance.

This Statement was approved at the Seiko Epson Corporation's board of directors meeting on 31 July 2020 and signed by the President of Seiko Epson Corporation.

**Yasunori Ogawa**  
**President, Board of Directors**  
**Seiko Epson Corporation**

**Date: 4 August 2020**

**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 2020.**

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 team of Corporate Social Responsibility specialists with responsibility for ensuring the company maintains the highest standards across Epson businesses in Europe, the Middle East, Africa and Russia.

As the supplier of its products, Seiko Epson Corporation and Epson Europe B.V. has assured Epson (UK) Limited that it is committed to combatting slavery and human trafficking in all its businesses and supply chains. Seiko Epson Corporation, in turn, confirms that it is committed to the same.

This Statement was approved at the Epson (UK) Limited's board of directors meeting on 18 August 2020 and a resolution made for this document to be signed by the Managing Director.

**Robert Clark**  
**Managing Director**  
**Epson (UK) Limited**

**Date: 21 August 2020**

**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 2020.**

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 6 August 2020 and signed by the Managing Director.

**Kevin Browne  
Managing Director  
Epson Telford Limited**

**Date: 17 August 2020**

**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 2020.**

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 12 August 2020 and signed by the Managing Director.

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

**Date: 12 August 2020**