

Epson Group Procurement Guidelines
(Epson Supplier Code of Conduct)
Version 4.0

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1. Preface

Epson seeks to make the world a better place through the products and services we provide and through the actions we take to address societal problems. This fundamental commitment is outlined in Epson's Management Philosophy. We consider every action taken to live up to the Epson Management Philosophy to be a part of our corporate social responsibility (CSR).

In recent years, stakeholders have been taking greater interest in CSR initiatives across the product supply chain (production and procurement).

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 chain¹, 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.

These Procurement Guidelines explain the actions that Epson and you need to take as members of society to achieve a better world.

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.

We ask for your understanding and cooperation as we work together toward fulfilling our responsibility to society and making the world a better place.

¹ The supply chain is made up not only of individuals and organizations that supply production materials but also of those who are involved in the purchase and servicing of everything from office (expendable) supplies to the machinery and equipment needed for business activities.

2. Epson Management Philosophy and Principles of Corporate Behavior

Epson's Management Philosophy describes how we want Epson to be.

Epson will fulfill its social responsibility by living up to Epson's Principles of Corporate Behavior based on "trust-based management," a concept that underlies Epson's Management Philosophy. We aim to be an indispensable company for our customers and the world.

The Management Philosophy

Epson aspires to be an indispensable company,
trusted throughout the world for our commitment to openness,
customer satisfaction and sustainability.

We respect individuality while promoting teamwork,
and are committed to delivering unique value
through innovative and creative solutions.

EXCEED YOUR VISION

As Epson employees,
we always strive to exceed our own vision,
and to produce results that bring surprise and delight
to our customers.

Principles of Corporate Behavior

1. Pursuing customer satisfaction
We think of our customers' perspective at all times and continue to create trusted products and services that please our customers around the world.
2. Preserving the natural environment
We integrate environmental considerations into our corporate activities and actively strive to meet high conservation standards when fulfilling our responsibilities as a good corporate citizen.
3. Fostering diverse values and teamwork
We strengthen teamwork by recognizing the value of a diverse workforce and creating synergies between individuals and our organization.
4. Creating a safe, healthy, and fair work environment in which human rights are respected
We respect basic human rights and create a cheerful, safe, healthy, and fair work environment that is free of discrimination.
5. Ensuring effective governance and compliance
We institute effective corporate governance and internal controls, and we observe laws, regulations, and other rules and maintain the highest ethics in all activities.
6. Ensuring the security of people, assets, and information
We protect the safety and security of people and company assets, and we exercise strict care in the management of all information.
7. Working with business partners for mutual benefit
We seek to maintain mutually beneficial relationships with our suppliers, sales channels, collaborators, and other business partners, whom we ask to live up to the highest standards of ethical conduct while respecting their autonomy and independence.
8. Prospering with the community
We actively contribute to the communities in which we operate, as well as the international community, facilitating mutually beneficial relationships.
9. Initiating honest dialogue with our stakeholders
We maintain open lines of communication with our stakeholders, thoughtfully considering their views and suggestions.

3. Socially Responsible Procurement Policy

We established the Epson Group Basic Procurement Policy to guide procurement initiatives that are designed to develop mutually beneficial trusting relationships with our business partners around the world based on the concepts of fairness, coexistence, transparency, and co-prosperity.

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

4. Epson Supply Chain Vision

Taking the same approach as Epson to human rights, labor conditions, the environment, compliance, ethics, quality, and information security, the supply chain will work together to solve society's challenges and contribute to the making of a sustainable society.

5. Epson's Supply Chain Strategy

Epson is pursuing six priority strategies across its supply chain, each strategy based on the Management Philosophy, Principles of Corporate Behavior, and Basic Procurement Policy.

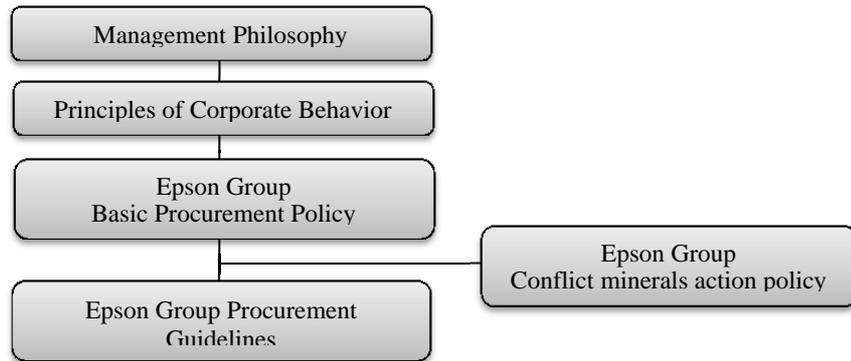
Supply chain strategy

- 1) Provide products and services that create customer value.
 - Ensure quality and delivery that put the customer first and a price that is competitive, and establish a framework that can continually create products and services that delight customers around the world and win their trust.
- 2) Work proactively for environmental conservation.
 - Minimize adverse effects of manufacturing processes on society, the environment, and natural resources.
 - Endeavor to reduce environmental burdens over the life cycle of products and services.
- 3) Comply with laws and social norms and take actions based on high ethical standards.
 - Establish and comply with national laws, internal rules, and corporate ethics.
 - Practice fairness: keep your promises, do not lie, and do not hide anything.
 - Persist in acting sincerely, eliminating all types of malfeasance including bribery, corruption, and extortion.
 - Disclose information appropriately to ensure transparency, and be accountable to society.
- 4) Respect human rights.
 - Eliminate all forms of discrimination based on race, gender, nationality, physical abilities, religion, and so on.
 - Prohibit any type of inhumane treatment, including forced labor, slave labor, and child labor.
- 5) Ensure safe, healthy, and fair working environments.
 - Achieve a climate and working environment where safety and cleanliness are maintained and workers can work at peace and in health.

- Achieve a fair working environment with appropriate evaluations, work hours management, and payment of wages.
- 6) Establish business continuity management (BCM).
- Establish means to prevent occupational and industrial accidents and a framework so that business can promptly resume if there is an emergency.

6. Epson Supplier Code of Conduct

Framework for Epson's Procurement Initiatives



The Epson Supplier Code of Conduct, which conforms to the Responsible Business Alliance (RBA) Code of Conduct, sets forth standards of conduct to ensure that supplier working conditions are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

RBA Code of Conduct: <http://www.responsiblebusiness.org/standards/code-of-conduct/>

Epson requires its suppliers and the suppliers in their supply chains to observe the code in all transactions, including those that involve production materials but also those that involve the purchase and servicing of everything from office (expendable) supplies to the machinery and equipment needed for business activities.

To live up to the code, suppliers must understand that they need to observe the laws, rules and regulations of the countries in which they operate, in all business activities in which they engage. In addition to observing legislative requirements, we ask that you strive to conduct your business based on internationally recognized standards to promote social and environmental responsibility and business ethics.

The code is comprised for six sections. Sections A through E conform to the RBA Code of Conduct and establish requires in the areas of labor, health and safety, environmental, management system, and ethics. Section F pertains to additional requirements that are unique to Epson.



A. Labor

Suppliers are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker.

1) Freely Chosen Employment

Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. There shall be no substitution or change(s) allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law. Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

2) Young Workers

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, 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 learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Suppliers shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations. Suppliers shall provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

3) Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Working hours are not to exceed the maximum set by local law. Suppliers shall comply with local laws concerning work hours and overtime hours per week. Workers shall be allowed at least one day off every seven days.

4) Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

- 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 workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.
- 6) **Non-Discrimination**
Suppliers should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests or physical exams that could be used in a discriminatory way.
- 7) **Freedom of Association**
In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

B. Health and Safety

Suppliers recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace.

- 1) **Occupational Safety**
Worker potential for exposure to safety hazards (e.g., chemical, electrical and other energy sources, fire, vehicles, and fall hazards) are to be identified and assessed, and controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards. Reasonable steps must also be taken to remove pregnant women/nursing mothers from working condition with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers including those associated with their work assignments, as well as include reasonable accommodations for nursing mothers.
- 2) **Emergency Preparedness**
Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, worker training and drills,

appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.

3) Occupational Injury and Illness

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

4) Industrial Hygiene

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled according to the hierarchy of controls. Potential hazards are to be eliminated or controlled through proper design, engineering and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with and use appropriate, well-maintained, personal protective equipment. Protective programs shall include educational materials about the risks associated with these hazards.

5) Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

6) Machine Safeguarding

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

7) Sanitation, Food, and Housing

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the supplier or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

8) Health and Safety Communication

Suppliers shall provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise safety concerns.

C. Environmental

Suppliers 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.

- 1) **Environmental Permits and Reporting**
All required environmental permits (e.g., discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.
- 2) **Pollution Prevention and Resource Reduction**
Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals and virgin forest products, is to be conserved or by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling or other means.
- 3) **Hazardous Substances**
Chemicals and other materials posing a hazard to humans or the environment are to be identified, labelled and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.
- 4) **Solid Waste**
Suppliers shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).
- 5) **Air Emissions**
Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. Suppliers shall conduct routine monitoring of the performance of its air emission control systems.
- 6) **Materials Restrictions**
Suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.
- 7) **Water Management**
Suppliers shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. All wastewater is to be characterized, monitored, controlled, and treated as required prior to discharge or disposal. Suppliers shall conduct routine monitoring of the performance of its wastewater treatment and containment systems to ensure optimal performance and regulatory compliance.
- 8) **Energy Consumption and Greenhouse Gas Emissions**
Energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions are to be tracked and documented, at the facility and/or corporate level. Suppliers are to look for cost effective methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

D. Management Systems

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 continual improvement.

- 1) **Company Commitment**
A corporate social and environmental responsibility policy statements affirming supplier's commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language
- 2) **Management Accountability and Responsibility**
The supplier clearly identifies senior executive and company representative[s] responsible for ensuring implementation of the management system and associated programs. Senior management reviews the status of the management system on a regular basis.
- 3) **Legal and Customer Requirements**
A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of this Code
- 4) **Risk Assessment and Risk Management**
A process to identify the legal compliance, environmental health and safety² and labor practice and ethics risks associated with the supplier's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance
- 5) **Improvement Objectives**
Written performance objectives, targets and implementation plans to improve the supplier's social and environmental performance, including a periodic assessment of supplier's performance in achieving those objectives
- 6) **Training**
Programs for training managers and workers to implement supplier's policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements
- 7) **Communication**
A process for communicating clear and accurate information about the supplier's policies, practices, expectations and performance to workers, own suppliers and customers.
- 8) **Worker Feedback, Participation, Grievance**
Ongoing processes, including an effective grievance mechanism, to assess employees' understanding of and obtain feedback on or violations against 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

² Areas to be included in a risk assessment for environmental health and safety are production areas, warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria and worker housing/dormitories.

- 10) Corrective Action Process
A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews
- 11) Documentation and Records
Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy
- 12) Supplier Responsibility
A process to communicate Code requirements to their own suppliers and to monitor the supplier compliance to the Code

E. Ethics

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

- 1) Business Integrity
The highest standards of integrity are to be upheld in all business interactions. Suppliers shall have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.
- 2) No Improper Advantage
Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.
- 3) Disclosure of Information
All business dealings should be transparently performed and accurately reflected on the supplier's business books and records. Information regarding the supplier's labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.
- 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; and, customer and your own supplier information is to be safeguarded.
- 5) Fair Business, Advertising and Competition
Standards of fair business, advertising and competition are to be upheld.
- 6) Protection of Identity and Non-Retaliation
Programs that ensure the confidentiality, anonymity and protection of your own supplier and

employee whistleblowers³ are to be maintained, unless prohibited by law. Suppliers should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

7) Responsible Sourcing of Minerals

Suppliers shall have a policy to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. Suppliers shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to customers upon customer request.

8) Privacy

Suppliers are to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including their own suppliers, customers, consumers and employees. Suppliers are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

F. Additional Requirements

1) Trade Control

When importing/exporting goods, providing technology, or engaging in brokered transactions involving goods or technology, suppliers are to respect the spirit of international trade agreements, observe applicable trade-related laws and regulations, and avoid engaging in conduct that violates the applicable laws and regulations.

Moreover, if subjected to the extraterritorial application of U.S. Export Administration Regulations, suppliers are not to engage in conduct that violates the applicable laws and regulations.

2) Ensuring Security in Supply Chain

Suppliers are to promote smooth international trade within supply chains by actively using programs that facilitate smooth international trade, such as country AEO programs and the U.S. C-TPAT.

- Physical security: Prevent intrusion into supplier premises and security zones by controlling employee and visitor access to the premises and shipping areas, managing buildings and facilities, and setting security zones.
- Protection of goods: Protect goods for import/export from exposure to intruders or from commingling with unwanted materials in storage and shipping.
- Personnel security: Workers with a verifiable identity are employed.

3) Information Security

Suppliers who are asked by Epson to preserve the secrecy of information that Epson provides under a non-disclosure agreement or other agreement are to abide by the terms of that agreement with regard to the information (including goods) that Epson asked to be kept secret as well as to information (including goods) created using that information.

Suppliers are to provide their IT systems with technological defenses against computer network security threats (e.g., unauthorized access, computer viruses) so as to prevent or limit damage

³ Whistleblower definition: Any person who makes a disclosure about improper conduct by an employee or officer of a company, or by a public official or official body.

when threats materialize.

4) Product Safety

Suppliers are responsible for ensuring that products they design satisfy all national and legally mandated safety standards. When suppliers design products, they are to design them to ensure adequate product safety and sell them responsibly as the manufacturer. In addition to observing all legal and regulatory requirements concerning product safety, suppliers are to take care to ensure other expected safety features.

Product safety assurances includes traceability (tracking of the history of materials, parts and processes) and prompt action to resolve any problems.

5) Procedures for Using Trademarks and Company Names

Suppliers shall submit a written request in advance to the Epson procurement organization when they need to use an Epson trademark or company. Suppliers are to take steps to prevent the unauthorized use of Epson trademarks and company names in advertisements and to avoid revealing business dealings with Epson without prior Epson approval.

6) Management of Consigned Assets

Suppliers are to observe applicable agreements and laws when they use borrowed Epson assets in production. They shall take appropriate care of such assets so that they are in a normal, usable condition at all times. Suppliers are to promptly respond to Epson requests for proof of receipt, inventory takes, or permission to conduct on-site inspections of usage conditions, etc.

(Note: Epson sometimes loans equipment that suppliers need to produce goods for Epson.

However, such loans require the conclusion of a basic business agreement or separate lease in which the supplier's duty of care is prescribed.)

7) Business Continuity Management (BCM)

Suppliers are to build a business continuity management (BCM) system to minimize business harm and losses. They are to have in place a multifaceted action plan (a business continuity plan [BCP]) for continuing business operations or for resuming business operations within a set time target in the event of a fire, accident, disaster, disease epidemic, or other disruption. Suppliers are to fulfill their supply obligations by preventing or limiting supply disruptions.

7. Requests to Suppliers

Epson seeks to build strong partnerships based on mutual respect and to achieve the Epson supply chain strategy as good partners. Toward this end, Epson asks its suppliers to do the following:

- 1) **Prioritization of socially responsible business practices**
Epson asks its suppliers, as members of Epson's supply chain, to fulfill their corporate social responsibility by acting as good corporate citizens that observe applicable laws, regulations, and social norms. The Epson Supplier Code of Conduct provides concrete examples of conduct that suppliers are expected to practice. Epson asks suppliers to review the content of the Epson Supplier Code of Conduct and agree to implement and act in accordance with them.
- 2) **Sound and stable business**
To maintain and sustain good partnerships, build a sound and stable business. Make every effort to prevent over-dependence on Epson for sales. Suppliers are asked to disclose their business and financial condition.
- 3) **Legal and other requirements**
Conduct all business activities in accordance with the laws, regulations, and generally accepted standards of the countries in which you operate. Build a system for monitoring and complying with relevant laws, regulations, and generally accepted standards.
To help ensure ethical procurement, Epson has established the following general rules and appreciates your understanding and cooperation:
 - Epson employees cannot accept offers of gifts, food, drink, or other forms of entertain from current or potential future suppliers.
 - The Epson Group is committed to fair and impartial business practices and does not engage in improper reciprocal deals.
- 4) **High technological capabilities**
Maintain and improve technological capabilities to continue creating trusted products and services that please customers around the world.
- 5) **Continuous supply of goods of suitable quality**
The quality of raw materials, parts, and other goods procured from suppliers can influence the performance of Epson products and, in some cases, produce serious defects. Establish a solid quality assurance system in line with a separate quality assurance (requirements) standard agreement.
- 6) **Supply of cost-competitive goods**
The price of raw materials, parts, and other goods procured from suppliers significantly influences the cost competitiveness of Epson's finished products. Continuously streamline operations and reduce prices of raw materials and parts so as to maintain market competitiveness.
- 7) **Ability to respond to fluctuations in demand**
Ensure a stable supply of raw materials and parts by tightly controlling delivery schedules and responding quickly and flexibly to fluctuations in demand. Meet delivery commitments and continuously try to shorten lead-times.
- 8) **Environmental**
Recognize that adequate environmental consideration is essential, and minimize adverse effects of manufacturing processes on society, the environment, and natural resources.
Production materials suppliers in particular are asked to agree to the Epson Group Green Purchasing Standard for Production Materials and to provide production materials that satisfy the standard.

9) Responsible sourcing of minerals

Formally agree to Epson's policy on conflict minerals, procure minerals in line with this policy, and establish your own conflict minerals policy. Cooperate when new initiatives are launched that may, for example, expand the scope of raw materials and areas to which sourcing policies apply.

Epson's policy on conflict minerals

Do not use conflict minerals (gold, tin, tantalum, and tungsten) that fund armed groups that are tied to human rights abuses and environmental destruction in the Democratic Republic of the Congo (DRC) and adjoining countries.

10) Business continuity management

Build a system (actions in non-emergency times) that prevents supply disruptions due to disasters, accidents, outbreaks of new epidemic diseases, and the like in the supply chain; and establish a system that makes it possible to quickly resume business and continue the supply of goods in the event of an emergency.

11) Information management

Confidential information and personal data learned or acquired in the course of business dealings with Epson are to be strictly managed and protected.

8. Supplier Evaluation Program

Epson assesses supplier compliance with Epson Group Procurement Guidelines, shares issues with suppliers, and works jointly with suppliers to make improvements. Epson decides to which suppliers to evaluate under the program based on the size and nature of transactions with suppliers.

Suppliers are typically evaluated by using one or a combination of the following methods: a self-assessment questionnaire (checklist), interview, on-site verification, or third-party audit. Suppliers are asked to promptly take action to implement suggestions for improvement made on the basis of evaluation results. Depending on the situation, Epson may provide assistance. If action is not taken to implement suggested improvements or if issues are not resolved after a certain period of time, Epson will reconsider future business.

Credit assessment by a credit investigation service Evaluation items: Credit score, business history, capital composition, size, financial position, financing situation, management, etc.
Periodic evaluation: Self-evaluation of a supplier's own QCDEM Evaluation items: Quality control (Q), cost management (C), delivery management (D), environmental management (E), management (M)
Detailed evaluation: Self-assessment of adherence to the Epson Supplier Code of Conduct Evaluation items: Human rights, labor, safety and health, environmental, management system, ethics, and Epson's own items
Evaluation of emergency response capabilities: Self-assessment of ability to respond to a natural disaster, fire, or other emergency Evaluation items: Management attitudes, risk countermeasures, emergency response capability, ability to restore operations after a disaster, supply continuity capability, ability to maintain procurement, inventory management situation, etc.
Safety management evaluation: Self-assessment of response to fires and other emergency risks Evaluation items: Management of electrical hazards, hazardous materials, fire prevention, etc.