Epson Europe's Sustainability Report 2020/2021

Making the Green Choice

EPSON
EXCEED YOUR VISION

Turn down the heat

Epson is committed to developing products that have less impact on the environment. That is why we are proud to have partnered with National Geographic and one of its leading scientists, Katey Walter Anthony, to learn more about the importance of permafrost and what we can do to preserve it through our Turn Down The Heat campaign.

Raised near California's Sierra Nevada mountains, Katey was drawn to the quiet serenity of remote lakes. Friends were hardly surprised when, as a PhD student, she jumped at the opportunity to study in Siberia. Her work has helped to reveal that Arctic lakes are emitting five times more methane than previously thought. As ice melts from global warming, Arctic lakes form and become natural digesters that turn soil microbes into methane – a much more potent greenhouse gas than carbon dioxide. Understanding the implications of thawing permafrost and the impact of melting Arctic lakes leaking methane has become critical to understanding climate change.

While the Earth has always experienced natural cycles of warming and cooling, in evolutionary terms, Katey explains that "A four-degree increase in temperature would occur over 8,000 years, but now that same temperature rise is happening in less than 100 years as a result of fossil fuel induced carbon emissions." She goes on to recall, "Places I used to cross-country ski a decade ago are now swamps and sinkholes. The Arctic is literally melting before our eyes."

While this paints a grim picture, Katey emphasises that there are ways that businesses can minimise their impact on the environment. "Heat destroys permafrost, and when we choose to use heat free technology, we lower our energy consumption which helps to reduce greenhouse gas emissions and slows permafrost thaw."

The young California girl who once found solace in remote Sierra lakes has found passion and purpose in understanding how remote Arctic lakes could hold one of the keys to helping protect our planet for future generations.

This report is produced and published by Epson Europe BV.
All photos by Jasper Gibson are from National Geographic Creative Works and the Turn Down the Heat campaign.

"When we invest in energy-saving technology, it will save us money in the long-term while immediately reducing our carbon footprint – it's a win-win. Our choices really do matter in work and in life."

Katey Walter Anthony
Arctic researcher and National Geographic Explorer

Katey Walter Anthony, conducting climate change research in the Arctic
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Epson 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.

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Yoshiro Nagafusa, President and CEO, Epson EMEAR

Message from our President and CEO, Yoshiro Nagafusa

The time for sustainable technology has come. As European economies begin to recover and invest in growth, our challenge now as manufacturers is to develop and deliver the technology for a truly sustainable future.

The threat of irreversible and catastrophic climate change cannot be ignored. As an organisation committed to sustainability, this urgency affects every aspect of our thinking and planning. Our very future depends on achieving our commitments and taking actions now that will make a material and positive difference to the years ahead.

Sustainable technology will play a vital role in our post-pandemic age. As we emerge vaccinated into this 'new normal', European societies are rapidly re-evaluating and reshaping the way we all live and work. The pandemic has accelerated the growth of digital transformation; lower carbon, less wasteful, Heat-Free technologies are now needed to deliver the promise of a greener society.

“Above all else our chief aim is to deliver the very best in sustainable technologies for our customers.”

In Epson, our commitment to sustainability runs through everything we do. Our people, technology, operations, supply chain and organisational structure are all focused on reducing environmental impact with clear unambiguous targets aligned to each of the 17 UN Sustainable Development Goals.

Above all else our chief aim is to deliver the very best in sustainable technologies for our customers.

Epson has made major commitments this year. The company has pledged to reduce its total emissions in line with the 1.5°C scenario by 2030 and we have announced we will become carbon negative and underground resource-free by 2050.

We have set aside 100 billion Yen (770 million euros) to achieve this aim over the next ten years with a focus on decarbonisation, resource recycling, and an accelerated partnership programme to develop innovative environmental technologies.

Our new Environmental Vision 2050 sets out our target to reduce direct emissions by 19% (scopes 1 and 2) and indirect emissions (scope 3) by 44% before the end of 2025. We estimate our efforts will enable us to reduce greenhouse gas emissions in the supply chain by more than two million tonnes. We have already committed to achieving 100% renewable electricity across the entire Epson Group by 2023 and are delighted to join the RE100, a global initiative of like-minded businesses committed to 100% renewable electricity.

We have also recently announced our Epson 25 Renewed, a new corporate roadmap to drive the company towards its goals of achieving sustainability and enriching the communities we serve. Epson believes the world desires more than just material and economic wealth. People also want other, less tangible forms of wealth. They want to be enriched spiritually and culturally. Sustainability is a fundamental requirement for achieving this and so we are now making our technology more openly accessible and – through wider collaboration and partnerships – we will work together to make a better society. There is always more we can do. Together, as we face the challenges in this ‘new normal’, we must work even harder to make the right choices and create a more sustainable future for our people and planet. As President of Epson in EMEAR I remain committed to improving the wellbeing of our communities – our people, customers, partners and families; and above all to lead our company with true purpose.

I am truly proud and honoured to present Epson Europe’s Sustainability Report 2020/2021.

Our new Environmental Vision 2050

Epson 25 Renewed

Key highlights

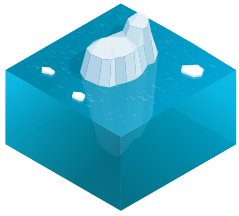
Environmental actions

Epson has made major commitments this year:

The company has pledged to reduce its total emissions in line with the 1.5°C scenario by 2030.

Become carbon negative and underground resource (non-renewable resources such as oils and metals) free by 2050.

Epson is committed to the following:



Target to reduce direct emissions by 19% (scopes 1 and 2) and indirect emissions (scope 3) by 44% before the end of 2025.

Committed to achieving 100% renewable electricity across the entire Epson Group by 2023.

All our European offices, our factory in Telford and our European Central Distribution Centre in Bedburg, Germany, are powered with electricity from renewable energy sources.

We have reduced truck usage for the journey from Rotterdam port to our Central Distribution Centre. Transportation is now rail (70%), barge (28%) and trucks (2%).

Recognitions

- Epson has been placed for the first time on the prestigious corporate sustainability A list by the globally influential environmental non-profit CDP for leadership in tackling climate change and water stewardship
- Epson sites earn platinum in RBA audits for socially responsible manufacturing
- Epson joins RE100 and reconfirms commitment to 100% renewable electricity
- Operating to ISO 9001 and 14001 standards
- Epson awarded EcoVadis Platinum (top 1% of industry) for two years in a row

Responsible Business Alliance
Advancing Sustainability Globally

RE100
CLIMATE GROUP

PLATINUM Top 1%
2021
ecovadis
Sustainability Rating

FTSE4Good

CDP
DISCLOSURE INSIGHT ACTION

Sustainable technologies

- Epson's Heat-Free Technology (PrecisionCore Micro Piezo inkjet technology) does not require heat in the ink ejection process.
- To date, we have avoided around 1.6 million tonnes of plastic-based consumables through the sale of over 60 million cartridge-free EcoTank inkjet home printers worldwide.
- PaperLab is the world's only in-office secure paper recycler that closes the resource loop.
- Our digital textile printers reduce water use by up to 90% and energy use by up to 30%.
- We have set aside 100 billion Yen (770 million Euros) over the next ten years with a focus on decarbonisation, resource recycling and an accelerated programme to develop environmental technologies.

Epson and people

Commitment to equality, diversity and inclusion:

Between April 2019 and April 2020, 52% of the new employees we recruited were female.

As part of our initiative to enhance female career progression, we work with the 30% Club, whose global mission is to reach at least 30% representation of all women on all boards and C-suites globally.

Our Covid-19 response includes:

Many of our employees have effectively worked from home for the past 18 months. As a result of employee feedback, we have introduced a new, hybrid policy to allow for flexible working.

Introduction of a number of new initiatives and resources to support our employees' physical, mental, social and financial wellbeing.

Employee development:

In the past year, employees have spent a total of 32,000 hours training. Since the beginning of the pandemic, training for all employees has increased 67% year on year.

During 2020, 96% of our EMEAR employees completed our Equality, Diversity and Inclusion e-Learning course.

Henning Ohlsson, Director of Sustainability, Epson EMEAR

SDGs and sustainability actions

A call to action by Henning Ohlsson

Established in 2015, the UN Sustainable Development Goals (SDGs) are a blueprint for creating a more sustainable future by 2030 and have been adopted by 193 countries worldwide. For companies that are judged according to Environmental, Social and Governance (ESG) metrics, one important way to track their progress is through their alignment to the 17 UN SDGs.

However, it's clear that many organisations and companies across the world have struggled to align their operations to the SDGs. For many the challenge is how to create concrete targets and deliverable actions aligned to each of the goals. Recent analysis suggests that even now only 0.2% of companies[1] are strongly aligned to the UN SDGs.

More needs to be done, and now. In 2021, the UN Secretariat has set out ten new priorities aimed at putting the world back on track to achieving its SDG targets by 2030[2]:

1. Respond to COVID-19
2. Start an inclusive and sustainable economic recovery
3. Make peace with nature
4. Tackle poverty and inequality
5. Reverse the assault on human rights
6. Gender equality, the greatest human rights challenge
7. Heal geopolitical rifts
8. Reverse the erosion of the nuclear disarmament and non-proliferation regime
9. Seize the opportunities of digital technologies while protecting against their growing dangers
10. Launch a reset for the 21st century

There's nowhere to hide

The investment community is also exerting pressure on companies to do better. Despite the growing wave of ESG investing, pressure on companies to establish concrete targets and demonstrate material progress has never been greater. Over 3,000 signatories representing trillions in assets under management have committed to the UN Principles of Responsible Investment. This means that many companies are required to report their ESG disclosures in Europe, Epson being no exception. There is nowhere to hide now, all companies are under the microscope when it comes to reporting on their sustainability.

Epson has addressed its commitment to ESG by aligning all its operations and activities to the 17 SDGs. Our next step as we work towards 2030 is aligning our materialities to the SDGs with clear targets and metrics that show how we are performing against each goal. We can always do better and are striving to improve. This year we have introduced three additional SDGs into our performance matrices – SDGs 1,2 and 16 – which means we now have clear targets and will set measurable targets for all 17 goals.

[1] MSCI ESG Research LLC August 2020.
[2] These priorities were presented to UN Member States at a UNGA plenary meeting that took place from 28-29 January 2021, in New York, US.

Meet our sustainability team

Sustainability is integrated into decisions at every level of our organisation. Epson Europe's president and senior management board take an active role in driving sustainability policies and processes and they are assisted by dedicated sustainability managers in the UK, Germany, France, Italy, Spain, Portugal, the Netherlands and Norway. This team is responsible for ensuring that our CSR and ESG obligations are met.

The team actively follows sustainability-related legal developments and makes sure that Epson complies with current and upcoming obligations. As such, the sustainability team contributes to delivering sustainability value creation for our employees, customers, partners, and society through leadership and innovative thinking.

Boris Manev
Head of Sustainability and Government Affairs

"Epson's commitment to delivering unique value through innovative and creative solutions is exemplified by the European Sustainability team. Teamwork and integrity, along with passion and ambition, are key to ensuring that sustainability is integrated into every part of the business."

Estelle Augarde
Corporate Sustainability Manager

"With the European green deal, policy makers show European ambitions for a better future. Every individual has a role to play, but as a global company we shall take leadership on the major societal challenges like reducing and managing plastic waste and reducing the use of hazardous chemicals. Our R&D team based in Japan is committed to innovating in a sustainable way, proposing new technology that can be part of the solution."

Joan Escoté
Corporate Sustainability Manager

"Technology must be able to adapt to transformation processes in our society. Our research is aimed at creating products that help improve people's quality of life and guarantee the best of transition towards greater sustainability."

Debora Tobing
Corporate Sustainability Manager

"Sustainable technology development — one of our strengths and core environmental initiatives — is one way to respond to the climate crisis. As a global tech company, we have a responsibility to strive to develop technologies that make a difference and help our customers to reduce their carbon footprint."

Bérengère Gazagnes
Corporate Sustainability Manager

"Sustainability must not be an isolated activity within companies. It has to be transversal, fully integrated at all stages and every employee should take ownership of it."

Amélie Girard
Corporate Sustainability Manager

"The analysis of the ESG topics from a business and stakeholder perspective provides us with the opportunity to challenge ourselves further each year and find sustainable ways to have a greater and positive impact while responding to the needs of society. Motivated by our stakeholders, we create value for society."

Luca Cassani
Corporate Sustainability Manager

"The world has changed and the pandemic has highlighted society's weaknesses. We must not presume to believe that sustainability is only necessary for the protection of the planet and that humans will be saved. Sustainability is a necessity for the safeguarding of all humanity. We have to act, and act now! At Epson, we have innovative ideas, solutions and technologies that can help provide solutions."

Leonie Sterk
Corporate Sustainability Manager

"We believe that corporate priorities and sustainability are inherently linked. That is why Epson is fully committed to the Sustainable Development Goals. They are the compass for our business, integrated into our short, mid and long-term plans and guiding not only our sustainability actions but also our business operations. Through our activities, initiatives and partnerships we want to advance the SDGs and contribute to co-creating sustainability and enriching communities."

Key sustainability themes

To achieve the goals outlined in our Management Philosophy and to become an indispensable organisation, we have identified the sustainability issues that we believe are most critical to address and resolve through our business operations. To do so, we conducted a materiality analysis for our operations in Europe. We looked specifically at two materiality criteria as defined by the Global Reporting Initiative (GRI):

1 The impact on the business, i.e., "the topic reflects a reporting organisation's significant economic, environmental and social impacts".

2 The importance for internal and external stakeholders, i.e., the topic "substantively influences the assessments and decisions of stakeholders".

We considered the upcoming EU Corporate Sustainability Reporting Directive and other sources, such as the EU taxonomy regulation, GRI standards and our Epson global sustainability report, and identified 42 sustainability themes. We have grouped these into six key categories:

- Achieve sustainability in a circular economy
- Advance the frontiers of industry
- Improve the quality of products and services
- Strengthen supply chain management
- Respect human rights and promote diversity
- Strengthen governance

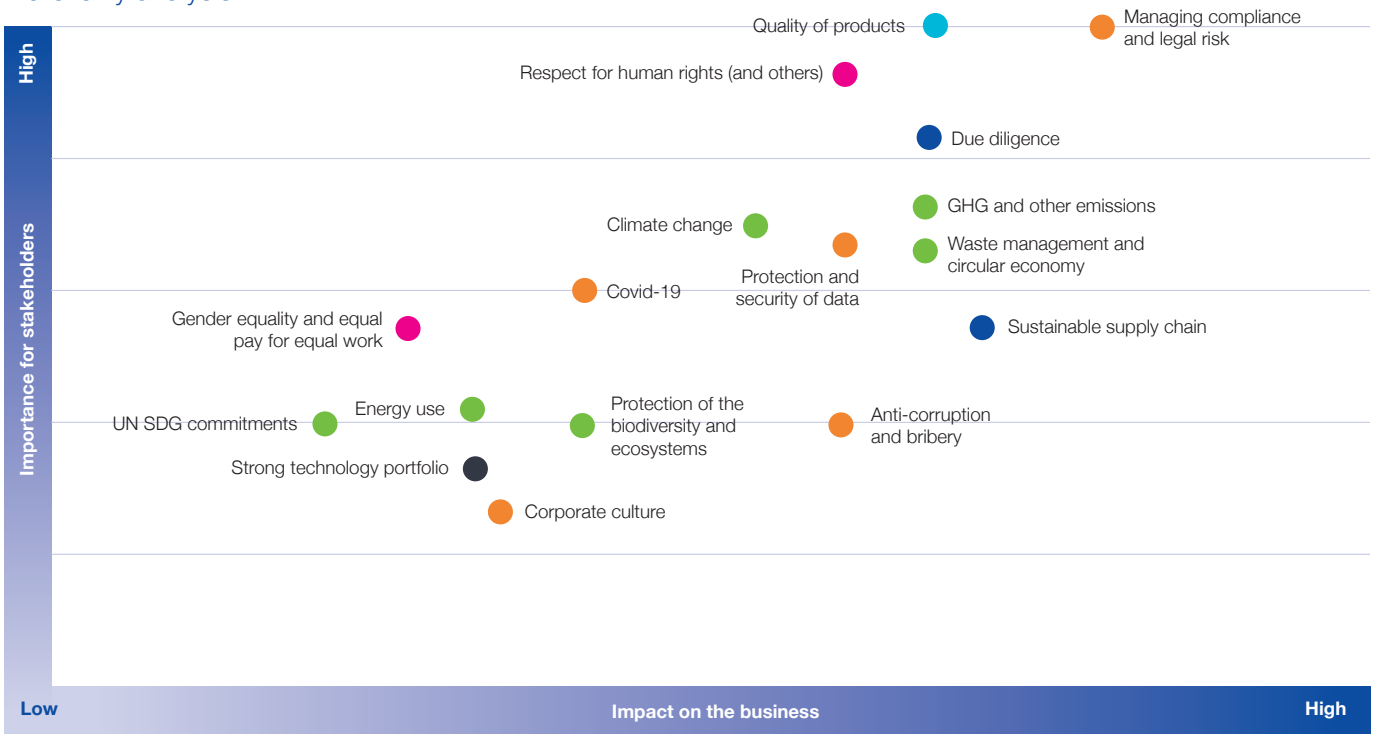
We evaluated the 42 themes from both an Epson and a social perspective and have prioritised the 17 key themes that we consider to be the most important. Our materiality analysis matrix opposite outlines these key themes, and this sustainability report details how Epson is directly addressing each of them.

In addition, we examined the relationship between our key sustainability themes and the 17 SDGs and mapped them to the relevant goals.

Key sustainability themes and SDGs

Category	Key Sustainability Themes	1	2	3	4	5
Achieve sustainability in a circular economy	Climate change					
	GHG and other emissions					
	Energy use					
	Protection of the biodiversity and ecosystems					
	Waste management and circular economy					
	UN SDG commitments	X	X	X	X	X
Respect human rights and promote diversity	Gender equality and equal pay for equal work				X	X
	Respect for human rights (and others)				X	X
Strengthen governance	Anti-corruption and bribery					
	Corporate culture					
	Covid-19			X		
	Protection and security of data					
	Managing compliance and legal risk					
Strengthen supply chain management	Due diligence					X
	Sustainable supply chain					X
Advance the frontiers of industry	Strong technology portfolio					
Improve the quality of products and services	Quality of products					

Materiality analysis



- Achieve sustainability in a circular economy
- Respect human rights and promote diversity
- Strengthen governance
- Advance the frontiers of industry
- Strengthen supply chain management
- Improve the quality of products and services

6	7	8	9	10	11	12	13	14	15	16	17
							X				X
	X						X				X
	X										X
X								X	X		X
						X					X
X	X	X	X	X	X	X	X	X	X	X	X
		X		X							X
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X	X	X		X		X	X			X	X
X	X	X		X		X	X			X	X
		X	X			X					X
		X	X			X					X


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Our approach to climate change adaptation

Climate change is greatly impacting society and Epson views this as a serious social problem. Our Environmental Vision 2050 sets out our global environmental goals for 2050, and this year we renewed those goals in line with the acceleration of global efforts to combat climate change.

Epson's environmental goals are aligned with the SDGs and with the Paris Agreement to chart a course towards decarbonisation. We have committed to reducing our carbon emissions in line with the 1.5°C scenario by 2030 and to becoming carbon negative and underground-resource free by 2050.

Epson has determined that advancing the frontiers of industry through creative, open innovation and achieving sustainability in a circular economy are material matters in our value creation story. To that end, Epson is investing 100 billion Yen (770 million euros) in environmental technologies and solutions over the next 10 years, with the overall goal of reducing global business impact and carbon footprint.

Epson is actively working to reduce environmental impacts throughout the value chain by leveraging our efficient, compact and precision technologies to improve the environmental performance of our products. Through our technology innovations we seek to minimise the environmental impacts incurred by our customers when using Epson products.

Carbon negativity and closing the resource loop are key targets of Epson's long-term sustainability goal. Our European facilities play an important role in reaching these goals, as we strive to minimise our consumption and emissions. In our offices, employee engagement in energy, water and waste reduction makes a significant contribution to overall figures.

At European level, we have been measuring Scope 1 (direct emission from sources that are owned or controlledby the organisation) and Scope 2 (indirect emissions from the consumption of purchased sources or energy) emissions for Epson European Sales offices. Because of the pandemic, office occupancy was lower than usual which resulted in a slight decrease of natural gas consumption for office heating.

In 2020, all Epson European sales offices fully moved to renewable sources for their electricity which led to a significant decrease of emissions to 0. This shift is a major step in our global transition to 100% renewable electricity worldwide by 2023. In addition, we generate electricity from solar panels installed in Epson's offices in Italy and Germany.

Epson's approach to Science Based Targets

Epson is working to reduce its direct and indirect emissions associated with its business and production activities (scopes 1 and 2). However, it is indirect emissions that occur in the value chain (scope 3 emissions) that account for the vast majority of Epson's GHG emissions. The lion's share of scope 3 emissions are emissions during the use of our products (category 11: use of sold products) and emissions associated with the procurement of raw materials (category 1: purchased goods and services). Therefore, Epson has incorporated these two categories in its science-based targets. As the company grows, emissions are expected to increase. Therefore, to ensure that these indicators are useful, we are focusing on reducing emissions as a percentage of business profit as we work to achieve growth and increase corporate value.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

GHG reduction targets

Scope 1 Scope 2	Reduce scopes 1 and 2 GHG emissions by 19% by the FY2025
Scope 3	Reduce scope 3 (categories 1 and 11)*1 GHG emissions as a percentage of value added (business profit) by 44% by the FY2025. *1 Category 1: Purchased goods and services Category 11: Use of sold products

Scope 1: Direct GHG emissions from the use of fuels, etc.

Scope 2: Indirect GHG emissions from purchased energy, etc.

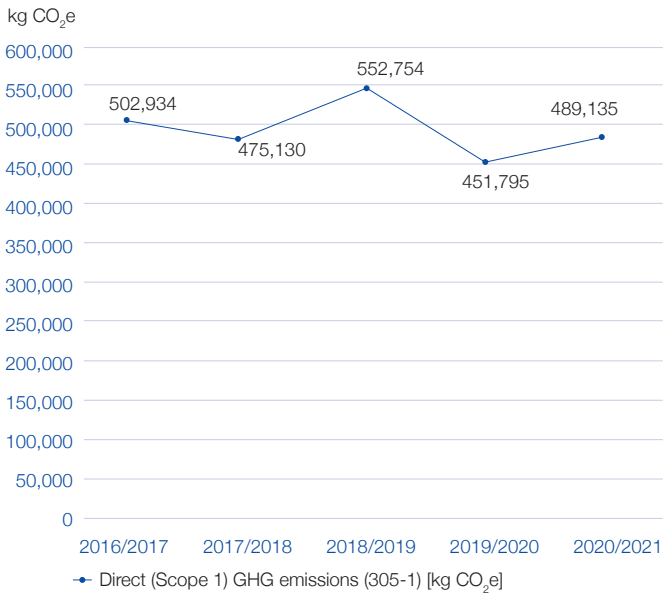
Scope 3: Indirect GHG emissions of the entire value chain

GHG emissions targets

Epson believes that climate change poses serious and urgent business risks that must be addressed. We have suppliers across Asia, including Thailand, where severe floods are a regular occurrence, and in China where there is high potential water risk. Epson recognises that interrupted or delayed deliveries from suppliers due to floods and droughts, two typical climate risks, could seriously impact the manufacture and sale of Epson products.

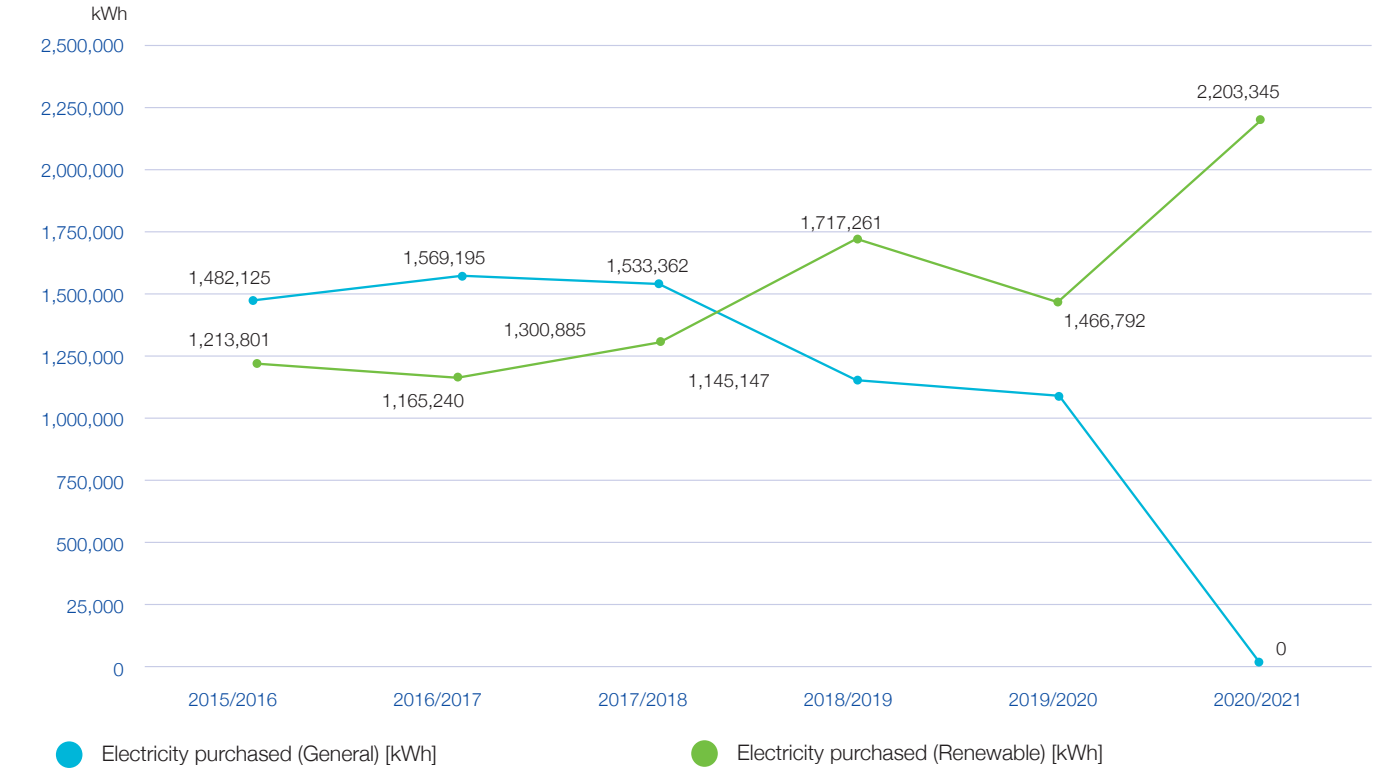
Epson has set greenhouse gas (GHG) emissions targets in line with the Science Based Targets initiative (SBTi). The SBTi has validated Epson's 2025 targets for scopes 1, 2, and 3 GHG emissions measured in accordance with the GHG Protocol. Our validated target for scope 3 emissions, which are emissions from an organisation's value chain, is to reduce GHG emissions as a percentage of business profit out to 2025.

Scope 1 (Direct emissions from sources that are owned or controlled by the organisation) in Epson European offices



Scope 2 (Indirect emissions from the consumption of purchased sources of energy) in Epson European offices

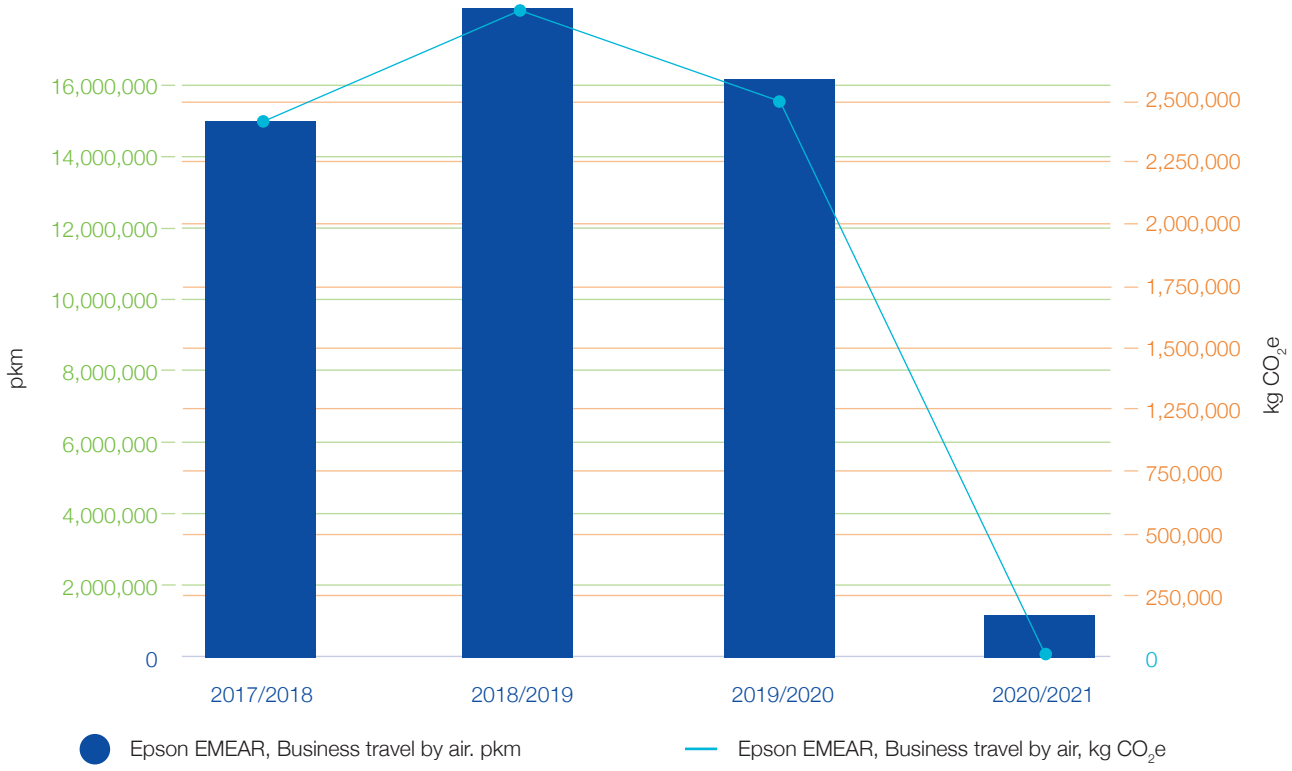
Renewable energy vs grid mix FY15-20 in Europe



Business travel emissions

Since the start of the pandemic numerous domestic and international travel restrictions have been put in place. This affected our business travel activities significantly and resulted in an immense decrease in CO_2 emission. It is likely that this activity will resume at least to some degree in the near future once travel restrictions are lifted. Nevertheless, we have learned that we can reduce face-to-face meetings by using virtual formats. We will continue with this approach as much as possible to limit Epson's and our stakeholders' impact in the future.

Epson EMEAR business travel emissions



Electric Vehicles

As part of our programme of decarbonisation, we have committed to providing electric and hybrid vehicles and charging facilities across our European office sites.

– Total charging facilities at Epson's office sites in Europe: 82

– Total electric and hybrid cars in Europe: 162 (22.3%)

European manufacturing and distribution site, Epson Telford

Tackling pollution

As a part of Epson's commitment to protect the environment and avoid adverse environmental impact, we place environmental compliance at the core of our business and work continuously on improving the environmental performance of our products.

Increasing international restrictions on substances used in products, notably the RoHS Directive and REACH Regulation in Europe, have made it essential to control the type and quantity of materials used.

Epson systematically controls product substance content at the purchasing, production and shipping stages to ensure compliance with these restrictions. Epson has ensured compatibility of its entire line-up of products in Europe with the European chemicals legislation and all products meet the requirements of the European REACH (EC) No 1907/2006 Regulation.

Switching to safer materials (e.g. eliminating harmful substances)

Epson standards specify substances that are prohibited from inclusion in products, and substances whose inclusion must be controlled. Information on these substances is collected and managed in a database. This database is used to ensure safety in all processes, from design and procurement to volume production. Epson is proactive in eliminating from its products substances that could adversely affect the environment or human health.

Pollution prevention and control in our Telford factory

Epson Telford is our European manufacturing and distribution site for ink cartridges and textile inks. It was the first site within the Group to receive ISO14001 certificate for its environmental management system, and is dedicated to continuous improvement activities to prevent pollution, reduce energy and send zero waste to landfill.

Additional activities this year include:

- World Environment Day competition for local schools, encouraging students to come up with creative ideas and activities they have taken part in to support and protect their local ecosystem.
- Donating of goods to a local food bank.
- Expansion of the onsite bee colony with additional shrubs and flowering plants to provide protection and food source for the bees.

In 2020 we recycled[3]:

Wood
306,066 kg

Paper
2,579,162 kg

WEEE
17,297,058 kg

Batteries
19,635 kg

Plastic
810,514 kg

Recycling

To conserve valuable environmental resources and reduce waste, we aim to collect and recycle as many products and consumables as possible through our cartridge collection and recycling programme. This free service is easily accessed via www.epson.eu/recycle, and envelopes, recycling boxes and collection can be requested. The collected consumables including ink cartridges, toners, and waste ink containers are professionally recycled by our certified service providers Cycleon, in cooperation with Close the Loop, which is certified with EN 50625-1: 2014 (the European Standard for the treatment of waste electrical and electric equipment - WEEE), ISO 9001: 2015, ISO 14001: 2015. The valuable raw materials including plastics and metals are sorted and recycled where possible. On average, 90% of the collected material can be recycled and the remaining 10% are non-recyclable materials that are used to generate energy.

"With the current rate of world consumption, sustainable and efficient use of resources is an essential feature of any business. Having an ambitious strategy towards the circular economy and implementing it in the long term is what businesses should be aiming for. Epson's collection and recycling initiative is one key component of our long-term vision. We aspire to find sustainable and innovative solutions to participate in the global action to solve the earth resource management challenge."

Debora Tobing,
Corporate Sustainability Manager

[3] Sum of amount actually collected and expected to be collected.

Preserving water resources

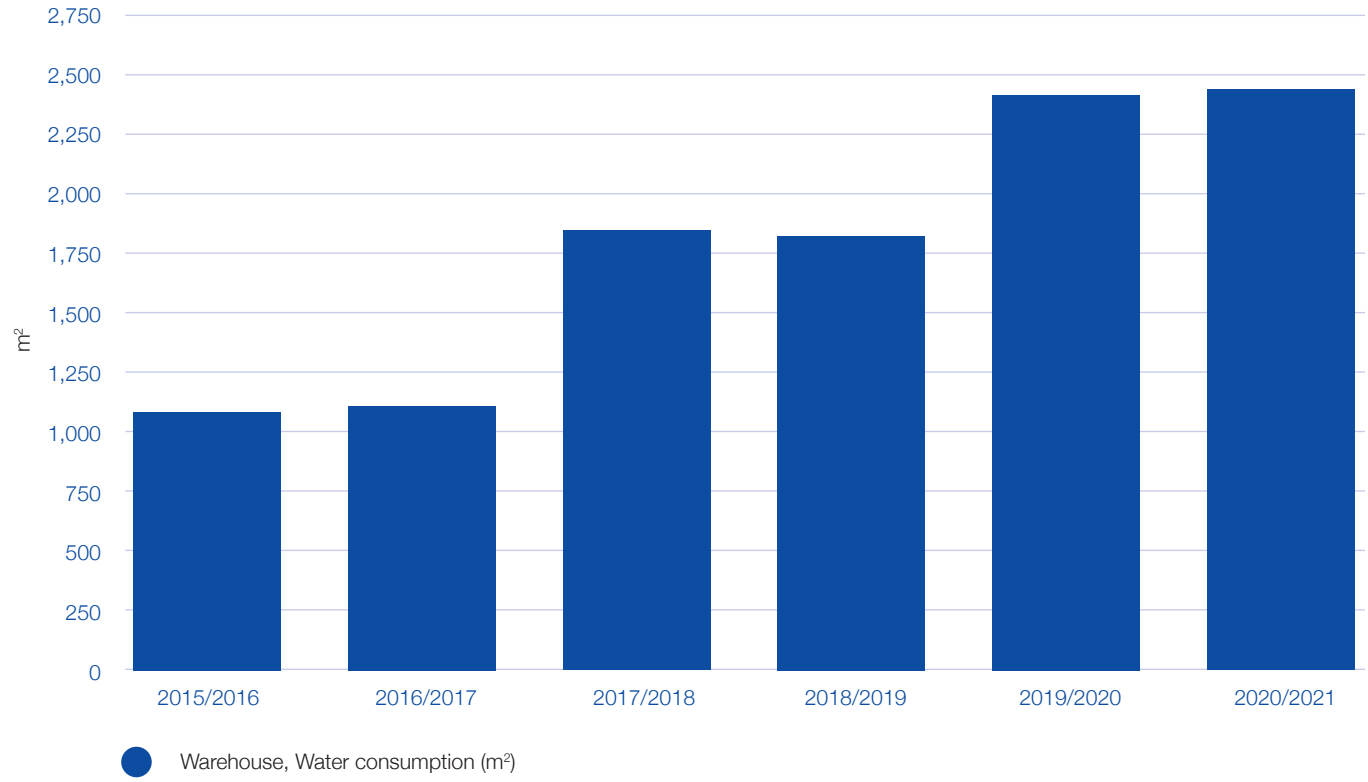
Water conservation is an important part of Epson's environmental strategy at both a global and European level. Water use and discharge is carefully managed at all Epson facilities in order to reduce freshwater use and preserve resources.

This commitment to preserve water resources is also embedded in the technology that Epson develops. For example, PaperLab is the world's only in-office secure paper recycler that closes the resource loop by using our dry fiber technology to turn wastepaper into new paper using virtually no water.

In our European offices during 2020, water usage decreased by approximately 60% as a result of our employees working remotely during the Covid-19 pandemic. However, the pandemic led to a slight increase in water consumption at our Central Distribution Centre due to an increase in on-site employees and the additional hygiene measures in place to prevent the spread of Covid-19. Prolonged hot weather also led to a requirement for additional watering of planting surrounding the warehouse, in part, as a fire prevention measure.

Water usage per financial year in Epson European offices

Water consumption in Epson's European warehouse



Sustainability in our supply chain

As a sustainably responsible business with our own production facilities, we strive to reduce our environmental impact across all aspects of the value chain. To achieve our carbon negative goal at a global level by 2050, Epson is dedicated to implementing a sustainable approach — from our operations, products and services to our business relationships and supply chains.

Epson supplier Code of Conduct

We seek to build mutually beneficial relationships with all our business partners and suppliers, by asking them to uphold the highest standards of integrity and ethics while, at the same time, respecting their autonomy and independence. Epson believes it's essential that all our suppliers understand our Management Philosophy and abide by our Supplier Code of Conduct. It aligns with the code of conduct created by the Responsible Business Alliance (RBA) – of which we are a member, and the United Nations' Sustainability Development Goals.

The Epson Group Supplier Guideline reflects international requirements and is intended to help ensure that our suppliers work with us as partners to meet quality, cost, and delivery 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. It is regularly updated in line with the RBA Code of Conduct and is an important part of our procurement guidelines. 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.

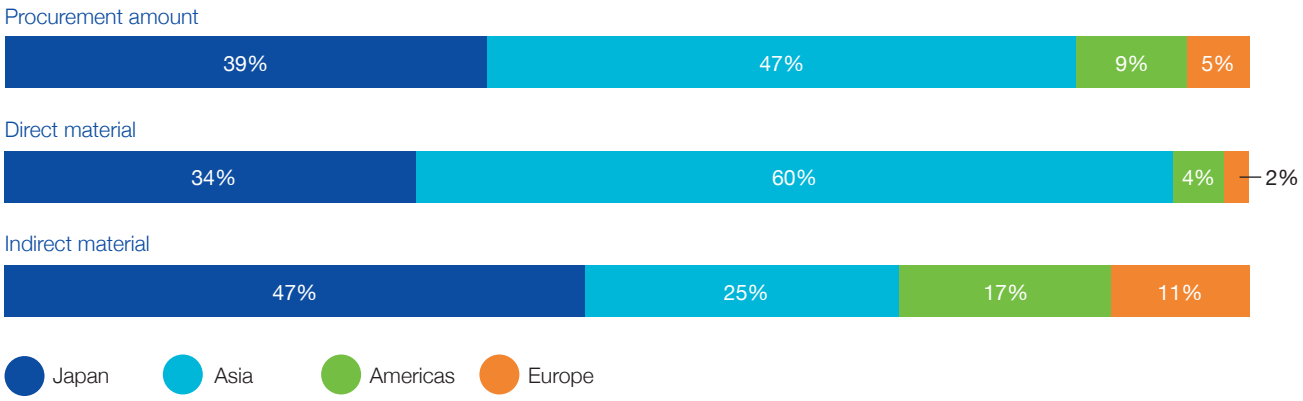
Supply chain overview

Sustainability is an essential consideration in any tender published by Epson. We strive to work with vendors who share the same values and goals around sustainability and ethical practices and we expect them to take a proactive approach to sustainability. Suppliers are important partners in our business activities, and as such, our procurement activities are designed to develop mutually beneficial trusting relationships based on fairness, transparency and respect.

Epson procures goods and services from all over the world, with domestic Japanese procurement accounting for around 39% of our total procurement spend and Asia accounting for the majority of the remaining spend.

Financial year 2020: procurement spend

Epson has business partnerships with 1,700 direct material suppliers mostly in Asia where our main manufacturing site is located. Direct material includes production materials and outsourced manufacturing. Indirect material includes factory consumables, machinery, public relations, logistics and staffing.



Procurement material

Overall, a total of 66% of the materials used by Epson are procured from direct material suppliers, with only 34% coming from indirect sources.

"All actors in the supply chain need to work together to face our major societal challenges. In addition to stringent regulations, the industry needs to implement responsible sourcing but also to innovate and provide affordable sustainable solutions for its customers. Collaboration will be the key of the success."

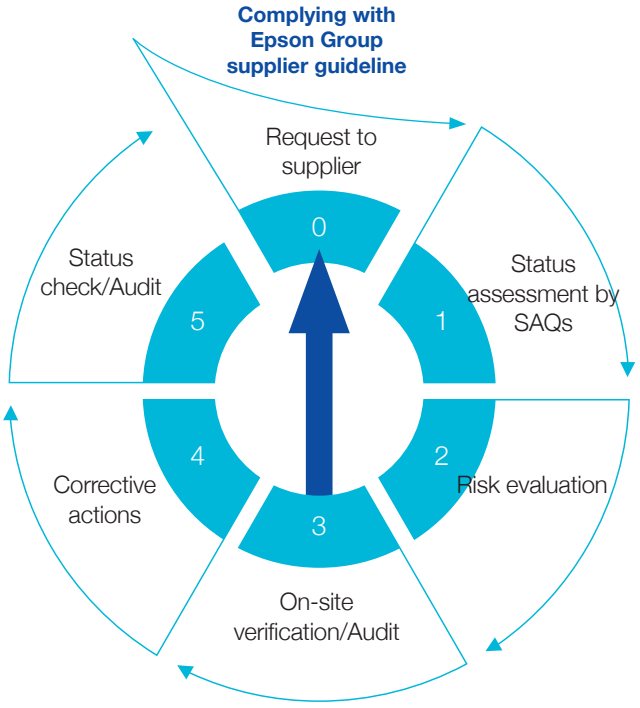
Estelle Augarde,
Corporate Sustainability Manager

Supply chain environmental initiatives

Epson is globally pursuing ambitious environmental initiatives under our Epson 25 Renewed corporate vision. We are seeking to decarbonise and close the resource loop and to develop environmental technologies and provide products and services that reduce environmental impacts. Reducing this impact early in the lifecycle at the procurement stage is a particularly important issue which we are addressing in cooperation with suppliers.

Socially responsible procurement and supplier engagement

Epson's sustainable procurement programme is an annual cyclical activity. We ask suppliers to complete a self-assessment questionnaire (SAQ) and they are analysed by risk level based on their SAQ score and given feedback on the results. We engage with high-risk suppliers to help them improve through on-site verification and audits. To encourage the pursuit of sustainability, we select the suppliers who account for 80% of the value of Epson's procurement spending and, in conjunction with a detailed CSR evaluation, ask them to report the amount of water, electricity, gas and other sources of CO_2 emissions consumed for parts they sell to Epson. We then work with them to help drive production line improvements to reduce the resources used and develop improvements to reduce the environmental impact of transportation.



Responsible minerals survey programme

We established the Epson Group Responsible Minerals Procedures Standard as an internal survey programme throughout our supply chain, to ensure that Epson products contain responsibly sourced minerals. This standard is based on the due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas issued by the Organisation for Economic Co-operation and Development (OECD).

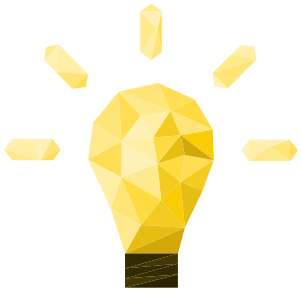
Epson conducts annual surveys using the Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template (CRT) provided by the RMI to identify upstream suppliers of conflict minerals (tin, tantalum, tungsten, and gold; 3TG) and cobalt, identify the smelters and refiners in the supply chain and assess gathered information to confirm the status of supplier improvement programmes related to prioritised minerals. Epson then implements measures based on risk level.

We also use socially responsible procurement supplier briefings and other opportunities to promote understanding of Epson policies, request initiatives to improve survey accuracy, and share information on prioritised minerals response trends in our production facility sites around the world. Epson will continue working with suppliers to make sure that minerals used in our products fulfil the standards set out in our responsible minerals sourcing policy.

Sustainability initiatives at our European Central Distribution Centre

We have introduced a number of sustainability initiatives at our European Central Distribution Centre:

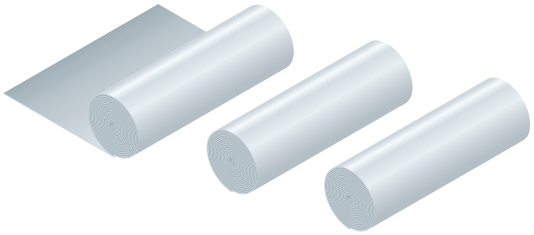
- As of April 2021, the facility uses 100% renewable energy
- We are exploring the use of environmentally friendly cardboard which contains up to 30% grass content from fast-growing fibres, with the remaining 70% obtained from recycled paper
- We have significantly reduced the use of plastic foil by introducing two stretch wrap machines which pull a single layer of stretch foil over pallets instead of multiple layers.



100%
Renewable energy in 2021

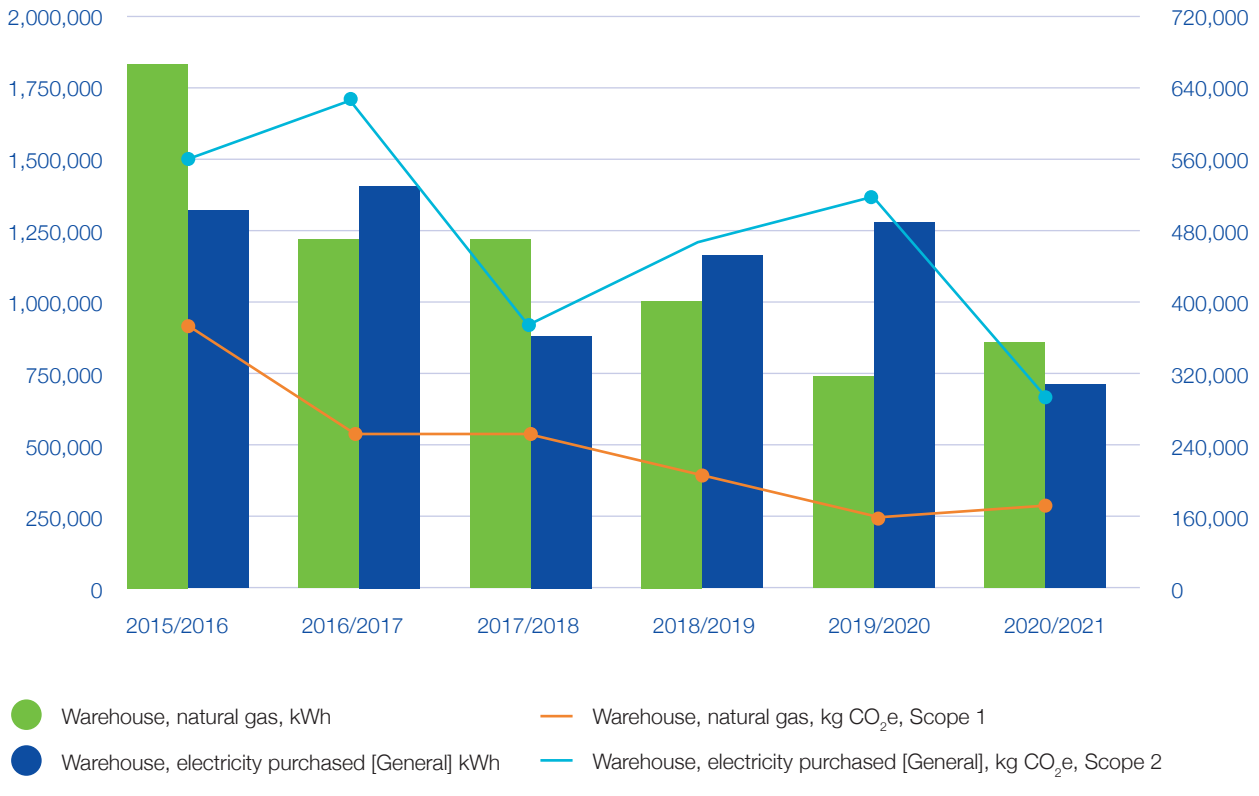
25%
Less foil waste in 2019

4.1%
Less foil waste in 2020



The graph below provides an overview of Epson European warehouse's electricity and natural gas consumption. It also highlights the overall decrease in warehouse's natural gas and electricity consumption between 2015 and 2021, due to energy efficiency measures in the warehouse.

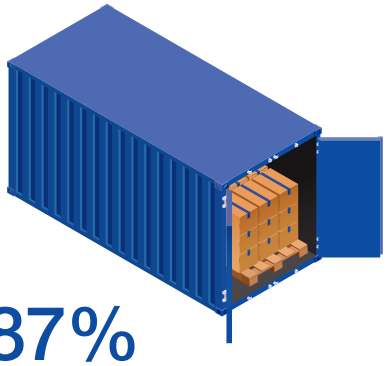
European warehouse electricity and natural gas consumption



European supply chain emissions

Inbound transportation

In the past year, we have further optimised our use of containers for inbound shipments from Asia to Europe, to significantly reduce the number we use. Epson optimised its use of containers for inbound shipments. As a direct consequence, our container usage was reduced.



87%
Shipped in 40' high cube containers (higher loading)

Total number of containers year on year

	Total
FY18	6,383
FY19	6,185
FY20	5,671

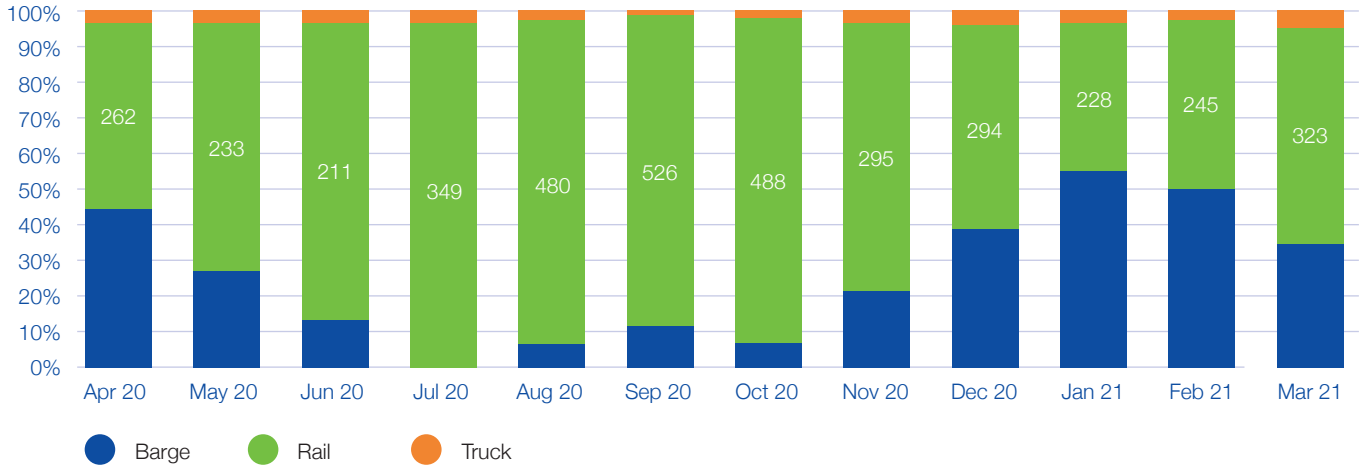
Once inbound shipments reach Rotterdam port, the deep-sea containers move to our Central Distribution Centre warehouse in Bedburg, Germany. Epson reduced truck usage for this journey and opted for rail (70%) and barge (28%), using trucks for only 2% of transportation. These shifts led to a significant reduction in Epson emissions related to logistics in Europe. We are now reviewing our palletisation system with a view to further optimising our truck usage and reducing the need for road transport and its related emissions.

70% Rail

28% Barge

2% Trucks

Import transportation usage from Rotterdam port to Epson European Central Distribution Centre warehouse financial year 2020



Corporate ratings and certifications

Epson placed on two prestigious CDP A lists for the first time

Epson has been placed for the first time on the prestigious corporate sustainability A list by the globally influential environmental non-profit CDP for leadership in tackling climate change and water stewardship.

Epson selected for second consecutive year as a global leader for engaging supply chain on climate change

Epson has been identified as a global leader for engaging with its suppliers on climate change, and awarded a position on the Supplier Engagement Leaderboard by the globally influential environmental non-profit CDP for the second consecutive year.

Epson achieved EcoVadis Platinum status for the second time after obtaining Gold status for three years consecutively

Epson has been awarded a Platinum rating for overall sustainability by independent platform EcoVadis for the second year in a row. This places Epson in the top one percent in the computer and peripheral equipment manufacturing industry. This rating allows our customers to purchase with confidence from Epson, secure in the knowledge that not only is our Heat-Free Technology assisting them towards their own sustainability goals, but that we adhere to the very highest labour, human rights and social standards.

Epson sites earn platinum in RBA audits for socially responsible manufacturing

The Responsible Business Alliance (RBA) is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains and is committed to supporting the rights and wellbeing of workers and communities worldwide. The certification recognises factories and sites across the world that achieve the highest standards of corporate social responsibility in their production processes and focuses on fair working conditions, human rights and sustainability. In 2020, two Epson factories (Indonesia and Malaysia) underwent RBA audits and earned a platinum rating, the highest level of recognition.

Epson sustainability report recognised at Environmental Communication Awards 2021

Epson's Global Sustainability Report 2020 received the Prize for Excellence in the environmental reporting category of the Environmental Communication Awards 2021, a programme jointly sponsored by the Ministry of the Environment, Government of Japan and the Global Environmental Forum. It covered Epson's Environmental Vision 2050 and TCFD compliance, presenting extensive product and service examples and data.

Operating to ISO 9001 and 14001 standards

Epson operates its quality and environmental management system in compliance with the ISO 9001 and ISO 14001 international standards, and implements a planning and control cycle to effect continuous improvement. All of Epson's European Sales Companies are certified with both ISO standards.

Epson included in FTSE4Good Index Series for the 18th consecutive year

Epson has been included in the FTSE4Good Index Series for the 18th consecutive year. The FTSE4Good Index Series measures the performance of companies demonstrating strong environmental, social and governance (ESG) practices. Selection for this index indicates that Epson has been independently appraised for its efforts towards the environment and in solving issues in society and has been recognised as a sustainable company.

Epson projectors are TCO Certified

Epson's projector manufacturing plant in the Philippines was audited and successfully certified for compliance with strict social and ecological criteria as part of TCO Certified. TCO Certified is a world-leading global sustainability certification for electronics, founded over 25 years ago. Criteria include socially responsible manufacturing, environmental impact, user health and safety, and ergonomic design.

EU Eco-Management and Audit Scheme

The EU Eco-Management and Audit Scheme (EMAS) is a premium management instrument developed by the European Commission for companies and other organisations to evaluate, report, and improve their environmental performance. EMAS is open to every type of organisation eager to improve its environmental performance. It spans all economic and service sectors and is applicable worldwide.

Epson joins RE100 and reconfirms commitment to 100% renewable electricity

Epson announced in April 2021 it will join the RE100, a global initiative that brings together the world's most influential businesses driving the transition to 100% renewable electricity. This followed an announcement in March 2021 that all worldwide Group sites[4] will meet their electricity needs from 100% renewable energy sources by 2023.

Moving to renewable energy is a key milestone in Epson's Environmental Vision 2050 which includes our commitment to becoming carbon negative and underground-resource free through a programme of decarbonisation, closing resource loops, customer environmental impact mitigation and the development of innovative environmental technologies.

Joining this important initiative not only expresses our strong commitment to 100% renewable electricity and to achieving the goals of the Paris Agreement but encourages our customers and business partners to also make the switch. We hope to use this opportunity to work with partners worldwide to help them achieve this.

Partnerships with external organisations

Epson is a member of the following organisations that promote sustainable procurement through industry cooperation:

- Responsible Business Alliance (RBA)
- The Japan Electronics and Information Technology Industries Association (JEITA), CSR Committee

Epson is a member of the following organisations that promote responsible sourcing minerals and foster cooperation to promote the use of conflict mineral surveys in the supply chain:

- The Responsible Minerals Initiative (RMI)
- The Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA).

RE100 CLIMATE GROUP

FTSE4Good

EMAS VERIFIED ENVIRONMENTAL MANAGEMENT

TCO CERTIFIED

[4] "All sites" excludes leased properties and sales offices, etc., where the amount of electricity cannot be determined.

Rob Clark, Senior Vice President, Epson EMEAR

Technologies for sustainability

Meeting the technology challenges of the future

While the pandemic has accelerated a societal shift in the way we live and work, new opportunities are emerging for Epson's sustainable technologies in printing, manufacturing, visual communications, and lifestyle.

In printing, our unique PrecisionCore Micro Piezo inkjet technology is playing a huge role in reducing business environmental impact. Our Heat-Free printhead technology reduces energy consumption by more than 80% compared to laser printers, requires fewer consumables, is less wasteful and much simpler to maintain. If all European businesses switched to Epson inkjet technology, we could save 1 billion kWh a year, equivalent to a €151 million energy saving and, more significantly, reduce carbon impact by over 410 thousand tonnes of CO_2[5]. This same volume would require 18 million trees a year to absorb.

[5] Calculated using standard conversion of 0.233 kg of CO_2e per kWh of electricity.

Our EcoTank inkjet printer is already delivering on its sustainable promise. EcoTank uses no cartridges – eliminating production, shipping and disposal impacts and creating only a tenth of the waste of traditional print models. As a result, to date we have saved around 1.6 million tonnes of plastic-based consumables through the sale of over 60 million cartridge-free EcoTank printers worldwide.

Epson is in the vanguard of more sustainable solutions for the fashion industry. The industry produces 20% of global wastewater and 10% of global carbon emissions. Localising fashion using more on-demand digital printing can save up to 4kg of CO_2 per item. Our digital textile printers reduce water use by up to 90% and energy use by up to 30%.

Our on-demand inkjet label printers can save businesses considerable amounts of energy, reduce massive material and ink waste and make labelling operations far more efficient and sustainable. New independent research suggests that if businesses switched to using on-demand inkjet labelling, energy savings of 28.7 million kWh could be achieved each year, the equivalent of lighting 95,960 homes and equal to a reduction of 6.7 million tonnes of CO_2.

On-demand inkjet printing can also eliminate 180 million square metres of label waste, the equivalent covering of 25,264 football pitches, and will cut ink waste by an estimated 619 tonnes.

Visual communications, the use of projectors in video conferencing and for education, is also an area where Epson, as global market leader, can contribute to sustainability. While the workplace re-organises itself into more virtual hubs and governments look to improve education for remote communities, the need for effective visual communications is accelerating. Our ultra-short-throw projectors are improving accessibility in the classroom while our visualisers support new virtual teaching methods. Epson projectors are designed to reduce power consumption and extend lamp life. The Light Optimizer function automatically adjusts lamp brightness based on the projected image, so power consumption is reduced as much as 27% when projecting dark images and eco mode can reduce power consumption by as much as 29%.

Other areas of our business such as manufacturing solutions are also emerging as sustainable choices. As economies across Europe build their recoveries, increased use of localised automation is resulting in less dependency on carbon-heavy offshore production.

Robots are meeting the requirement for safe, socially distanced production, while at the same time allowing people to concentrate on more creative work.

The pandemic has also accelerated new and more sustainable uses for our technology. Our Moverio augmented reality smart glasses are solving the challenge of conducting business in a virtual workplace with companies across Europe using Moverio glasses for remote technical assistance, significantly reducing the need for long distance travel and face-to-face contact.

This year in Europe we are proud to announce the first sale of PaperLab, the world's only in-office secure paper recycler that closes the resource loop by turning wastepaper into new paper using virtually no water. More than this, our dry fiber technology on which Paperlab is based, is creating new opportunities for naturally derived (plastic-free) materials that have numerous applications in manufacturing, logistics and packaging.

As we look forward, Epson is working with partners to develop biomass plastics. Promoting the wider use of biomass plastics will contribute to the decarbonisation of society by replacing fossil-fuel -based resins, mitigating environmental impacts, and reducing carbon dioxide emissions. Epson is part of a consortium to develop pararesin, a flexible biomass plastic that can be used in a range of applications in manufacturing. The consortium's goal is to have the capacity to supply 200,000 tons of biomass plastic annually by 2030.

Looking ahead, Epson is committed to developing technologies and initiatives that help customers achieve their goals and reduce carbon impact.

Epson is well placed for all these new challenges. Sustainability is in our DNA. Our Japanese roots are embedded in a strong tradition of making exceptional products from finite resources. Almost 80,000 employees worldwide share our commitment to sustainability. There is always a limit to what one company can do and it will take close collaboration and partnership with like-minded companies and people who share our vision to achieve more sustainability, enrich communities and improve the quality of our lives.

Heat-Free inkjet technology

Epson inkjet is the future of sustainable business printing. Our award-winning Heat-Free Technology uses less energy and produces less CO_2 than traditional laser technology.

We are 100% committed to our Heat-Free inkjet technology. Our proprietary PrecisionCore piezo technology underpins all Epson inkjet printers across our consumer, office, commercial and industrial print ranges, and is what separates us from other manufacturers.

Thermal inkjet and all laser technologies require heat during the print process which means that it takes time for the ink temperature to warm up and cool down, making it difficult to continuously eject ink at speed. In contrast, Epson's piezo technology requires no heat – so there is no waiting time for heating and cooling – and ink is continuously ejected at high speed. No heat also means that Epson technology uses less energy and produces less CO_2.

The print industry is looking for better, more sustainable technologies and because Epson Heat-Free inkjet is by its very nature more sustainable than laser technology, we believe that it provides the ideal solution and offers significant advantages to businesses seeking to adopt sustainable print solutions.

Benefits of Heat-Free Technology:

- Up to 83% less power consumption and CO_2 emissions than comparable laser printers
- Fewer replacement parts mean a lower environmental impact
- Less intervention increases productivity
- Consistent high-speed printing

Our products are independently tested and verified by labs such as DataMaster and Keypoint Intelligence for delivering high quality, reliable performance suitable for both public and private sector organisations.

Greater output, reduced consumables

Our Business Inkjet Multiple Function Printers (MFPs) with replaceable ink bags reduce the number of consumables and packaging required. Printing 75,000 black and 50,000 colour pages over 5 years (assuming a monthly print volume of 2,100: 1,500 mono, 600 colour) requires just 9 Epson ink packs. The same output would require 44 toner cartridges used in a laser printer[6].

[6] A comparison of the HP Colour LaserJet Pro M477dw and the WF-C579R based on manufacturer's published ink yield data.

Creating real customer value

Switching to Epson saves Gruber logistics 10 tonnes in CO_2 emissions

Gruber Logistics is a family business with over 1,000 employees. Founded in Bolzano, Italy in 1936, the company is committed to ensuring the quality of its services, continuous innovation and making sustainable, responsible choices when it comes to its operations.

In line with this philosophy, Gruber considers Epson the right solution for its needs. It has installed a large fleet of printers - 80 units in its Italian and 50 in its European subsidiaries - with a range of Epson WorkForce models that meet its productivity requirements and provide environmental benefits, such as energy savings and lower costs. In five years, the company will have reduced its CO_2 emissions by 10,000 kg and electricity by 31,000 kWh, with a saving of 5,000 Euros.

"One of the key elements in choosing one printer over another is sustainability. It makes a difference for two reasons: safety at work and energy savings. Especially, we have noticed that an Epson printer offers energy savings of around 83% compared to competitors. And in all this there is a considerable reduction in terms of environmental impact, as well as an indirect economic benefit."

Andrea Condotta
Public Affairs & Innovation Manager, Gruber Logistics

Significant
gain in print quality

31,000 kWh
saved

10,000 kg CO_2
reduction

Pixvert reduces energy bill by 50% with Epson

During their lengthy careers as a school photographers, Bernadette and Philippe Leurs have experienced a succession of technology revolutions and constant adaptation has been instrumental to their success. As part of this journey, they have installed three Epson SureLab SL-D3000 units. Switching from a traditional wet lab to this power-efficient Epson dry lab means they use significantly less energy, and don't need a water supply, air filter or chemicals - which reduces environmental impact and costs.

"Sensitive to what I will call the 'personal impact' (everyone participates to his ability to limit the impact on the planet), we opted for the Epson Surelab D3000. With a consumption of about 12,000 m^2 of paper, this has had a significant ecological impact."

Philippe Leurs
Founder of Pixvert

6 tonnes
of consumables saved

50%
reduction of energy bill

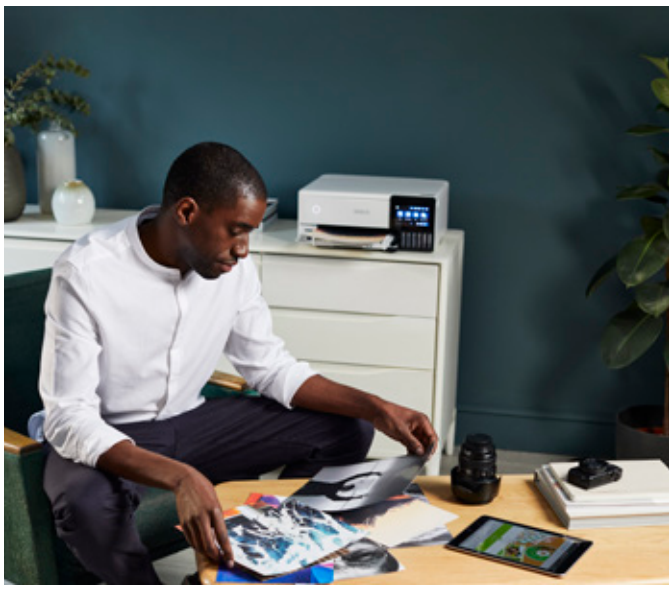
Elimination
of water consumption

Energy efficiency with EcoTank

Blended or hybrid-working models are becoming the new normal, but this means that employees need to be equipped with the right tools to work productively and sustainably both in the office and their home environment.

Epson EcoTank printers are the ideal solution for businesses to cater for individual employee needs. An EcoTank printer is fundamentally different to most printers – it features a large ink tank that you fill with the included ink bottles instead of cartridges. From the start you have enough ink to print up to 14,000 pages[7] – which saves 90% on the cost of ink, removes the need to frequently change cartridges and reduces the amount of plastic used.

Epson was the first to bring this ink tank technology to market, and we've led the way, improving the models and technology over the last eleven years as we have remained No.1* in the marketplace. From the first to the fourth generation of EcoTank printers, we have successfully reduced 182,665 tonnes kg-CO_2 of consumable plastic over the years[8].



Epson EcoTank being used to print photos

Additional flexibility is offered through our ReadyPrint subscription printing service, which delivers new ink directly to customers. The range of flexible print plans means that you are never under or over-stocked as ink levels are monitored and delivered when ink is running low.

[7] Based on Epson calculations, in printing 100,000 pages EcoTank Mono requires the disposal of 85% less plastic-based consumable material on average than competing mono laser A4 devices 1-20ppm.

[8] The size of the reduction in consumables CO_2 emissions was calculated by comparing the cumulative number of ink bottles sold up to August 2020 with the number of ink cartridges required to print the same amount and converting them into a CO_2 equivalent. CO_2 emissions were calculated based on Epson's evaluation conditions, which take into account the impacts from consumables materials and parts manufacturing. Actual CO_2 emissions will vary depending on customer printer use.

[9] Transition to 100% renewable electricity across the entire Epson Group by 2023.

On demand labelling offers serious environmental savings

The label printing market is undergoing rapid change as new digital technologies are meeting growing consumer demand for personalisation and just in time delivery.

Digital transformation is opening the way for a far more sustainable approach, replacing analogue printing with on demand in-house labelling.

On-demand inkjet colour label printing is now the most sustainable and operationally efficient choice. It eliminates the traditional problems of thermal overprinting with no more delays, disruption, waste or inconvenience. No more pre-printed label inventory, production downtime, lost orders, or late shipments. It also improves visual identification, efficiency, and flexibility.

New independent research from consultants Smithers shows how on-demand inkjet labelling can save European businesses significant energy, reduce massive material and ink waste and make labelling operations far more efficient and sustainable[10].

If European businesses switched to using on-demand inkjet labelling, energy savings of 28.7 million kWh could be achieved each year, the equivalent of lighting 95,960 homes and equal to a reduction of 6.7 million tonnes of CO_2[11].

On-demand inkjet printing can also eliminate 180 million square metres of label waste, the equivalent covering of 25,264 football pitches, and will cut ink waste by an estimated 619 tonnes, the equivalent weight of 41 double decker buses.

Switching from analogue to on-demand in-house labelling could help companies meet their sustainability requirements in the following ways:

- Inkjet is a far less energy intensive process and can use just 1% of that energy for the same area printed.
- Inkjet printing can provide operational and cost efficiencies that improve working lives.
- Innovative inkjet technology reduces label waste and stock obsolescence.
- On-demand printing means a significant reduction in waste materials compared with traditional thermal printing methods.

ColorWorks C6000 series printer, with a selection of drink bottles with full-colour, bespoke, on-demand labels

[10] All numbers included in the release are provided by Smithers, reference its White Paper 'Sustainability in Label Printing' dated May 2021.
[11] Calculated using standard conversion of 0.233 kg of CO_2e per kWh of electricity.

A more sustainable future for textile printing

A new generation of designers are much more focused on sustainability, ethical production and local sourcing. Clothing designers and manufacturers are turning to digital textile production as the most sustainable choice because, when compared with traditional textile printing methods, digital printing uses far less water and energy.

The sustainable advantages of digital textile technology also include lower production costs and the flexibility to customise short runs, meaning more control, less waste, reduced water consumption and significantly lower environmental impact.

Locally produced on-demand printing also means a big reduction in carbon footprint as product is no longer shipped or driven in from far distances. Businesses can design and print dye sublimation and pigment textiles locally at much lower cost. By operating in-house and on-demand, manufacturers can avoid the pollutant environmental issues associated with traditional dyeing processes and high-volume ordering requirements.

The transformation of the textile industry is being supported by new ranges of Epson's Direct-To-Garment (DTG) and dye sublimation printers. At the top end of production, digital printing solutions are also available for industrial large scale, super-fast textile production.

Traditional printing		Digital printing Monna Lisa
No pre-treatment	Pre-treatment	Fabric treatment with Pregen to guarantee vivid colours and precise outlines or customised solutions
Colour separation Engraving	Colour management	This step is not needed
Printing paste preparation Printing paste check Screen/cylinder washing and storage Printing paste/water disposal	Sample printing	Monna Lisa series
Printing paste preparation Screen/cylinder washing and storage Printing paste/water disposal	MP printing	Monna Lisa series
Steaming / Washing / Finishing Steaming and washing are not needed when printing with pigments	Post-treatment	Steaming / Washing / Finishing Steaming and washing are not needed when printing with pigment inks

Epson's Monna Lisa Evo Tre has become an industry standard for high quality printing in a variety of fields, ranging from haute couture and fast fashion, to accessories, home textiles and sportswear. A single printer can handle many different types of inks, print on any type of fabric and reproduce the simplest or most complex designs with uncompromising quality, speed and repeatability.

When comparing a production cycle using the Monna Lisa series and one using a rotary press, there is a noticeable reduction in water consumption (-27%), which has two important environmental benefits:

- Less wastewater is sent to treatment plants
- The amount of energy needed to heat water is reduced
- Far less energy is required with digital processes. The conventional rotary system generates 139.56 kg of CO_2 eq, while the digital system produces 85.66 kg of CO_2 eq.

Source: TSC Booklet #3. Digital Printing and Sustainability. Italy, 2017. Comparison between printing 1,000 metres of fabric with the Monna Lisa series and with a rotary press in a printing company equipped with both technologies.

The ML-64000 at ITMA

Epson Monna Lisa Evo Tre printer

Remote collaboration in the classroom

Display solutions that minimise environmental impact

The pandemic has changed the way that we work, learn and collaborate. Our display solutions provide technology that meets the needs of our hybrid new normal and minimises its impact on the environment.

When it comes to display solutions, we are committed to developing sustainable projection technology, and many of our products are now TCO Certified. This world-leading certification is part of our vision to reduce the environmental footprint of our products and work proactively to protect human rights. As well as being verified for socially responsible manufacturing, TCO Certified criteria also verifies for ergonomic design and optimal recommended image size, and all criteria are developed from a lifecycle perspective, covering manufacturing, use, and end of life or recovery phases.

Delivering an inclusive learning experience

The ability to deliver flexible forms of teaching has become increasingly vital during the pandemic, and Epson technology meets the challenges of distance learning. Whether students are at home or in the classroom, lessons can be transmitted live via document cameras along with collaborative editing of teaching materials during video conferences with pupils.

Projection offers many advantages over flat screens. In a standard classroom, it provides a screen size of at least 100 inches, ensuring content can be read in the back rows and Epson's 3LCD technology ensures true-to-life projections that don't tire eyes and resolution that makes content clear and visible from every distance and angle in the room.

Remote collaboration

Prior to the pandemic, remote working was seen as a positive trend but one that was still the best part of a decade away. That changed almost overnight, and we are now in an era of remote collaboration. Epson meeting solutions give everyone access to meetings either in person or from remote locations, involving them in real-time interactive discussions. Callers can annotate content through finger-touch and dual-pen technology, and content and screen sharing from smartphones, tablets and laptops is easy. Our projectors also minimise power consumption both when projecting images and when idle.

Reduce travel with Augmented Reality remote assistance

Epson's Moverio smart glasses have helped businesses adapt to provide technical remote assistance across the world without the need for travel.

The lack of ability to travel during the pandemic created an issue for technical experts and engineers who needed to travel to manufacturing customer sites across the globe to provide assistance. Now, even as travel opens up again, businesses are looking for ways to reduce travel to miminise their impact on the environment.

Moverio remote assistance solves this issue

Remote assistance software solutions designed for Epson Moverio AR smart glasses. link field engineers and technicians with in-house experts. Information and instructions can be passed visually and verbally using live two-way communication to solve complex technical issues.

Whether it's a service, engineering or quality assurance task, the high-quality Moverio camera enables a detailed video feed that can be reviewed and annotated live over the user's field of view. Remote technicians can even send documents and user guides straight to the smart glasses.

In the world of global operations, businesses are facing the challenge of meeting ever-increasing customer expectations across a broader customer base than ever before. A remote assistance solution based on the Epson Moverio platform closes the skill gap between service engineers, and the distance between businesses and their customers, thanks to advanced 'see what I see' technology.

Benefits of remote assistance using Epson Moverio:

- No need for travel means reduced environmental impact
- With no travel requirements, expert support is more readily available
- Downtime is reduced through faster, first-time fix rates

Moverio smart glasses being used for remote assistance

Dry Fiber Technology and our vision for closing the resource loop

Epson's long-term environmental vision is to achieve sustainability in a circular economy. In March 2021 we established Epson 25 Renewed, our corporate vision to pursue.

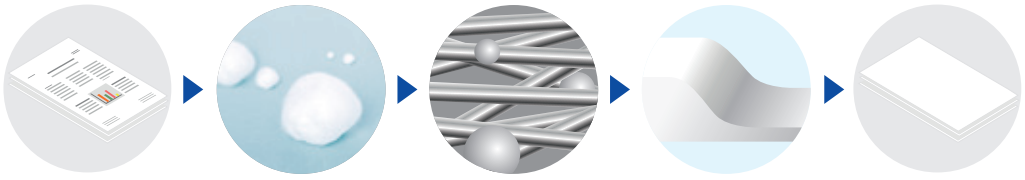
When it comes to closing the resource loop, we envisage this being achieved through the effective use of resources – including reducing the size, weight and use of recycled materials, minimising production losses, extending product service life and refurbishing and reusing products.

As part of our business strategy for Epson 25 Renewed, we will develop new environmental solutions that integrate materials and technologies. This includes using naturally derived plastic-free materials and the recycling of materials including metal and paper. It also includes development of our Dry Fiber Technology applications. Dry Fiber is a set of technologies developed to transform fibrous materials generated in a workplace that were previously difficult to process into highly functional materials without using water[12]. It adds value to what was once treated as waste and reduces the impact on the environment.

"Epson's environmental technology and upcycling philosophy will not only helps us reach our ambitious target of becoming closed resource loop and underground resource free by 2050 but will also help reduce the environmental impacts of our customers."

Boris Manev,
Head of Sustainability and Government Affairs

Dry Fiber Technology



[12] A small amount of water is used to maintain a certain level of humidity inside the system.

The sustainable way to securely destroy, recycle and produce paper

PaperLab is the world's first in-office paper secure recycler that turns wastepaper into new paper using a virtually[1] dry process powered by Epson's unique Dry Fiber Technology.

It creates an office 'eco-system' that reduces CO_2 emissions, increases savings on collection, disposal and logistics, ensures secure disposal of confidential documents and saves water, which is used in huge volumes in traditional recycling processes.

This is achieved through a combination of three processes that turns used paper into new paper: defibration, binding and forming. The processes remove inks and toners, reducing the printed sheets to their basic paper fibres and saving the trouble of shredding documents. Capable of producing 5,760 sheets of recycled paper in an 8-hour workday, the machine also allows adjustment to the thickness and size of the paper required.

Paper to paper recycling on-site provides an effective way for our customers to contribute to the circular economy by preserving water and wood resources and reducing carbon emissions.

A-8000 PaperLab

Manufacturing closer to consumers

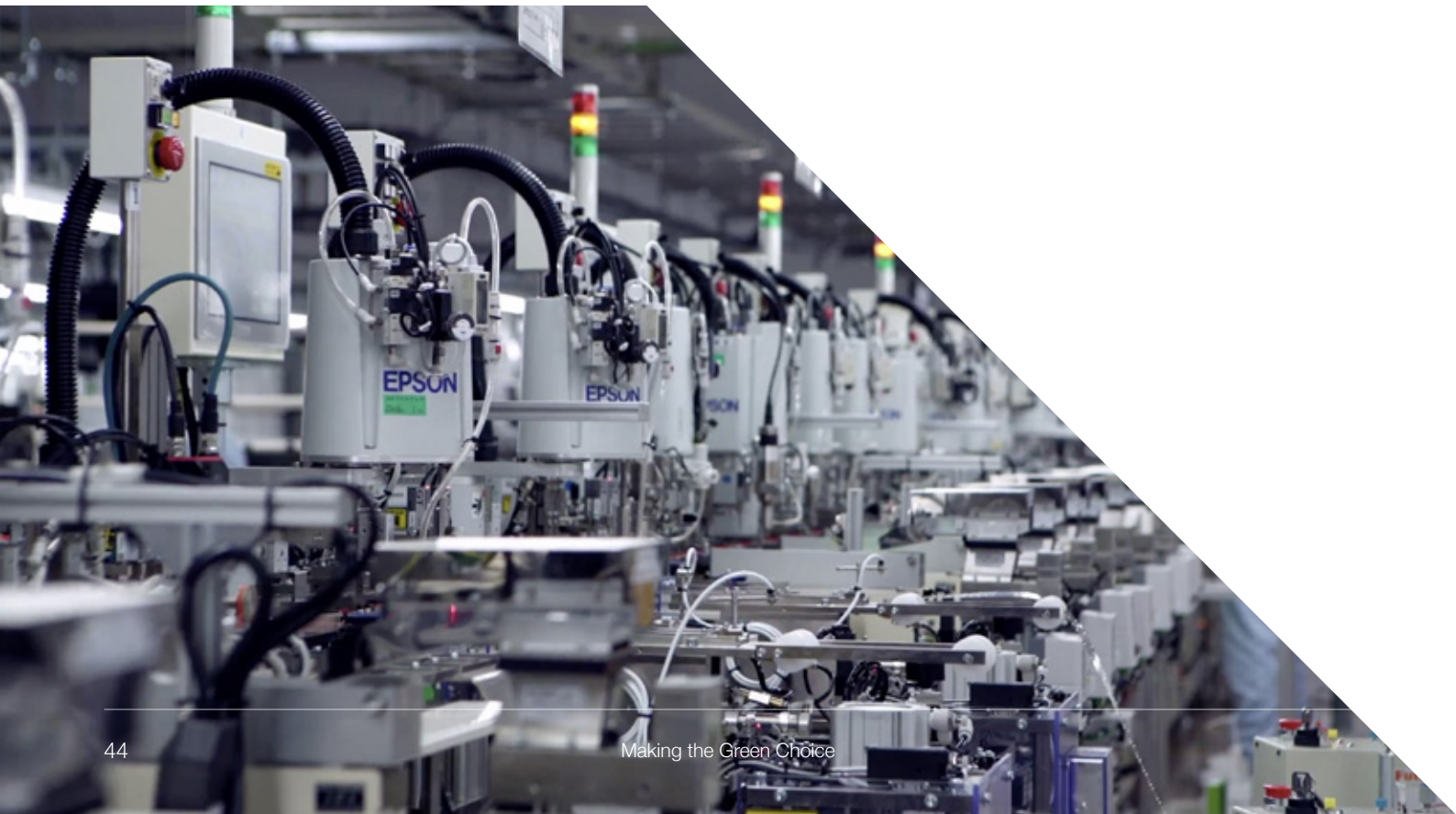
One unintended but positive outcome from the pandemic is that European manufacturers have understood that they cannot be over-dependent on off-shore, far east production. Localised manufacturing is more sustainable in terms of carbon footprint and, as European economies now seek to rebuild and grow post-pandemic, advances in robotics technologies are offering sizeable productivity and profitability opportunities for a wealth of industries needing small-scale, lean and agile operations.

Epson currently has over 80,000 robots installed in factories throughout the world and now sees demand increasing for more local automated production and growing demand for small scale assembly robots such as SCARA[13] robots.

Epson has been the market leader for SCARA robots since 2010, and now has a 31% global market share. We have expanded our six-axis and precision robotics offering to entry-level machines and are rapidly expanding capabilities such as the automation of complex tasks that formerly required human sensory perception.

[13] SCARA = Selective Compliance Assembly Robot Arm

Epson SCARA robots on a factory floor



Epson robots used for Covid testing

Epson Robots are helping in the fight against COVID-19. Now installed at a lab in Italy, the Rapid Sample Reformatter from Labman can prepare up to 21,000 samples a day for testing and requires only 2 people to operate. This represents a significant reduction in the amount of staff required to prepare samples, allowing testing facilities to process more tests, and helping laboratory specialists focus on other priorities during the current pandemic. Using an Epson SCARA robot, the COVID-19 tests can remove human error and any risk of cross-contamination while ensuring accurate sample data conformity and tracking.

A more sustainable approach to industrial solutions

During the pandemic Epson opened a hybrid demonstration centre that incorporates a virtual and physical facility to showcase Epson's manufacturing solutions. The 500m² industrial solutions centre provides access to Epson's full range of robotics and other specialist industrial products. Without needing to travel, Epson customers across Europe can now access multi-lingual technical experts and explore, test and demonstrate innovative manufacturing solutions. At a time when physical meetings and interactions remain challenging, the solutions centre offers new ways to host personal meetings with business partners, make new contacts and explore new technologies through a physical and virtual showroom, tv studio and exhibition booth.

Economical automation solutions at our industrial solutions centre

Michelle Taylor, EMEA HR Director, at Epson Europe's headquarters

Social Responsibility

Making Epson a happy place to work

At Epson our biggest priority and focus over the last year has been to ensure that all our employees feel safe, remain healthy and well and they can access the best support for themselves and their families to help them navigate the pandemic.

We extended our Employee Assistance programme to ensure that every employee and their dependents can cope with the consequences of the pandemic. Through the Employee Assistance Programme employees can obtain support with issues such as social isolation, mental health and emotional difficulties. This includes help with the challenge of transitioning from a remote working environment back to an office environment and dealing with associated issues such increased child care obligations, educating children at home, financial disruptions and managing the impact on people who are important to them as a result of the pandemic.

This year we continued with measures we had put in place to protect the health and safety of all of our employees and provided the infrastructure and support for employees to safely work from home. We also ensured that all of our offices were a safe place to be for any employee who needed or wanted to attend the office to work, at any time.

These measures, alongside the positivity, commitment and excellent teamwork of our employees meant that productivity was maintained and our customers remained central to our focus and goals.

"Our employees are fundamental to our success and making the Epson culture. That's why we constantly consider ways to improve the lives of our employees, their families, and the communities we're part of."

Our employees have stayed energised and motivated, embraced the change from office to home working and have stayed connected thanks to the increased use of technology, online communities and ongoing virtual training.

Our employees have told us that they would like the opportunity to combine home and office working on a long term basis, so we have launched agile working to enable hybrid office and home working arrangements to suit each role and we have ensured we remain connected as a team and focused on our customers and provided each employee with the right level of support to ensure wellbeing.

A key mission for our Global President is for Epson to be a happy company where everyone can express their opinion to each other, and by having everyone working with energy and joy. Our company exists for two reasons; to contribute to society by providing sustainable products and services and to maximise the potential of the employees to make them happy. You may notice the word 'happy' in the statements from our president. It's a word that may not often be present in a company's mission and strategy. However, we know not to underestimate employee happiness.

Social contribution and employee happiness are intimately related. We think employees feel satisfied when they feel that their work is contributing to society, when they are able to contribute to their colleagues, when they achieve their goals, and when they have gained personal growth. Our role as an employer is to promote self-empowerment, where our employees feel enriched and fulfilled through their own achievements, by their own thoughts, in a safe environment where they can easily express their opinion. This is enhanced when the people around them recognise and appreciate their achievements. This is why we will be focussing on employee satisfaction and empowerment in our employee opinion survey this year and investing more in our leadership and talent programmes.

Our employees are fundamental to our success and making the Epson culture. That is why we constantly consider ways to improve the lives of our employees, their families, and the communities we are part of. As we start to see light at the end of the tunnel of this pandemic, I find myself really excited in anticipation of seeing all of our colleagues in person over the coming year and working together to evolve our ways of working and to make Epson a great place to work.

Working conditions

At Epson Europe, our employees are the cornerstone of our success. We employ over 2,000 people and without them, we wouldn't be where we are today. We are committed to delivering the best working conditions for everyone.

Flexible working

As a result of the global pandemic, many of our employees have worked from home for the past 18 months. IT equipment was provided to ensure employees were able to undertake their roles effectively. A one-off payment was made to enable the purchase of home office equipment, together with a monthly allowance to contribute to any additional costs. We have taken into account employee feedback, and as a result, have introduced a new, hybrid policy to allow for flexible working.

In 2020 we undertook an employee wellbeing survey to better understand the needs of our employees. This enabled us to identify where we need to focus our wellbeing efforts to mitigate health and wellbeing risks. Targeted local actions based on survey results included provision of online yoga and meditation classes, webinars led by medical insurers detailing support for mental and physical wellbeing, mental health awareness week activities and virtual social evenings to enhance social wellbeing.

Reducing our environmental impact

In the last year, almost 100% of our interviews took place virtually. A home-based interview process has resulted in our applicants reducing their carbon emissions and making a total saving of 698 hours of personal time. We are further developing our recruitment practices by incorporating our sustainability goals into our interview process to ensure candidates understand Epson's sustainability vision and how that translates to their area of expertise.

Commitment to wellbeing

Epson is committed to investing in our employees' physical, mental, social and financial wellbeing. Some of the initiatives we have introduced this year include: expanding our employee assistance programme, launching online wellbeing hubs to host our wellbeing resources including toolkits to support our Covid-19 response, and introducing monthly webinars on a wide range of topics including personal health, growth and financial planning.

Diversity and equal opportunities

At Epson, we value the potential that individuals of different backgrounds, perspectives and abilities bring to our business, and we recognise the importance of equality, diversity and inclusion.

Our employee strategy, policies and procedures support us in ensuring that we maximise this diversity by having an inclusive environment for all – an environment where everyone is encouraged to share their ideas and make their voices heard, working together cooperatively and harmoniously. In 2020 we focused on two areas: greater understanding of diversity, inclusion and equality and gender equality. While the balance of male and female managers remains unchanged from 2019, we remain focused on understanding why this is and taking steps to improve – from attraction and selection, to development, promotion and retention. As part of our on-going journey towards a diverse and inclusive work environment, we are developing our diversity, equality and inclusion goals and the metrics for measuring each of these across our whole talent lifecycle.

Equality, diversity and inclusion training

During 2020, 96% of our EMEAR employees completed our Equality, Diversity and Inclusion e-Learning course. The training outlines the importance of an inclusive workplace, and the responsibilities we all have in promoting and maintaining an inclusive environment. It covers how to recognise discrimination, harassment and victimisation, and how to become more aware of our own unconscious biases — providing tools to adjust automatic patterns of thought and action.

Female mentoring programme

As part of our initiative to enhance female career progression, we work with the 30% Club, whose global mission is to reach at least 30% representation of all women on all boards and C-suites globally. We offer our employees the opportunity to take part in the 30% Club cross-company mentoring programme which supports the promotion of gender diversity, develops talent and encourages women to realise their potential. Year on year, we have increased the countries in which this is available to our employees, and the number of mentors and mentees taking part.

Employee development

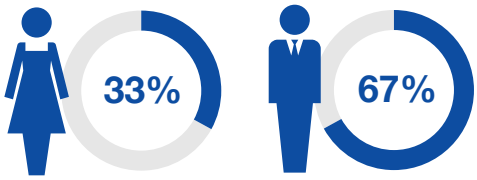
Epson Europe supports the continuous development of its employees to help them exceed their own vision. By investing in learning we aim for employees to reach their full potential while contributing to Epson's success, fulfilling individual needs for personal growth and job satisfaction.

We provide equal access to learning for all employees and provide training ranging from personal development, managerial and sales training, bespoke workshops for individuals and teams, and one-on-one coaching.

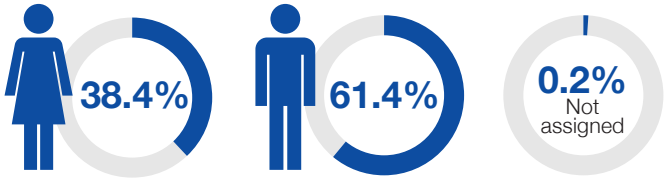
In the past year, Epson Europe employees have spent a total of 32,000 hours training, and since the beginning of the pandemic, we have increased training for all our employees, with an increase of 67% year on year.

FY20/21 Metrics

% for male and female managers:

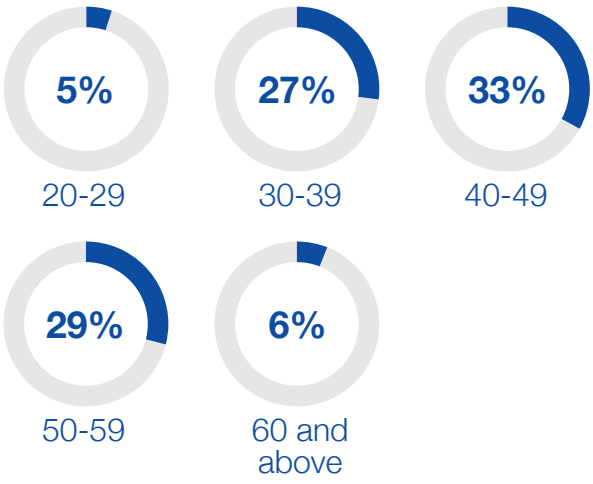


% for male and female employees:



Average age of managers: 48

Age ranges of managers:



Respecting human rights

Epson is serious about keeping all forms of discrimination and unfair practices out of its operations around the world. This stance is reflected in our participation in the United Nations Global Compact since 2004 and in the Epson Groups Policies regarding Human Rights and Labour Standards, which articulates Epson's strong convictions in areas such as respect for human rights, prevention of all forms of harassment and discrimination, respect for local culture and customs, prohibition of child and forced labour, and maintenance of positive labour-management relations.

Pay and benefits

To make competitive and commercial pay decisions we use a systematic and analytical job levelling methodology and we subscribe to Willis Towers Watson's market pay data. The robust processes and tools we deploy ensure consistent, competitive, efficient, and fair processes are applied to all pay decisions and ensure that our workforce is treated objectively and equally.

Our benefits package includes pension schemes, medical plans, dental and vision coverage, life and disability and accident insurance. Plans vary across markets and are provided according to local legislation and statutory provisions in each country.

Contributing to communities

Vital conservation for vulnerable turtles

In July 2020, a loggerhead turtle named Mascletà appeared on la Pineda beach for the first time since 2016. She was known to the Foundation for the Conservation and Recovery of Marine Animals (CRAM).

Sadly, Mascletà was disturbed by the bright lights and human presence on the busy beach, and quickly returned to the sea without nesting. She made several attempts to nest again over the following nights, but each time retreated to the sea.

Despite being the most abundant turtle species in the Mediterranean, the loggerhead is considered a vulnerable species due to marine pollution, accidental capture and the disappearance of beaches. They can lay between 100 and 120 eggs per nest, but with an incubation period that can last more than two months, the nests need to be protected.

A group of volunteers from the Catalonian ecological protection group GEPEC-EdC, had been watching la Pineda beach as part of its programme to protect loggerhead turtles during nesting season. Two weeks after Mascletà was first spotted, she returned to the beach, and GEPEC-EdC organised for volunteers to join experts from CRAM to ensure she had a safe environment to nest and to guard the eggs 24/7 until they hatched and made it safely to the sea.

Epson Spain employees had been due to join the volunteers, but bad weather resulted in the eggs being transferred to CRAM's incubators. The team focused their time on a social media awareness campaign and using Epson printing technologies to create weather resistant banners in four languages to be placed on the beach – to educate visitors about the activity and encourage volunteers.

"Protecting these turtle nests is vital conservation work that we are so proud to be involved with. Mascletà's first nest resulted in 144 healthy eggs, and 74 in her second. With the measures we've taken together, we hope to see dozens of little turtles making it safely to the sea, and Mascletà's microchip will allow us to collect her data and follow her location for next year."

Joan Escoté
Corporate Sustainability Manager, Epson Ibérica

A group of volunteers at Pineda beach

gepec.cat/conservacio/tortuga

Contributing to communities

Planting a memory garden for the bereaved

Employees at our UK head office are involved in an on-going programme of fundraising and volunteer activity for their charity partner, the Human Milk Foundation — a small, independent local charity that collects donated human milk for babies and delivers it to hospital neonatal intensive care units and families at home in urgent need.

A group of volunteers recently joined members of the charity to plant a heart-shaped snowdrop memory garden in honour of bereaved mums who donate their milk to help other babies. The team were joined by the local mayor and councillor as they planted around 600 snowdrops in a giant heart at the charity's research facility in Hertfordshire.

Epson employees helping to create a memory garden for the bereaved

humanmilkfoundation.org

Green kayaking in Copenhagen

Since the 1990s, Copenhagen Harbor has undergone a transformation from being a port of distinctive industry and shipping to being a place of recreation and housing. The water quality has been significantly improved over the past couple of years, and the harbour is widely used for bathing, boat trips and excursions. Likewise, most of Copenhagen's new construction is close to the harbour areas. On an international level, Copenhagen Harbor is highlighted as a strong brand for the city as a whole, and has inspired other cities to create new urban spaces and activities around their ports.

Unfortunately, as kayakers and users of the harbour, we experience the problem of waste in the water, especially in the case of plastic packaging, carrier bags and construction waste. This is detrimental to the overall impression of the harbour, both on land and water. The plastic waste in particular does not just damage the harbour environment locally, but dissolves and is carried out with ocean currents into the surrounding waters, where wildlife mistakes it for food. In this way, the plastic becomes an unfortunate part of the food chain and presents a risk for human health and the diversity of nature.

Epson's team in Denmark has joined the GreenKayak community for a day, going out in kayaks to spend a couple of hours collecting trash from the harbour. GreenKayak is an NGO with a focus on Copenhagen Harbor's environmental challenges, as well as encouraging Danes and tourists to show greater responsibility for the waste they produce. Through co-operation and providing information, GreenKayak will create a platform and be the initiator of environmental improvements at Copenhagen Harbor.

Kayakers collecting waste from the river

www.greenkayak.org

Donating laptops to support children's education

Epson employees in Germany have taken advantage of Epson's corporate volunteering programme for more than a decade, using a day's paid leave each year to volunteer in the local community. When the pandemic struck, it wasn't possible to take part in their usual activities in retirement homes, schools and youth clubs, and they were forced to think up creative ways to carry on.

They quickly realised that not all children had access to the equipment they needed when school lessons in Germany switched to online. All unused laptops were gathered, and the IT department prepared them all to be donated to local families that couldn't afford to purchase their own. They teamed up with local welfare organisation Diakonie who installed a new operating system and learning software onto the laptops and distributed them to the families.

Families in Germany receiving donated laptops

"We were delighted that not only were we able to support local families in need, but we extended the product life of the laptops. We plan to continue this project when additional laptops become available through the business."

Leonie Sterk,
Corporate Sustainability Manager, Epson Germany

diakonie.de/english

Teams from Epson Italy and Epson France taking part in Action Against Hunger

Epson Poland employees at river Wisła near Warsaw

Joining the #ConnectedAgainstHunger sporting challenge

In 2020, teams from Epson Italy and France mobilised in support of Action Against Hunger, an international, non-governmental organisation that fights against hunger in the world by organising sporting challenges. Employees from Epson France and Italy took part in the #ConnectedAgainstHunger remote sport challenge which included walking, running, trekking, cycling and yoga. As well as raising funds for Action against Hunger it promoted healthy habits, mental wellbeing and team building through collaboration. Epson France finished on the podium in 3rd place, with Italy coming in 10th place. The donations collected helped to finance access to water, hygiene and sanitation programmes.

"The pandemic is putting rich societies in crisis as well as countries where malnutrition is 'normal'. We participated as part our commitment to raise both internal and external awareness of this gradually worsening situation. With a small financial contribution and a few drops of sweat, we can help to make access to clean water and sanitation programmes easier."

Luca Cassani,
Corporate Sustainability Manager, Epson Italy

connectedagainsthunger.org

Operation Clean River

Operation Clean River is the largest nationwide environmental community event in Poland aimed at cleaning the country's rivers and riverbanks. It's organised by an NGO and the nature tourism magazine Kraina Bugu and is widely supported by local governments and communities, famous artists and cultural representatives.

This year, the project was supported by Epson Poland as the main official sponsor and local employees have taken part in four events, the largest on the river Wisła near Warsaw. So far, approximately 5,920 kg of waste has been cleared and the team has created a raft of PR and social media material to help promote the activity.

"This has been a wonderful opportunity for us to put our sustainability vision into action in the local community. It's had such a positive impact for us to spend time outdoors engaged in this environmental team-building activity with our colleagues, families, and our business partners."

Ewa Pytlak,
Marketing Services Specialist, Epson Poland

operacjarzeka.pl

Maiku Tonouchi, Executive Director, Corporate Governance, Epson EMEAR

Corporate Governance

Epson's European Commitment to Sustainable Governance

We are guided by our global governance strategy to structure our business to be impactful and sustainable, as well as to respond to policy developments on sustainability issues. As we look to recover from the past year's challenges, more than ever we are guided by key global sustainability commitments - UN's Sustainable Development Goals, European Green Deal, and long-term alignment with the European Union's 2030 agenda. In parallel, consumers are asking companies to be more transparent.

In response, we have committed to open communications with stakeholders and investors; complete alignment with in-market ethics and compliance policies; regular and thorough internal audits for risk mitigation; and proactive engagement with government entities and policymakers. We want to base our decision making on a culture that is dedicated to respecting our planet and all people, and we hold all employees, partners, and suppliers to this same standard. We believe that the frameworks we have put into place will allow us to generate sustainable success for ourselves, our customers, our stakeholders and society.

Governance is more than just a framework

Sustainable corporate governance is embedded into the objectives of our European Executive Management Team, which seeks to:

- Integrate sustainability into all business strategies and processes, whilst creating new value for our customers
- Create a safe, healthy, and fair working environment in which human rights are respected, and a work culture which values collaboration and diversity
- Continuously assess risk and opportunities on various sustainability matters which impact on the business
- Appropriately maintain regulatory compliance with all environmental, waste, chemical and product safety regulations to proactively manage risks

Any action taken by our European governance team aligns with Epson's Global Principles of Corporate Governance:

- To respect the rights of shareholders, and secure equality
- To keep the interests of shareholders, customers, communities, business partners, employees, and other stakeholders in mind, working in an appropriately cooperative manner with them
- To disclose company information as appropriate and ensure transparency
- That Directors, Executive Officers, and Special Audit and Supervisory Officers shall be aware of their fiduciary responsibilities and shall fulfil the roles and responsibilities expected of them
- Epson shall engage in constructive dialogue with shareholders

Our Principles of Corporate Behaviour

Our corporate legal and internal audit teams manage Epson Europe's compliance and ethics structure. They ensure that we fulfil our social responsibility by living up to our global Code of Conduct, and our Principles of Corporate Behaviour, which are:

Pursuing customer satisfaction

Preserving the natural environment

Fostering diverse values and teamwork

Ensuring effective governance and compliance

Creating a safe, healthy, and fair work environment in which human rights are respected

Ensuring the security of people, assets, and information

Working with business partners for mutual benefit

Prospering with the Community

Initiating honest dialogue with our stakeholders

These nine principles allow Epson to be consistent in mitigating risk and accounting for any potential challenges that we may need to respond to.

Business ethics and corporate culture

Ethical behaviour and compliance are the foundation stones of Epson and are essential for our business success. Without these we cannot create the customer value we strive for. Epson defines compliance as conduct that satisfies all legal, regulatory, internal and corporate ethical requirements — and means careful observance of all applicable laws and company regulations.

A set of guiding principles

As a business, we observe a set of nine Principles of Corporate Behaviour that underpin our Management Philosophy. These principles signal our commitment to ethical corporate behaviour and they serve as a trust-based declaration for all Epson employees to comply with. Principle 5 specifically ensures that we institute effective corporate governance and internal controls, and we observe laws, regulations, and other rules to maintain the highest ethics in all activities. Principle 7 requires that we ask our suppliers, sales channels, collaborators and business partners to live up to the highest standards of ethical conduct.

Ethics violation reporting

Epson takes compliance violations extremely seriously and we are committed to ensuring that we remain an ethical and compliant company. Our ethics hotline process is in partnership with Navex Global, a specialist provider of compliance management services who works with us to provide a whistleblowing platform for employees to report any ethical or compliance concerns in multiple languages.

Education around compliance

Compliance awareness and activities go hand-in-hand with our everyday business operations. Compliance Month is a global event which takes place annually each October, featuring educational programmes and training for all employees on Epson's Business Code of Ethics and Compliance.

Safeguarding against fraud

J-SOX is part of Japan's Financial Instruments and Exchange Act, which governs publicly listed companies like Epson. J-SOX compliance provides us with a framework of internal controls to help ensure reliable and accurate financial information and detect against fraud. All of our employees are provided with annual training to ensure widespread understanding of our processes.

Anti-bribery and competition law

Anti-bribery and competition law relevant to Epson's business is included within the terms of all contracts with Epson partners and vendors. Our online partner portal includes anti-bribery and competition law guidelines for business partners and competition law regulations for employees are published in our EMEAR procedures guide. Our legal team participates in regular training to ensure they are up to date with any developments within this area of law and they provide internal training for sales teams across EMEAR and compliance and corporate training. E-learning courses on anti-bribery and competition law is mandatory every two years for all employees and yearly for sales teams.

Our risk management system and internal control mechanism

The Epson system of internal checks and balances, which we refer to as our internal control mechanism, is based on a system of global-level responsibility. This means that the leaders of our different business operations divisions take responsibility for the business operations of our subsidiaries, while the Epson head office supervises our group-level corporate functions. This structure enables us to streamline operations throughout our Group and allows for consistent risk management.

As part of our risk management activities, we conduct regular internal audits through our internal audit departments which are spread throughout the world, with a total of 96 dedicated business units. These processes ensure overall compliance and the effectiveness of our risk management, internal control, and general management methods. If any issues are flagged during these audits, the Audit Office works to minimise business risks by conducting a follow-up audit to look for progress on the status of improvements.

To ensure effective Group governance, the Audit Office also centrally oversees internal audits conducted by auditors at regional headquarters in Europe, the Americas, China, and Southeast Asia. Individual business units are audited about once every three years.

Financial reporting controls

As an extra layer of protection, we audit internal controls to ensure the reliability of our financial reporting (J-SOX). Under our implementation system, all Epson internal stakeholders conduct a self-assessment of their internal controls, while the J-SOX Compliance Department ensures the validity of their results. Operations divisions, subsidiaries, and affiliates not subject to external audits are required to independently assess their internal controls and make improvements where necessary, to ensure compliance with our standards.

Data protection and security

Epson manages personal data protection in accordance with Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR). During FY20, we provided employees with three online courses:

- A course on information security, mandatory for all employees
- A course for employees who handle personal data as part of their role
- A course specifical to GDPR

Our public policy and political engagement

Epson Europe seeks proactive political engagement opportunities and partnerships with key European players who are making a real difference in developing a more sustainable world.

Our goal with this engagement is to maintain strong relationships with governments and policy making entities, allowing us to proactively monitor legislative developments related to our business, and ensure we are able to stay ahead of developing legal requirements as more new and diverse frameworks are adopted. In doing so, we can ensure our compliance with all standards and requirements in Europe and that we can continually build our business in line with our goal to be a valuable regional partner.

©Jasper Gibson

Securing a long-term future

Many companies, organisations and governments across the world have made commitments aimed at preventing the climate disaster that confronts us all. This has not been enough. In 2016, with guidance from the UN's Intergovernmental Panel on Climate Change (IPCC), we signed the Paris Accord to keep global warming within the 1.5 degrees scenario, a target we now know is unlikely to be met.

Five years later and we still hesitate to take the actions that will make a real difference. Now, in 2021, the IPCC has just released its comprehensive assessment of the physical science of climate change and scientists are observing changes in the Earth's climate in every region and across the whole climate system. These changes are unprecedented in thousands, if not hundreds of thousands of years, and some of the changes already set in motion—such as continued sea level rise—are irreversible. It is serious indictment of our failure over many years – both collective and individual - to take necessary action.

As we approach COP26 in Glasgow, we must not only agree but also act on a plan that will make a material difference to the way we go forward as a global society. There is no second chance. We must take measures now that will exponentially reduce the heat on all human activities.

Henning Ohlsson, Director of Sustainability, Epson EMEAR

As a manufacturer, Epson is taking many steps but more can always be done. We are investing 100 billion Yen (770 million euros) on initiatives for decarbonization, resource recycling as well as forging partnerships aimed at developing more innovative sustainable technologies. We have opened market access to our Heat-Free Micro Piezo inkjet technology that reduces energy use in printing by over 80 per cent. Looking forward, we are advancing solutions for biomass plastics aimed at closing the resource loop and Epson's unique dry fiber technology is helping to develop water-free eco-efficient materials for a range of applications including packaging.

You will have read in this report that we have aligned all our operations to the 17 United Nations sustainability goals and through our new Environmental Vision have re-set our business to become carbon negative by 2050.

But we cannot stop there. The climate crisis cannot be left to the next generation. As we move to examine every part of our operations to reduce environmental impact, more long term commitment, investment and action is needed. No-one can do this alone. Working together with common purpose is key to creating a more sustainable future.

The reconstruction of European economies following the pandemic has created a once in a lifetime opportunity to build a better society. Just as the pandemic has accelerated the process of digital transformation and is changing the way we live and work, we now have an important window of opportunity to re-set and work together in partnership to deliver the sustainable technologies needed to secure our long term future.

Talk is free but action costs. The question we need to address now is whether we are willing to meet the cost of change and take necessary action or is climate disaster the price we and all our future generations must pay for not acting sooner.

Henning Ohlsson, Director of Sustainability, Epson EMEAR

Methodology

This report was guided by the proposal for a European directive relating to corporate sustainability reporting (COM 2021, 189 final). The data in the report relates primarily to Epson European Sales offices which are referred to in the report as Epson European offices and are located in France, Germany, Italy, the Netherlands, Spain and the UK.

Materiality analysis

We conducted an in-depth analysis to determine the issues to include in the report in addition to those identified in the relevant regulations. Our materiality methodology is in line with the European Non-Financial Reporting Directive's double materiality concept, as well as the upcoming EU Corporate Sustainability Reporting Directive. We set targets and report on them accordingly. Hence, we report on issues and topics beyond the Epson Environmental Vision which are of interest to our stakeholders. We looked specifically at two materiality criteria as defined by the Global Reporting Initiative (GRI):

- The impact on the business, i.e., "the topic reflects a reporting organisation's significant economic, environmental and social impacts".
- The importance for internal and external stakeholders, i.e., the topic "substantively influences the assessments and decisions of stakeholders".

The materiality matrix available on page 15 is based on the following cross-disciplinary process carried out in four stages:

1. Identification of key themes
2. Scoring of these themes considering their importance for stakeholders and the impact on the business. We considered the impact on business in the medium-term after mitigation measures have been taken
3. Grouping of the themes per key topics
4. Prioritisation of the themes

As part of steps 1 and 2, we reviewed peers, clients and best practice.
The identified 42 CSR themes are grouped in six key categories defined by our global headquarters and considered to be the most important for society and for Epson. The matrix on page 15 showcases 17 of the key CSR themes. They were selected for their relevance for this report and its audience.

Disclaimer
We have used our best endeavours to ensure that our analysis is aligned with the one carried out by our global headquarter in Japan. However, given the difference in terms of activities (i.e., entities in Europe are sales companies mainly) and the geographical scope, there are differences in the methodology we used and the results of the materiality analysis carried out at European and global levels. More information on our materiality analysis can be seen in Epson's Global Sustainability Report.

Emission factors

The following emission factors were applied for the calculation of CO_2 emissions

- CO_2 emissions from air travel: Defra v9.0 (09/2020)
- Emission Factors (IPCC 2006 Guidelines for National Greenhouse Gas Inventories)
- CO_2 emissions from Warehouse Electricity: GHG Protocol/IEA v14 (11/2020) - IEA 2020 (indirect location-based emissions)
- CO_2 emissions from Warehouse Gas: GHG Protocol/IEA v14 (11/2020) - IEA 2020
- CO_2 emissions from Office Electricity: GHG Protocol/IEA v14 (11/2020) - IEA 2020 (indirect location-based emissions)
- CO_2 emissions from Office Gas: GHG Protocol/IEA v14 (11/2020) - IEA 2020

GRI reference

This report is GRI-referenced (GRI 101: 2020)

The report references the following disclosures
GRI 102 General Disclosures
Information on employees and other workers (102-8)
GRI 300 Environmental
302: Energy
Energy consumption within the organisation (302-1)
Energy consumption outside of the organisation (302-2)
303: Water and Effluents
305: Emissions
Direct (Scope 1) GHG emissions (305-1) [kg CO2e]
Energy indirect (Scope 2 - location based) GHG emissions (305-2) [kg CO2e]
Energy indirect (Scope 2 - market based) GHG emissions (305-2) [kg CO2e]
Other indirect (Scope 3) GHG emissions) (305-3)
GRI 400 Social
405: Diversity and Equal Opportunity

Making the Green Choice

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