

**ANNUAL SUSTAINABILITY REPORT FOR FISCAL YEAR 2016
EPSON PORTLAND INC.**

Hillsboro



Longview



Executive Summary

Epson Portland Inc. (EPI) takes a comprehensive approach to environmental stewardship. EPI has been ISO 14001 certified since June of 1998; and then certified under the newest standard ISO 14001:2004 in February of 2004. This certification is based on a solid Environmental Management System that undergoes continual internal audits as well as an annual external audit. EPI was the first charter member in the U.S. EPA's National Environmental Performance Track Program and was one of the only companies in Oregon to hold a DEQ Green Permit. Since March of 2000, EPI has sent no waste to the landfill; any waste that cannot either be reused or recycled* is sent to a waste-to-energy facility in Brooks, Oregon, where it is incinerated and used to create electricity. (*EPI's diversion rate is 95%; several of its recycling and/or reuse programs are innovations that employees have implemented.) Since February of 2003, EPI has been a patron-level participant in PGE's Clean Wind power program, initially purchasing 10% and currently purchasing 62% of its power from wind-generation facilities. In addition, the company designates 30% or more of its corporate contribution dollars to environmental non-profit agencies, especially those whose mission is to educate children about the importance of environmental preservation. Annually, EPI hosts an electronics collection event, three highway clean-ups (Road Warriors), a campus clean-up event, and encourages its employees to take part in other environmental volunteer activities throughout the year.

Background

EPI received its Green Permit on November 9, 2001. In accordance with the requirements of the Green Permit, EPI continually improves its environmental performance and achieves results that are beyond compliance. This report summarizes fiscal year 2016 environmental improvement activities, environmental compliance, and stakeholder activities. In 2010 DEQ closed its Green Permit Program, however as a way to stay transparent to our customers and the community regarding our Environmental Sustainability Programs and Objectives and Targets, Epson Portland Inc. will continue to publish this report annually.

Site History

Located in Hillsboro, Oregon, EPI is the sole U.S. manufacturing affiliate of Japan's Seiko Epson Corporation (SEC). In the early 1980s, SEC began manufacturing printers in the United States to support Epson America, Inc., SEC's U.S. sales and marketing subsidiary. From its opening day in July of 1986 until August of 2001, EPI built over 15 million printers for business, government and personal use. Using proprietary Epson robotics, EPI's Hillsboro, Oregon, location currently manufactures, packs, and distributes ink cartridges for Epson ink jet printers, produces ink to fill Epson cartridges, performs precision injection molding of proprietary plastic parts, and provides specialized engineering services. EPI's Longview, Washington, location manufactures synthetic quartz crystals for Epson's Micro-Device Division. This quartz is used in electronic products manufactured by Epson affiliates around the world.

Site Description

One building in Hillsboro was completed in two phases: Phase 1, completed in 1986; and Phase 2, completed in 1988. Manufacturing at the Hillsboro facility consists of Ink Cartridge Injection Molding, Ink Cartridge Assembly, Pillow, Ink Blending, and Packing. The remainder of Hillsboro's 20.7 acres of land is two parking lots and a natural preserve. In 2015, EPI acquired another SEC facility in Longview, Washington where they manufacture quartz crystal. The Longview facility was incorporated in 2000 and started manufacturing in 2001.

Regulatory Status Category

1) Conditionally Exempt Small Quantity Generator

EPA ID Number: ORD151160934

2) CWS - Industrial Wastewater Discharge Permit

Permit Number: 133072

3) DEQ - NPDES Waste Discharge Permit (Includes Cooling Tower)

Permit Number: 100-J

File Number: 103448

4) DEQ - NPDES Storm Water Discharge Permit

Permit Number: 1200-Z

File Number: 103448

5) METRO - Solid Waste Non-System License (for waste-to-energy)

License Number: N-028-17

6) State Waste Discharge (Longview)

Permit Number: ST6185

7) Conditional No Exposure Exemption (Longview)

CNE Number: CNE303287

Regulatory Reports

State Fire Marshal Report, DEQ Recovered Materials Report, EPA TRI Report, EPA TSCA Report, SWIS Metro Report, DEQ NPDES Cooling Tower Report, Waste Water Report, Discharge Monitoring Report.

Environmental Values

As a member of the Seiko Epson Group, EPI shall fulfill its social obligation as a good corporate citizen, striving to achieve a harmonious balance between its business activities and the global environment by actively taking steps to use resources efficiently and prevent pollution.

EPI has established policies based on the Environmental Values and pledges to carry them out with full participation. EPI will use these policy statements as a benchmark to gauge current and future activities and to determine corporate environmental objectives and targets, including identifying significant aspects and impacts, when appropriate. EPI Senior Management will review these annually.

EPI will:

Utilize Environmentally Sound Processes.

Environmentally sound manufacturing processes will be used to create equally environmentally sound products.

Prevent Pollution.

Pollution will be prevented by defining, monitoring and raising the environmental control level through continuous improvement of our manufacturing processes.

Contribute to the Environment.

Support of environmental efforts will be given at both the local and international levels.

Provide Employee Volunteer Programs.

Various employee volunteer programs will be supported, such as: "Road Warriors" highway clean-up program and Earth Day activities.

Comply with Regulatory Requirements.

Applicable legislative and regulatory requirements will be complied with and/or exceeded with a goal of minimizing the impact on the surrounding environment.

Conform to ISO 14001:2004 Requirements.

An Environmental Management System that conforms to the requirements of ISO 14001:2004 has been established, certified by a third party, and will be maintained.

Communicate its Environmental Commitment.

The environmental commitment of the company will be communicated through our Environmental Management System.

EPI established its Environmental Management System (EMS) in 1998 in accordance with the requirements of ISO 14001. EPI moved to the newest standard 1400:2004 in February of 2004. Initial certification to the ISO 14001 standard was completed in June of 1998, making it only the fifth company in Oregon at the time to achieve such status. Each year, EPI has undergone either a surveillance or recertification audit (as scheduled) of its EMS and has passed and maintained its certification every time.

Determining Aspects, Impacts, Objectives & Targets

EPI's EMS is intended to be a guide for establishing, maintaining, and improving EPI's environmental activities. Environmental planning procedures describe an integrated process of identifying environmental aspects, ranking and selecting them to determine significance, developing objectives and targets, and developing environmental programs that support our goals of increasing environmental stewardship (reducing the use of water and electricity, reducing the amount of solid waste, reducing volatile air emissions and hazardous waste, and increasing reuse, recycling, and employee involvement).

EPI's environmental aspect and impact analysis is completed at least annually. Impacts are categorized in 8 areas: air pollution, water pollution (sanitary), water pollution (outside), soil pollution (outside), utilities consumption, reused-recycled materials, solid waste and regulatory compliance.

In determining objectives and targets, EPI bases its decisions on the following: United States regulatory requirements, Seiko Epson Corporation requirements, requirements from top management, EPI's significant environmental impacts, and views of interested parties. All information is funneled to the Environmental Health and Safety (EHS) committee (with members representing each department at EPI), which then drafts recommendations that are forwarded to top management for approval. Once the EHS committee, EHS committee chairperson, and top management approve objectives and targets, the EHS staff drafts work instructions for each objective and target detailing each task, responsible person(s), due dates, and critical milestones, if needed.

FY16 Objectives & Targets

Objective	Target	Responsibility
Promote Green Purchasing	80% of consumables supplies be environmentally preferred products & continue compliance with SEC Green purchasing standards	Hillsboro – Purchasing
Reduce Solid Waste	Reduce 2% FY15 Baseline Solid Waste Levels	Hillsboro – as applicable to each department or group
	Reduce 2% FY11 Baseline Solid	Longview

	Waste Levels	
	Maintain Zero Waste-to-Landfill	Hillsboro – EHS Department
Reduce Total Energy Consumption	Maintain FY15 CO2 Emissions (per unit produced vs. baseline FY15)	Hillsboro
	Maintain FY11 CO2 Emissions (Based on Production Demand)	Longview
	Reduce HCL Acid by 50%	Longview

FY16 Aspects & Impacts

Significant Aspects	Negative Environmental Impacts	Positive Impacts	Department(s) Oversight	Objective & Target
CWS Industrial Wastewater Discharge Permit	Water Pollution-Compliance	N/A	Facilities & QCU	Control, Monitor & Reports
DEQ - NPDES non-Contact Cooling Tower Permit	Water Pollution-Compliance	N/A	Facilities	Control, Monitor & Reports
Solid Waste	Water & Soil Pollution	N/A	Site*/Warehouse/EHS	Yes & Reports
Green Purchasing Activities/XRF	N/A	Reduces Air, Water, Soil Pollution	MRO Purchasing/EHS	Control & Monitor
CO2 Reduction	N/A	Reduces Air Pollution	Facilities/EHS/QCU	Yes & Controls
Maintain Zero Waste to Landfill (Hillsboro)	N/A	Reduces Soil Pollution	EHS	Control & Monitor
Maintain Recycling Rate	N/A	Reduces Soil Pollution	Site Wide*	Control & Monitor
Maintain Zero VOC's	N/A	Reduces Air Pollution	Site Wide*	Monitor only
Maintain Water Usage	N/A	Saves Natural Resources	Site Wide*	Control & Monitor
Manage Storm Water Runoff (LIDA Swale)	N/A	Reduces Water Pollution	Facilities/EHS	Monitor only

*As applicable to each department or group

Environmental Performance Auditing

The EMS recertification audit was conducted in November 2016 by Bureau Veritas Certification. There was only one minor non-conformance found during the audit. The observed minor non-conformance was that the Wastewater Treatment O&M Manual wasn't up to date. Corrective action was implemented immediately and Wastewater Treatment O&M Manual has been updated to match the current field practice. Overall, the audit validated that EPI's EMS is in conformance to 14001:2004 standard.

EPI's Management System Review consists of an annual executive management strategic review by top management, an annual review by the EHS committee as well as a monthly overview by all Assistant Managers and above. All reviews were completed in FY2016. EPI's EMS was considered suitable, adequate, and effective. In addition, EPI conducts monthly focus audits to ensure the adequacy of policies, procedures and actions that support cleanliness, safety and the environmental considerations at the plant. These audits are done by members of the EHS committee as well as management representatives. Twice a year, the subject matter of the audits is environmental, and each time, any concerns noted are communicated to the appropriate person and action is taken to make corrections.

Meeting FY16 Objectives & Targets

Accomplishments and Deficiencies

Exceeded Regulatory Compliance

1. CWS Industrial Wastewater Discharge Permit

No deficiencies or non-conformances.

2. Hazardous Waste

EPI generated 0 pounds of hazardous waste.

EPI is a Conditionally Exempt Quantity Generator.

3. Maintain FY15 Solid Waste Levels

EPI had a 41% increase due to addition of Packing Department

All solid waste goes to a waste-to-energy facility.

4. Promote employee commute alternative transportation

In FY16, EPI purchased year-round TriMet passes for all EPI employees.

5. Generate annual environmental report

EPI posts prior fiscal year information on its external website.

6. Support Seiko Corporation and its affiliates

EPI supports other Seiko Epson affiliates by sharing our sustainable practices and activities to help encourage their efforts.

7. Green Purchasing-Hillsboro

Goal: 80% of general purchases (office & janitorial supplies) are environmentally green products.

Goal: 100% of production purchases are environmentally green products. These guidelines are developed around not using certain hazardous chemicals in our products and processes.

EPI achieved 80% green purchasing for office and janitorial supplies.

EPI achieved 100% of production purchases under Seiko Epson Corporation guidelines.

8. Maintain CO2 emissions (per unit produced vs. Baseline FY15)

EPI achieved a 1.58% CO2 reduction.

Annual savings through implementing Energy Conservation Opportunities: 228,768 Kwh

(Clean Dry Air receiver and flow control addition & Variable frequency drives on air compressors)
EPI purchases 62% Clean Wind power.

9. **Maintain FY15 Water Usage**

We experienced a 15% decrease.

Environmental Accomplishments

- a. **Energy conservation/renewable energy.** Since February of 2003, EPI has been a patron-level participant in PGE's Clean Wind Power program. In July of 2007, we increased our commitment to the program by 50% and again in 2012 we increased another 12%, to bring us to a total of 27%, in 2013 we increased it again by 35% and now we get 62% of our electricity from wind-generation facilities—a decision that actually benefits everyone in our power grid. These efforts were on top of a myriad of other implementations that have been carried out and sustained over the years to reduce electricity needs at the plant, such as consolidating work spaces so unused areas can have heat and lights turned off; switching all light bulbs to energy-efficient fluorescents; installing motion-sensing light switches and/or timers in bathrooms, mailroom and the warehouse. Alternative transportation. EPI provides each of its employees a complimentary TriMet pass, which allows them to ride busses, light rail, or streetcars free of charge.
- b. **Water efficiency.** EPI captures non-potable water from its ink blending process and uses it as flush water for the toilets in its Phase 2 building (where 75% of employees work). The company also has low-flow toilets and maintains an extremely conservative summer landscape irrigation program, made possible by a switch several years ago to native vegetation instead of high-water-needs-plants and flowers. In 2014, EPI partnered with Clean Water Services, City of Hillsboro, and Portland State University to implement a bioswale in the Phase 1 parking area.
- c. **Waste reduction/pollution prevention.** EPI Hillsboro has sent zero waste to landfill since March of 2000, opting instead to pay to have any non-reusable or recyclable materials sent to Covanta Energy in Brooks, Oregon, where it is incinerated and used to create energy. In the past sixteen years, EPI has recycled or otherwise diverted over 10,376,517 pounds of materials from the landfill! EPI Hillsboro has also been VOC-free since 2002, has sponsored natural area tree plantings to generate oxygen and cleanse the air of CO₂; and has implemented innovative recycling and waste reduction programs such as the reclamation and regrinding of waste plastic for reuse in the molding of new ink cartridge parts, the reuse of ink barrels rather than sending them to waste-to-energy, and the reduction in use of cushioning materials for bulk-packed ink cartridges that has saved over 78,000 cubic feet of bubble pack per year.
- d. **Sustainable purchasing.** EPI has a strong green purchasing system; our purchasing department requires vendors to complete a green purchasing survey to attest to the fact that their products and methods of production are environmentally-friendly, and they must submit to on-site audits by EPI or other Epson personnel to verify the information.
- e. **Promoting social equity.** EPI has had a Corporate Social Responsibility (CSR) policy in place since the fall of 2005. One of the nine main principles of that policy is "Fostering Diverse Values and Teamwork," which states that the company will actively create a culture of respect, trust and the valuing of diversity among its workforce and in its dealings with business partners and the larger community.
- f. **Community service and civic involvement.** The highlight of EPI's environmental community service is its' Earth Day Electronics Collection Event & Document Shredding held annually in April since 2001 (with the exception of 2002). This event allows both employees and business neighbors an opportunity to bring in any old or unwanted electronics (computers, printers, fax machines, DVD players, VCRs, telephones, cables & wire, etc.) and dispose of them free of charge. EPI works with Green Century Recycling and others to ensure that the items are either refurbished or put back to use in classrooms throughout Oregon, or

responsibly recycled. In FY16, EPI collected over 7,600 lbs. of unwanted electronics and approximately 6,513 lbs. of documents for shredding. Other employee volunteer activities include three “Road Warrior” highway clean-ups per year and a campus clean-up held annually in June. EPI also directs 30% or more of its corporate contributions to environmental non-profit organizations. The company has a long history of partnership with the Jackson Bottom Wetlands Preserve in south Hillsboro, providing educational programs delivered to the over 6,000 school children who visit the Preserve each year. Other partnerships include the Columbia River Estuary Partnership, the Tillamook Forest Center, and Friends of Trees, the Oregon Environmental Council’s Forum on Business and the Environment, and the Northwest Environmental Conference.

- g. Host Metro’s Household Hazardous Waste Event Annually.** The event is open to the public.

Stakeholder Involvement

Epson Portland Inc. is not a publicly-direct company, nor is it one that has much contact with community members on a day-to-day basis, as no consumer sales, support or services are provided at this location. However, the company is continually mindful of the impact of its actions on the surrounding environment and community, and welcomes feedback from community neighbors. Therefore, EPI will communicate with stakeholders through its website at www.epi.epson.com and also via its environmental community outreach activities throughout the year.

Thus far, the stakeholder interest has been in learning about how EPI has accomplished some of its environmental achievements and in how they can replicate some of our activities, such as the Electronics Collection Event. Outside stakeholders have not expressed concerns or provided suggestions regarding our environmental activities. Seiko Epson Corporation, EPI’s primary stakeholder, evaluates and audits all environmental activities each year.

Report Submitted By:

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