A close-up photograph of a pair of hands holding a small, vibrant green seedling with several leaves, growing out of a mound of dark, rich soil. The hands are positioned on either side of the plant, gently supporting it. The background is dark, making the green of the plant and the skin of the hands stand out. A bright green rounded rectangle is visible in the top left corner of the page.

ENVIRONMENTAL SUSTAINABILITY REPORT 2017

Epson Portland Inc.

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ENVIRONMENTAL VALUES

As Seiko Epson Group's (SEG) only United States manufacturing affiliate, we are proud to have a progressive environmental program, which includes a zero-waste to landfill operation, renewable energy purchase program, effective use of energy and resources, responsible supply chain management, and employee engagement programs.

To support our goals and to ensuring compliance, we have company policies and a Corporate Social Responsibility (CSR) Action Plan that serve as a benchmark to gauge current and future activities as well as help score our progress on a quarterly basis.

Environmental Policies

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 local and international levels.
Provide Employee Volunteer Programs	Various employee volunteer programs will be supported, such as: "Road Warriors" highway clean-up 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.
Maintain Certification under ISO 14001 Requirements	An Environmental Management System that conforms to the requirements of ISO 14001 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 ongoing public outreach and a published Annual Environmental Sustainability Report.

REGULATORY REPORTING

Regulatory Status Category

Conditionally Exempt Small Quantity Generator (EPA ID Number: ORD151160934)

Regulatory Reports

- DEQ NPDES Cooling Tower Report
- DEQ Recovered Materials Report
- State Fire Marshal Report
- SWIS Metro Report
- EPA TRI Report
- EPA TSCA Report
- Waste Water Report

Site Permits and Licenses

- Department of Emissions Quality NPDES Waste Discharge (Permit #100-J)
- Conditional No Exposure Exemption (Longview CNE #CNE303287)
- State Waste Discharge (Longview Permit #ST6185)
- Clean Water Services Industrial Wastewater Discharge (Permit #133072)
- Metro Solid Waste Non-System (License #N-028-17)
- Department of Emissions Quality NPDES Storm Water Discharge (Permit #1200-Z)

About ISO 14001

The ISO 14001 standard sets criteria and provides a framework for an environmental management system that can be adopted by any organization. By using ISO 14001, EPI is demonstrating a commitment to measuring and improving our environmental impact.

EPI established its environmental management system in 1998 in accordance with the requirements of ISO 14001, and was the fifth company in Oregon at the time to achieve such status.

To maintain the ISO certification, the company participates in regular internal audits and annual external audits. The company has maintained its certification without interruption since 1998.

ENVIRONMENTAL INDICATORS

Accomplishments and Deficiencies Exceeding Regulatory Compliance

Promote Green Purchasing	<ul style="list-style-type: none"> • Target: 80% of consumable supplies purchased are environmentally preferred products • Result: EPI achieved 85% green purchasing for consumables
Reduce Solid Waste	<ul style="list-style-type: none"> • Target: Maintain Zero Waste-to-Landfill • Result: 100% solid waste goes to a waste-to-energy facility • Target: (Hillsboro) Maintain FY16 Baseline Solid Waste Level • Result: 45% increase due to new business infrastructure • Target: Maintain FY16 Baseline Solid Waste Levels • Result: 68 % decrease
Reduce Total Energy Consumption	<ul style="list-style-type: none"> • Target: Maintain FY16 CO2 Emissions (per unit produced vs. baseline FY16) • Results: EPI achieved a 24% CO2 reduction

STRATEGIC APPROACH

Determining Performance Indicators

EPI's environmental management system is intended to be a guide for establishing, maintaining, and improving EPI's environmental activities. The Environmental, Health, and Safety (EHS) committee drafts recommendations based on the requirements and categories listed below, which are approved by senior management. Once approved, the EHS committee drafts work instructions for each objective, detailing who is responsible, and critical milestones or deadlines to achieve each target. The EHS committee then completes an annual analysis of EPI's environmental aspects and impacts.

Environmental planning procedures describe an integrated process of:



Impacts are categorized in 8 areas:

Air pollution

Water pollution (sanitary)

Water pollution (outside)

Soil pollution (outside)

Utilities consumption

Reused/recycled materials

Solid waste

Regulatory compliance

In determining objectives and targets, EPI bases its decisions on the following:



ACCOMPLISHMENTS & RECOGNITION

Energy Conservation & Renewable Energy

EPI takes a multifaceted approach to energy conservation which includes upgrading the HVAC System with an approximate 48% of energy reduction (Hillsboro) and reduction of operation lead-time for MAT AND 32K product line (Longview). The company uses energy-efficient lighting which includes the use of LED lightbulbs in most of our facility and motion-sensing light switches as part of our ongoing efforts to conserve energy. EPI has been a patron-level participant in PGE's Clean Wind Power program, currently purchasing **62% renewable energy**. The company's decision to use electricity from wind-generation facilities benefits everyone in our power grid.

Water Efficiency

EPI captures non-potable water from its ink blending process and uses it as flush water for the toilets in the Phase 2 building. The company also has low-flow toilets and maintains an extremely conservative summer landscape irrigation program, made possible several years ago by a switch to native vegetation instead of high-water-needs-plants and flowers. EPI was one of 39 local companies honored at the Fifth Annual Industrial Partners Pretreatment Awards ceremony on April 4th for perfect compliance records for 2017.



source for local wildlife, including

To reduce and offset CO2 facility is VOC-free (and has been local tree planting events last helped plant more than 4,700 and rushes. Local nonprofit organization Friends of Trees honored Epson Portland Inc. for



Pollution Prevention

In 2014, EPI partnered with Clean Water Services, City of Hillsboro, and Portland State University to landscape a bioswale in the Phase 1 parking area. This swale continues to serve as a natural filter for water runoff from the employee parking lot in

addition to a habitat and food deer.

pollution, EPI's Hillsboro since 2002) and sponsored 2 year. In FY17 alone, EPI native trees, shrubs, sedges,

supporting Friends of Trees for 25 years and sponsored two planting events at Jackson Bottom Wetlands last season.

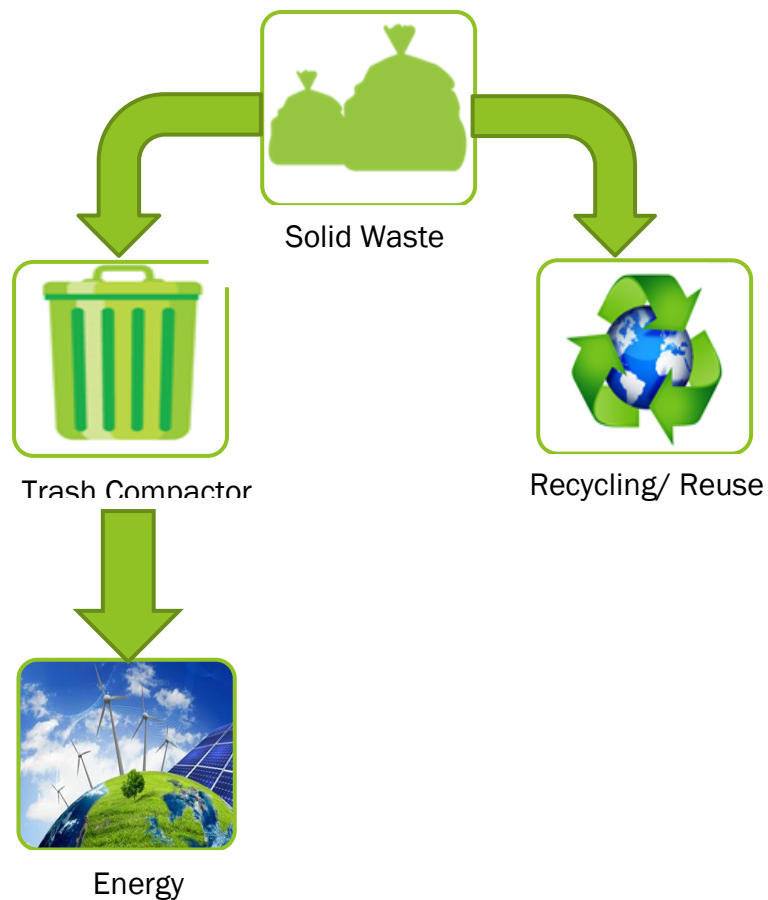
EPI provides Tri- Met public transportation to all employees as part of our comprehensive benefits package through the Department of Environmental Quality's (DEQ's) Employee Commute Options (ECO) program. This pass encourages ridership on environmentally- friendly forms of transportation to reduce air pollution from motor vehicles and reduce local traffic congestion. Additionally, employees are encouraged to carpool or ride their bikes to work.

Waste Reduction

EPI Hillsboro has a zero-landfill waste stream operation with comprehensive recycling programs since March of 2000, opting instead to pay to have any non-reusable or recyclable materials sent to a local waste-to-energy facility. Through this program, EPI has recycled or otherwise diverted **60 tons** of materials from the landfill in FY17.

The company's innovative recycling and waste reduction programs include

- Reclaiming and regrinding of waste plastic for reuse in the molding of new ink cartridge parts
- Reusing ink barrels rather than sending them to waste-to-energy





Collapsible Plastic Boxes

In August 2017, our Engineering department saw an opportunity to reduce cost and corrugated cardboard consumption by switching to collapsible plastic boxes for internal shipments of pillowed ink cartridges instead of corrugated cardboard boxes.

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.

Community Service and Civic Involvement

EPI believes in environmental conservation at the individual level and thus provides a variety of opportunities to employees and community members. These events include:



Tree Planting



Campus Clean-Up



Road Warriors
(Highway Clean-Up)

- Annual electronics collection and document shredding
- 3 highway clean-ups per year through ODOT's Adopt-a-Highway program along EPI's adopted section of Highway 26
- Financial and in-kind contributions to environmentally focused non-profit organizations

INDEPENDENT AUDITOR'S REPORT

Environmental Performance Auditing

The EMS recertification audit was conducted in November 2017 by Bureau Veritas Certification. There were no non-conformances found during the audit. Based on the evidence verified and the findings of the audit, the Environmental Management System is maintained and is in conformance with the requirements of the ISO 14001:2004. EPI's Management System Review consists of an annual executive management strategic review by senior 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 FY2017.

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.

ABOUT EPSON PORTLAND INC.

Epson Portland Inc. is the United States manufacturing subsidiary and American Logistics Center of Japan-based Seiko Epson Corporation (SEC). Using Epson robotics, EPI's Hillsboro, Oregon, location manufactures, packs, and distributes ink cartridges for Epson ink jet printers, including the precision injection molding of plastic parts and production of Genuine Epson ink. This location is also home to EPI's Engineering and Professional support services.

EPI's Longview, Washington, location manufactures synthetic quartz crystals for Epson's Micro-Device Division. The quartz is used in electronic products manufactured by Epson affiliates around the world. Epson affiliate Epson America, Inc. markets, sells, and distributes Epson products throughout the Americas.