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Epson America, Inc., based in Los Alamitos, California, is a sales subsidiary of Seiko Epson Corporation (“SEC”) and serves as the regional headquarters for the U.S., Canada, and Latin America. Headquartered in Nagano, Japan, SEC issues an annual climate-related financial report covering its global operations. This report is prepared in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. Epson America, Inc. is publishing information from SEC’s TCFD report to comply with the disclosure requirements of California SB 261.

SEC’s TCFD report covers the fiscal year running from April 1, 2024, through March 31, 2025 (FY2024). The terms “we” and “Epson” in the report refer to Seiko Epson Corporation.

Governance | Strategy | Risk Management | Indicators and Targets

Climate change is greatly impacting society and Epson sees it as a significant societal problem. The goal of the Paris Agreement is to achieve decarbonization and limit the global average temperature to well below 2℃ above pre-industrial levels and try to limit the temperature increase to 1.5℃. To achieve this, Epson is working to reduce total emissions in line with a 1.5℃ scenario[1] by 2030. Furthermore, Epson coordinated the revision of Environmental Vision 2050 with the announcement of the Epson 25 Renewed Corporate Vision. To attain our goals of becoming carbon negative and underground resource free[2] by 2050, we are working to decarbonize and to close the resource loop. We are also providing products and services that reduce environmental impacts and developing environmental technologies.

Since indicating its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in October 2019, Epson has disclosed information (on governance, strategy, risk management, and metrics and targets) based on the TCFD framework so as to enable good communication with shareholders, investors, and a broad spectrum of other stakeholders. Epson has decided to disclose the level of financial impact in 2021 in a quantitative manner for the first time. Furthermore, in 2022, Epson enhanced its disclosure of specific initiatives and achievements aimed at reducing GHG emissions in response to the update to the TCFD recommendations. Since 2023, Epson has enriched qualitative and quantitative information on the highlights and specific results of its initiatives to address climate-related risks and opportunities.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

[1] Target for reducing greenhouse gas emissions aligned with the criteria under the Science Based Targets initiative (SBTi) [2] Non-renewable resources such as oil and metals

Scenario Analysis Results

We analyzed scenarios based on the TCFD framework to quantitatively assess the financial impact of climate-related risks and opportunities on Epson's strategy. In a 1.5℃ scenario in which there is rapid decarbonization of society, we found that there is transitional risk of an increase in operating costs due to market changes, policies, and legislation, but we expect to limit the financial impact by strengthening products and services based on inkjet technology and paper recycling technology.
Epson will spend approximately 100.0 billion yen (approximately 25.0 billion yen from 2021 to 2025 and approximately 75.0 billion yen from 2026 to 2030) over a period of 10 years ending in 2030 to accelerate decarbonization, close the resource loop, and develop environmental technology. The solution to climate-related risks aligns with the materialities we have set of achieving sustainability in a circular economy and advancing the frontiers of industry and will lead to opportunities for business expansion

with Epson's low environmental impact products and services that save electricity and reduce waste. These products and services will help to mitigate customers' environmental impact and control climate change.
Based on the results of these analyses, Epson will continue to try to maximize its opportunities while addressing recognized risks in order to achieve decarbonization, which we believe is a rational goal both for society and for Epson.
On the other hand, even in a 4℃ scenario in which global warming has advanced because the world failed to take additional measures, we found that the impact of physical risks on our domestic and overseas sites due to the damages arising from weather extremes would be small.

Governance

Important matters related to climate change are reported to and deliberated by the Management Strategy Council, an advisory body to the president. They are subsequently reported to the board of directors at least once a year so that the board can exercise appropriate supervision.
The President and Representative Director has the highest responsibility and authority for climate-related issues. Chief Sustainability Officer has been appointed a Sustainability & Corporate Communications Promotion Officer to manage and promote these initiatives as the head of sustainability activities, including the TCFD. The Global Environmental Strategy Promotion Office and various subcommittees are responsible for formulating and carrying out company-wide environmental strategies, including actions to respond to climate change. These subcommittees also communicate and cooperate with the global sales offices, such as Epson America, Inc., on sustainability and climate-related matters.

Promotion organization chart

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Main Climate Change Initiatives

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
・Declared support for the TCFD recommendations ・Studied risks of natural disasters caused by climate change (2℃ scenario and 4℃ scenario)	・Qualitatively disclosed the financial impact based on the disclosure recommendations of the TCFD framework (2℃ scenario) ・Studied risks of natural disasters caused by climate change (1.5℃ scenario)	・Revised Environmental Vision 2050 and set clear objectives, including becoming carbon negative ・Quantitatively disclosed the financial impact based on the disclosure recommendations of the TCFD framework (1.5℃ scenario)	・Enhanced disclosures on the results of specific initiatives in line with the revised TCFD recommendations ・Studied risks of natural disasters caused by climate change, taking into account the changes in the IPCC Sixth Assessment Report	・Created a new Global Environmental Strategy Promotion Office and environmental subcommittees for each topic ・Enhanced qualitative and quantitative information on the highlights and specific results of its initiatives to address climate-related risks and opportunities	・Updated qualitative and quantitative information on the highlights and specific results of its initiatives to address climate-related risks and opportunities

Strategy

Epson has determined that achieving sustainability in a circular economy. To achieve these, we are reducing greenhouse gas (GHG) emissions by leveraging our efficient, compact, and precision technologies to drive innovation.

Roadmap to achievement of the Environmental Vision 2050

Epson has established the Environmental Vision 2050, under which efforts are being made to achieve not only carbon neutrality by 2050, but also carbon negativity, while aiming for products that are free from underground resources. The “Mid-Range Environmental Action Plan” outlines specific scenarios of how progress will be made towards this goal. With expansion of businesses in the growth areas and new areas that “Epson 25 Renewed” aims at, GHG emissions and resource consumption throughout the supply chain are expected to increase. To address this, an “Environmental Value Creation Scenario” has been formulated that integrates both environmental and business strategies across all operations, laying out a roadmap to achieve the 2050 targets.

Furthermore, to increase resilience against climate change, we have been implementing activities at regular meetings of the Environmental Strategy Council and its subcommittees to realize our Environmental Vision 2050. In FY2024, we reviewed the status of implementation of activities and submitted deliberations and reports to various corporate management bodies, focusing on the following initiatives.

Initiatives for FY2024

- Considering topics: decarbonization targets (renewal of SBTs), TNFD disclosures, and definition of and measures for resource circulation
- Reviewing efforts of each subcommittee and medium-term KPIs
- Sharing the progress and challenges of the Environmental Value Creation Scenario for each operation
- Investigation and analysis of the current situation (trends of competitors and society, environmental laws and regulations, etc.)

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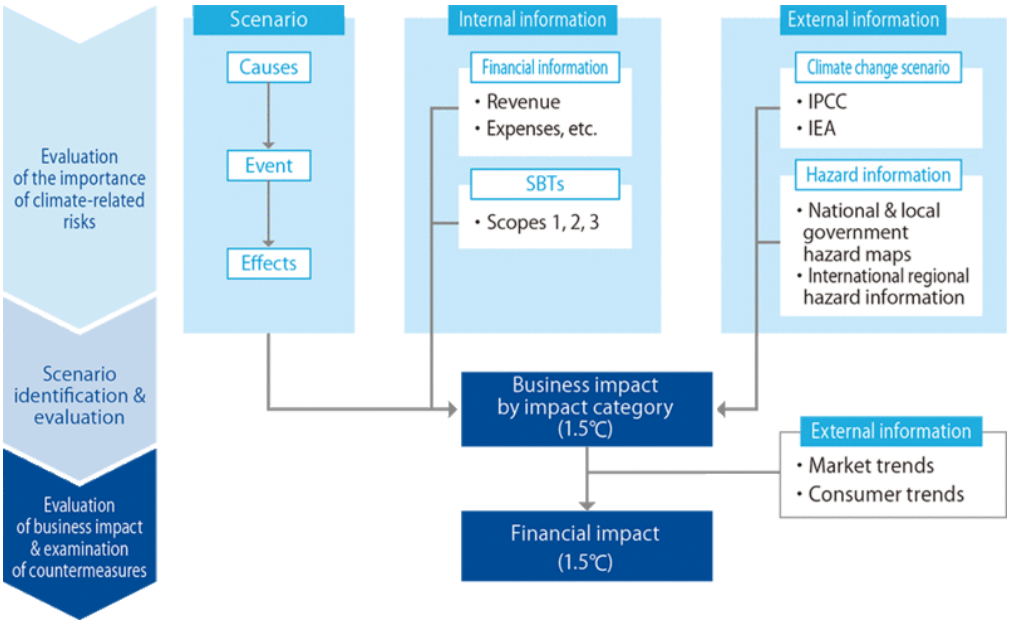
Scenario Analysis of Climate-Related Risks and Opportunities

Epson identified and evaluated scenarios in the categories of transition risk, physical risk, and opportunity to evaluate the importance of climate-related risks and opportunities. Seven risks and opportunities were singled out for evaluation. We evaluated the business impact and financial impact of each on the basis of the scenarios corresponding to temperature increase of 1.5℃ presented by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) as well as on the basis of internal and external information.



Climate-Related Risks and Opportunities in a 1.5℃ Scenario

The results of evaluating climate-related risks and opportunities based on scenario analysis are as follows.

Category		Items	Actualization[1]	Business impacts	Financial impact[2]
Transition risks	Market changes Policy & laws and regulations	• Paper demand	Short-term	**Impact** • We were unable to detect a strong relationship between climate change and the change in paper demand, but demand for printing and communication paper is assumed to be on a declining trend. Even if the shift to paperless advances further due to changes brought about by COVID-19 (such as the contraction of office printing because of decentralization), we expect only a limited financial impact from the strengthening of products and services based on inkjet technology and paper recycling technology (reduction of printing costs, reduction of environmental impacts, increase of ease of printing, appeal using usefulness of paper information).	Small

		(Initiatives in "Environment Vision 2050") ・Decarbonization ・Closed resource loop ・Environmental technology development	Short-term	**Impact** • Decarbonization of products, services, and supply chains as well as advanced initiatives in resource recycling are needed to respond to the shared global societal issues of climate change and resource depletion. • Scientific and specific solutions are necessary to develop environmental technologies linked with the rapid decrease of environmental impacts. **Response to risks** Decarbonization - Renewable energy use - Energy-saving facilities & equipment - Greenhouse gas removal - Supplier engagement - Carbon-free logistics Closed Resource Loop - Use resources effectively - Minimize production losses - Extend product service lives Environmental technology development - Dry fiber technology applications - Naturally derived (plastic-free) materials - Material recycling (metal, paper) - CO_2 absorption technology	Invest a total of approximately ¥100.0 billion by 2030
Physical risks	Acute	・Damage to business sites due to floods	Long-Term (End of 21st century)	**Impact** • Based on the results of risk assessment for 36 sites (17 sites in Japan and 19 sites overseas), the changes in future operational risks due to flooding (rivers overflowing), high tides and water shortage are limited. • Short-term climate change risks to the supply chain will be addressed in line with our business continuity plans.	Small
	Chronic	・Damage to business sites due to rising sea levels			
		・Impact on operations due to drought			

Opportunities	Products and services	(Initiatives in "Environment Vision 2050") ・Customer environmental impact mitigation	Short-term	**Assumed scenarios** • The need for environmentally considerate products and services will increase due to the introduction of a carbon tax, soaring electricity prices, rising waste disposal costs, sustainable production volume, and reduced resource use. **Business opportunities** • In the growth areas defined in Epson 25 Renewed, we expect to grow revenue at a CAGR (compound annual growth rate) of 15% by providing 1) inkjet office printing, commercial & industrial inkjet printing and printheads that reduce environmental impacts, increase work productivity, and reduce printing costs; and 2) production systems with expanded use of new production devices to reduce environmental impacts.	Large CAGR of 15% is expected in growth areas by FY2025
		・Environmental business	Short-term	**Assumed scenarios** • Market growth is expected in the areas of global warming prevention, waste treatment, and effective utilization of resources. • The shift to a circular economy is expected to drive market growth for recycled plastics, high-performance biomaterials, bioplastics and metal recycling. **Business opportunities** • Generate revenue by value transformation (enhancing functionality), eliminating plastics (packing and molding materials), creating new high-value added materials and carrying out other measures through the establishment of technologies, such as applications of dry fiber technology, including paper recycling, development of naturally derived materials (elimination of plastics) and recycling of raw materials (metal and paper recycling) as effective solutions for combatting global warming and shifting to a circular economy.	Medium

[1] Short term: < 10 years Medium term: 10-50 years Long term: > 50 years

[2] Small: < 1 billion yen Medium: 1-10 billion yen Large: > 10 billion yen

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FY2024 Actions

Epson implemented the following initiatives in FY2024 to promote decarbonization, close the resource loop, develop environmental technology, and mitigate environmental impacts on the customer's end.:

Category		Items	Initiatives implemented in FY2024	FY2024 quantitative results
Transition risks	Market changes Policy & laws and regulations	・Paper demand	In Office & Home Printing, sales of ink have been stable with a decrease in sales of ink cartridges offset by increases in sales of high capacity ink bottles and ink for office shared printers in conjunction with the increased number of machines in the field. The financial impact of fluctuations in demand for paper in the market targeted by Epson was limited.	Small[3]
		・ Decarbonization	Maintained 100% renewable energy at all sites of the Epson Group globally[4] . Started the Epson Green Supply Chain project that supports GHG emission reduction and the adoption of renewable electricity among suppliers.	¥7.58 billion (Breakdown) ¥4.38 billion - Expenses: ¥1.91 billion - Personnel expenses: ¥1.29 Billion Cumulative input costs and investments for Environmental Vision 2050: ¥20.22 billion in total
		・Closed resource loop	Expanded the use of recycled plastic products, and increased the long-term use of products through refurbishing/reuse. Completed construction of a new plant to recycle metal waste as materials for metal powder products (June 2025, Epson Atmix).	
		・Environmental technology development	Developed fabric fiber composite recycled plastic by applying dry fiber technology. Promoted the development of a technology for separating and collecting CO_2 using a separation membrane and a CO_2 absorption technology utilizing algae.	
Physical risks	Acute	・Damage to business sites due to floods	Assessed risks based on the IPCC Sixth Assessment Report at 36 sites (17 in Japan, 19 overseas)[5]. o Confirmed that the changes in future operational risks due to floods (river flooding), high tides, and droughts are limited. o Implemented BCP measures against the risk of inundation of facilities on lower floors of Toyoshina Plant[6] .	Small[3]
	Chronic	・Damage to business sites due to rising sea levels		
		・Impact on operations due to drought		
Opportunities	Products and services	・ Customer environmental impact mitigation	Promoted initiatives in the growth areas (office printing, commercial & industrial printing, printhead sales, production systems) under "Epson 25 Renewed."	FY2020 → FY2024 Revenue CAGR +9.9%[7]
		・Environmental business	Started PoC[8] of a business model for recycled fabric with an eye to business development with dry fiber technology as the core technology.	-

[3] Small financial impact: less than ¥1 billion.

[4] Excluding some rental properties housing sales sites.

[5] Assessed using IPCC climate change scenarios RCP 2.6 (2℃), RCP 8.5 (4℃).

[6] A major domestic site with a long-term flooding risk (end of 21st century).

[7] Comparison of actual results for FY2022 to FY2023 forecasts at the time of announcement of Epson 25 Renewed.

[8] PoC (Proof of Concept): A process to verify the feasibility and actual effect of a new technology, etc.

Initiatives for carbon pricing

Epson prepared payback period criteria and guidelines that incorporate carbon pricing principles to evaluate (study the feasibility of) potential investments before executing for reducing GHG emissions. They were introduced on a trial basis in FY2018 and were formally adopted in 2020.

Risk Management

As the environment in which we operate grows more complex and uncertain, effectively dealing with risks that could have a significant impact on corporate activities will be essential in order to carry out business strategies and business objectives. Epson sees climate-related issues as risks that could significantly impact management and manages them appropriately.

Climate-Related Risk Identification, Assessment and Management Process

1. Study	2. Identify & assess	3. Manage
• Considering the changes in the IPCC Sixth Assessment Report, conduct surveys on natural disaster risks caused by climate change at major sites in Japan and overseas. • Research social trends.	• Identify risks and opportunities from the policies and actions of Epson 25 Renewed and Environmental Vision 2050. • Evaluate scenario analysis through the Sustainability Strategy Council and board of directors.	• Effectively manage risks through the Sustainability Strategy Council and the board of directors.

Indicators and Targets

Epson aims to achieve the medium- and long-term greenhouse gas (GHG) emission reduction targets to realize Environmental Vision 2050. For this reason, we are working to reduce environmental impacts throughout the value chain by improving the environmental performance of our products, utilizing renewable energy, enhancing our business activities and taking other steps based on our efficient, compact, and precision technologies.

After our 2018 Science Based Targets (SBTs)[1]were set, we raised our goals in line with the 1.5-degree target and made efforts towards achieving them for FY2025. As a result, we replaced all electricity used at all our global sites with renewable energy ahead of the target year. Furthermore, in May 2025, the Science Based Targets initiative (SBTi)[2] approved our netzero target, which is based on the SBTi Net-Zero Standard, as well as our near- and long-term targets for the process up to achieving our net-zero target. This confirms that our targets for total emissions that include all scopes and aim to be achieved by 2030, which were already set in our Environmental Vision 2050, are scientifically sound to achieve the 1.5°C target in the Paris Agreement.

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GHG Emission Reduction Targets and Vision

Targets approved for SBTi1[2] (1.5°C target level. All reductions are compared to the baseline year of fiscal 2017)	Near-term targets: Reduce total scope 1+2+3 emissions by 55% by 2030 Reduce total scope 1+2 emissions by 90% by 2030 Long-term targets: Reduce total scope 1+2+3 emissions by 90% by 2050 Achieve net-zero by 2050
Goals[3]	Achieve net-zero Scope 1+2 emissions by 2030 Achieve carbon negative by 2050

Scope 1: Direct emissions from the use of fuels by business parties

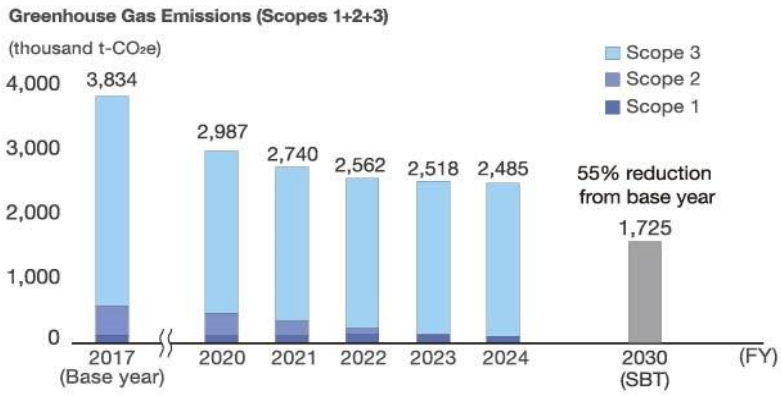
Scope 2: Indirect emissions from energy sources such as electricity

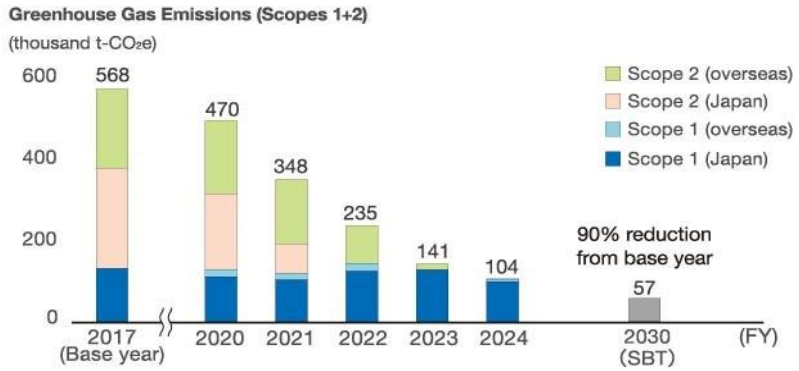
Scope 3: Indirect emissions from the company's entire value chain

[1] Science-based greenhouse gas reduction targets

[2] The Science Based Targets Initiative (SBTi) is a corporate climate action organization that helps companies and financial institutions contribute to addressing the climate crisis. The Initiative is developing standards, tools, and guidance to help companies set GHG emission reduction targets consistent with the levels needed to keep global warming below catastrophic levels and achieve net zero by 2050 at the latest.

[3] A target approved by SBTi to reduce total emissions by 90% and neutralize remaining emissions through absorption, credits, etc. to achieve net-zero emissions or further decarbonization





* Calculations for FY2017, 2023, and 2024 are based on the latest SBT standards.
* Scope 2 emissions in FY2024 are associated with steam.
* Fiery, which became a wholly owned subsidiary in December 2024, is not included.
* CO_2 conversion factor of greenhouse gas emissions
  - Electric power: Disclose market-based emissions. In Japan, we use the adjusted emissions factors for the load serving entities (i.e., utilities) from which our sites purchase electricity, pursuant to Load Serving Entity Emission Factors announced by the Ministry of Environment and the Ministry of Economy, Trade and Industry. Overseas, we use the country emission factors listed in IEA (International Energy Agency) or from the load serving entities from which our sites purchase electricity.
  - Fuel: The factors announced by the IPCC in 2019 were used for both domestic and overseas data.
  - GHGs other than CO_2: Equivalents were calculated based on 100-year GWP values in the Fifth Assessment Report of the IPCC.