

## Corporate Governance Policy

### Introduction

We at Seiko Epson Corporation ("Epson" or "the Company" below) are committed to becoming an indispensable company that is trusted throughout the world by upholding the values stated in our Management Philosophy, creating unique customer value, and contributing to society.

### 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.

To achieve the goals declared in the Management Philosophy, promote sustainable growth, and increase corporate value over the mid- to long-term, we shall establish a corporate governance policy as resolved by the Board of Directors, the purpose of the policy being to continuously enhance and strengthen corporate governance that realizes transparent, fair, timely, and decisive decision-making. For effective corporate governance in light of prevailing social imperatives and the operating environment, Epson will review this policy, and amend it as necessary, on an annual basis. Amendments to this policy shall require board approval, and the nature of amendments shall be announced promptly.

## Chapter 1. General Provisions

### Article 1: Principles of Corporate Governance

- 1.1 To achieve the goals declared in the Management Philosophy, promote sustainable growth, and increase corporate value over the mid- to long-term, Epson will strive to continuously enhance and strengthen corporate governance that realizes transparent, fair, timely, and decisive decision-making.
- 1.2 Epson will adopt a company with an Audit & Supervisory Committee system to further improve the supervisory function of the Board of Directors, enhance discussions at the Board of Directors meetings, and speed up management decision-making.
- 1.3 The general principles of corporate governance at Epson are as follows:
  - (1) Respect the rights of shareholders, and secure equality.
  - (2) Keeping the interests of shareholders, customers, communities, business partners, employees and other stakeholders in mind, work in an appropriately cooperative manner with them.
  - (3) Disclose company information as appropriate and ensure transparency.
  - (4) Directors, Executive Officers, and Special Audit & Supervisory Officers (collectively referred to as "Officers" below) shall be aware of their fiduciary responsibilities and shall fulfill the roles and responsibilities expected of them.
  - (5) Epson shall engage in constructive dialogue with shareholders.

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## **Chapter 2. Securing the Rights and Equal Treatment of Shareholders**

### **Article 2: Securing Shareholder Rights and Equal Treatment**

- 2.1 Epson shall take appropriate measures to fully secure the rights of all shareholders, including minority shareholders and foreign shareholders.
- 2.2 Epson shall treat all shareholders equally in accordance with their holdings and shall give all shareholders equal access to information.

### **Article 3: General Meeting of Shareholders**

- 3.1 Epson shall set appropriate dates for General Meetings of Shareholders and make other arrangements to ensure that shareholders are able to properly exercise their rights.
- 3.2 Epson shall issue convening notices for General Meetings of Shareholders a minimum of three weeks in advance of the date the meetings are held and, moreover, shall disclose information included in the convening notice on the Epson web site, prior to sending the convening notice, in both Japanese and English, to enable shareholders to properly exercise their voting rights.
- 3.3 Epson shall facilitate the exercise of shareholder voting rights, by using an electronic voting platform and other means.
- 3.4 The Board of Directors shall analyze the results of votes on resolutions proposed by the Company at General Meetings of Shareholders and shall take necessary action, such as enhancing shareholder dialogue.

### **Article 4: Basic Strategy for Capital Policy**

- 4.1 Epson shall implement the necessary capital policy to optimize the structure and allocation of capital so as to minimize the cost of capital, promote sustainable growth, and increase corporate value over the mid- to long-term.
- 4.2 Epson's Board of Directors shall examine the necessity and rationale for raising capital or taking other actions that will cause significant dilution so as not to unfairly harm the existing shareholders' interests. Moreover, Epson shall provide sufficient explanation to shareholders.

### **Article 5: Policy on Cross-Shareholdings**

- 5.1 If Epson concludes that it would be conducive to increasing Epson corporate value over the mid- to long-term to maintain and strengthen stable, long-term business relationships with suppliers of critical parts and materials, key purchasers of Epson products and services, and important sources of funding or providers of other financial services, Epson shall acquire and hold shares in them after verifying their creditworthiness, stability, and so forth. (Such shares are referred to as "cross-shareholdings" below.)
- 5.2 The Board of Directors shall examine on an annual basis the medium- to long-term rationale for individual cross-shareholdings, taking into consideration all risks and rewards associated with maintaining and strengthening business relationships. If there is not a valid reason for cross-shareholdings, the number of shares shall be reduced.

### **Article 6: Standards for Exercising Voting Rights for Cross-Shareholdings**

- 6.1 Epson shall exercise its voting rights on cross-shareholdings based on what is best for promoting sustainable growth and increasing corporate value of both Epson and the share issuer over the mid- to long-term. When exercising its voting rights, Epson shall respect the business policies of the issuer.
- 6.2 When exercising its voting rights, Epson shall take into account matters such as the business environment of the issuer, and when it deems necessary, shall seek an explanation regarding proposals set forth by the issuer.

### **Article 7: Responding to Large-Scale Acquisitions of Seiko Epson Shares**

- 7.1 Whether to accept a bid to purchase a number of shares that would give the acquirer control over the Company's financial and business policies ("large-scale acquisition" hereafter) should ultimately be decided by the shareholders.

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- 7.2 Epson shall ask persons who attempt to make large-scale acquisitions of Company shares to provide a sufficient amount of the information needed to determine the desirability of the large-scale acquisition from the perspective of ensuring and enhancing corporate value and the common interests of shareholders, after which Epson shall disclose the opinions of the Company's Board of Directors regarding the proposed large-scale acquisition, thereby doing its due diligence to provide shareholders with the time and information they need to consider the desirability of the large-scale acquisition. The Company shall also take appropriate actions based on the Financial Instruments and Exchange Act, the Companies Act, and other applicable laws and regulations.

#### **Article 8: Conflicts of Interest**

- 8.1 In case of any conflicts of interest with the Company, Directors and Executive Officers must promptly report such conflicts of interest to the Board of Directors and obtain board approval.
- 8.2 To protect the interests of the Company and its shareholders, Epson shall appropriately monitor transactions with related parties by requiring the Board of Directors approval for and reporting of transactions, except when it is clear that the terms of business are the same as those in ordinary business transactions.

### **Chapter 3. Appropriate Cooperation with Stakeholders**

#### **Article 9: Management Philosophy**

- 9.1 Epson's Board of Directors shall periodically conduct a review to ascertain whether the corporate culture reflects a respect for the purpose and spirit of the Management Philosophy.

#### **Article 10: Addressing Sustainability Issues**

- 10.1 Believing that our mission is to build trusting relationships with all stakeholders, advance with the communities in which we operate, and contribute to making the world a better place through business activities that create value that exceeds the expectations of customers, Epson positively and actively addresses social and environmental problems, and other sustainability-related issues.

#### **Article 11: Ensuring Workforce Diversity**

- 11.1 Epson shall declare its intent to take full advantage of the value of human diversity and to increase synergies between individuals and organizations. Further, Epson shall provide an environment and systems that allow the workforce to succeed, regardless of gender, nationality, age, race, physical abilities and disabilities, and other differences.
- 11.2 Epson, recognizing in particular that facilitating the success of women is essential for promoting sustainable growth and increasing corporate value over the mid- to long-term, shall provide an environment and systems designed to promote the active participation of women, starting with promotions to management and Officer positions.

#### **Article 12: Whistleblower Systems**

- 12.1 Epson shall provide appropriate whistleblower systems that allow whistleblowers to report illegal or inappropriate behavior, disclosures, or other serious concerns without fear of reprisal. Epson shall also provide for the objective assessment and appropriate response to the reported issues.

### **Chapter 4. Ensuring Appropriate Information Disclosure and Transparency**

#### **Article 13: Appropriate Information Disclosure**

- 13.1 Recognizing that building long-term partnerships with shareholders and investors is essential for achieving growth and increasing medium- and long-term corporate value, Epson established "Policy on Information Disclosure and Dialog," a formal policy on the disclosure of information to shareholders, investors, analysts, capital markets, and other stakeholders. The policy is provided in Appendix 1.

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## **Chapter 5. The Role of the Board of Directors, etc.**

### **Article 14: The Role of the Board of Directors**

- 14.1 Given its fiduciary responsibility to shareholders, the Board of Directors is responsible for achieving efficient and effective corporate governance, through which Epson strives to fulfill its social mission, promote sustainable growth, and maximize corporate value over the mid- to long-term.
- 14.2 To achieve the foregoing responsibilities, the Board of Directors shall use its supervisory function on general operations to ensure that these operations are fair and transparent. The Board of Directors shall also make decisions on the important business affairs of the Company, such as decisions on the formulation of management plans and business plans and decisions on investment projects that exceed a certain fixed amount of money.
- 14.3 The Board of Directors shall clearly specify in internal regulations the matters that the Board of Directors should decide.
- 14.4 The Board of Directors shall delegate responsibility for the conduct of other business affairs and decisions to the President or to other members of management, and the Board of Directors shall carry out the oversight of the performance of their duties.

### **Article 15: The Role of the Audit & Supervisory Committee**

- 15.1 The Audit and & Supervisory Committee, with a mandate from shareholders, shall be responsible for independently and objectively auditing and supervising the execution of Director duties and for ensuring the sound and sustained growth of the Company.
- 15.2 The Audit & Supervisory Committee shall establish criteria for properly evaluating potential External Financial Auditors. After selecting External Financial Auditors, the Audit & Supervisory Committee shall verify whether External Financial Auditors possess the necessary independence and expertise.

### **Article 16: The Role of Directors, etc.**

- 16.1 Officers who have executive duties (Executive Directors and Executive Officers) shall gather sufficient information for performing their duties in order to fulfill their fiduciary responsibilities. They must also actively express their opinions and exhaustively discuss matters.
- 16.2 Officers who do not have executive duties (Non-Executive Directors and Special Audit & Supervisory Officers) shall gather sufficient information for supervising the performance of the President and other members of the executive management team in order to fulfill their fiduciary responsibilities. They must also actively express their opinions and exhaustively discuss matters.
- 16.3 The Board of Directors and the Audit & Supervisory Committee shall take the actions necessary for External Financial Auditors to fulfill their role.
- 16.4 Epson Officers who also serve on the boards of other publicly listed companies shall keep the number to within reasonable limits.

### **Article 17: The Role of the Chairman of the Board**

- 17.1 The chairman of the Board of Directors shall raise the quality of board discussions and shall run board meetings effectively and efficiently.

### **Article 18: The Role of Outside Directors**

- 18.1 Epson's outside directors have the following role:
- (1) Monitoring of the management
    - 1) Monitoring of the management through involvement in the process for selecting Officers and the process for determining compensation of Officers based on management's overall performance
    - 2) Monitoring of the management through the exercise of voting rights on important business decisions made by the Board of Directors
  - (2) Advisory function for improving business efficiency
  - (3) Monitoring of conflicts of interest
    - 1) Monitoring of conflicts of interest between Epson and its Directors and Executive Officers
    - 2) Monitoring of conflicts of interest between Epson and related parties

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**Article 19: Composition of the Board of Directors**

- 19.1 The Board of Directors shall have no more than 12 members, at least one-third of whom should be independent Outside Directors.
- 19.2 Epson believes that a diverse Board of Directors is useful for facilitating substantive board discussions that cover all angles and shall maintain a board that is well-balanced and composed of persons who combine a broad spectrum of knowledge, experience, and skill in their respective areas of expertise, without regard to gender, race, ethnicity, country of origin, nationality, cultural background, age, etc.

**Article 20: Composition of the Audit & Supervisory Committee**

- 20.1 The Audit & Supervisory Committee shall have no more than five members.
- 20.2 Epson believes that a diverse Audit & Supervisory Committee is useful for facilitating substantive board discussions that cover all angles. The Audit & Supervisory Committee should be well balanced and composed of persons who combine a broad spectrum of knowledge, experience, and skill, without regard for gender, nationality, age, etc.
- 20.3 An Audit & Supervisory Committee Office will be set up to assist the duties of the Audit & Supervisory Committee, and the Special Audit & Supervisory Officer shall serve as the head of the office.

**Article 21: Director Nomination Committee and Director Compensation Committee**

- 21.1 Epson shall establish a Director Nomination Committee and a Director Compensation Committee as advisory bodies for the Board of Directors.
- 21.2 The Director Nomination Committee and the Director Compensation Committee shall be composed of Outside Directors who make significant contributions, to ensure transparency and objectivity. The committees shall also include the President and the Officer in charge of human resources.
- 21.3 Full-Time Audit & Supervisory Committee Members can attend meetings of the Director Nomination Committee and Director Compensation Committee as observers.

**Article 22: Policies and Procedures for Nominating Director Candidates and for Selecting and Dismissing Officers**

The policies and procedures for nominating Director candidates and for selecting and dismissing Executive Officers (including the President) and Special Audit & Supervisory Officers are as follows:

- 22.1 Policies and procedures for nominating Director Candidates and for selecting Executive Officers (including the President) and Special Audit & Supervisory Officers
- (1) Policies
    - 1) Considering the role that Officers are required to fulfill and the nomination criteria that Epson has established, Officers must be able to contribute to an increase in corporate value by demonstrating qualities such as superior insight, accountability, ability to motivate and lead, credibility, character, oversight capability, management insight, professional insight, influence, leadership, creativity, and innovativeness.
    - 2) Outside Directors must satisfy criteria concerning the independence of Outside Directors in order to guarantee their independence. The Board of Directors established “Criteria for Independence of Outside Directors”, which is listed in Appendix 2.
  - (2) Procedures
    - 1) After passing a fair, transparent, and rigorous screening and reporting by the Director Nomination Committee, Executive Director candidates and Executive Officers are selected by the Board of Directors in addition to the foregoing policy and on nomination criteria, such as broadness of insight, extensiveness of experience, sense of mission, sense of responsibility, leadership, and the ability to drive change.

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- 2) The Director Nomination Committee screens Non-Executive Director candidates and Special Audit & Supervisory Officers in a fair, transparent, and rigorous screening in line with the foregoing policy and on the basis of nomination criteria, including but not limited to broadness of insight, extensiveness of experience, sense of mission, sense of responsibility, management knowledge and specialized knowledge. The Director Nomination Committee reports its opinions to the Board of Directors, which finalizes the selections. The consent of the Audit & Supervisory Committee is required for nominating Director candidates who are Audit & Supervisory Committee Members and for appointing Special Audit & Supervisory Officers
- 22.2 Policies and procedures for dismissing Directors, Executive Officers (including the President), and Special Audit & Supervisory Officers
- (1) Policies
    - 1) The Board of Directors shall initiate procedures for dismissing Directors if, in the course of their duties as Directors, they are found to have been involved in a serious violation of laws or the Articles of Incorporation or if a legal action has been brought or an injunction sought by Audit & Supervisory Committee members.
    - 2) The Board of Directors shall initiate procedures for dismissing Executive Officers and Special Audit & Supervisory Officers if, in the course of their duties, they are found to have been involved in a serious violation of laws or the Articles of Incorporation or if they are acknowledged to have deviated markedly from the nomination criteria.
  - (2) Procedures
    - 1) The proposed dismissal of a Director shall be discussed immediately by the Director Nomination Committee, which shall furnish an opinion to the Board of Directors following a fair, transparent, and rigorous examination. A resolution to dismiss by the Board of Directors is subject to final approval at a General Meeting of Shareholders.
    - 2) The proposed dismissal of an Executive Officer or Special Audit & Supervisory Officer shall be discussed immediately by the Director Nomination Committee, which shall furnish an opinion to the Board of Directors following a fair, transparent, and rigorous examination. Dismissal is subject to final approval by the Board of Directors.

**Article 23: Policies and Procedures for Determining Compensation of Officers**

23.1 The basic policies regarding the officer compensation system are as follows.

- (1) Compensation for Officers who have executive duties
  - 1) Compensation shall provide incentive to improve business performance in order to increase corporate value in both the near and long terms.
  - 2) Compensation shall be sufficient to attract qualified persons both from within the Company and from outside.
  - 3) Compensation shall be commensurate with period performance so that they can demonstrate their management capabilities to the fullest during their tenure.
- (2) Compensation for Officers who do not have executive duties
  - 1) The composition of compensation shall guarantee independence so that these Officers can suitably exert their general management supervisory function, etc.
  - 2) Compensation shall be sufficient to attract qualified persons both from within the Company and from outside.

23.2 Officer compensation shall consist of the following components: basic compensation, bonuses, and stock compensation.

- (1) Basic compensation  
Monetary compensation that is paid monthly in an amount decided by taking into account all factors such as the Officer's position and responsibilities
- (2) Bonuses  
Monetary compensation that is paid once per year in an amount decided in accordance with considerations such as the levels of achievement with respect to annual operating performance targets, etc.

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(3) Stock compensation

Stock-based compensation system wherein Company shares are delivered using a trust scheme, based on share delivery points awarded in accordance with considerations such as the levels of achievement with respect to the mid-to long-term operating performance targets

23.3 The basic compensation and bonuses for Officers who have executive duties will reflect the results of performance evaluations based on criteria set according to their respective roles.

23.4 Given their role of fulfilling a general management supervisory function, etc., from a perspective that is independent from executive functions, Officers who do not have executive duties shall not receive performance and share price-linked bonuses and stock compensation.

23.5 All forms of compensation—basic compensation, bonuses, and stock compensation— shall be determined by an appropriate body, such as the General Meeting of Shareholders, the Board of Directors, and Audit & Supervisory Committee after a fair, transparent, and rigorous review by the Director Compensation Committee, which is composed of Outside Directors who make significant contributions and which issues an opinion, to ensure transparency and objectivity.

**Article 24: Compliance Committee**

24.1 Epson shall establish as an advisory body to the Board of Directors a Compliance Committee, the purpose of which is to carry out the oversight to ensure that compliance is properly promoted and enforced along the executive line.

24.2 The Compliance Committee shall be composed of one or more Outside Directors and one or more Audit & Supervisory Committee Members to ensure independence, transparency, and objectivity.

24.3 The Compliance Committee receives and discusses reports from the Officer in charge of compliance and executive line on important matters concerning Epson's compliance programs, and it reports its findings and offers opinions to the Board of Directors.

24.4 External Financial Auditors can attend meetings of the Compliance Committee as observers.

**Article 25: Development of a Successor to the President**

25.1 The President is responsible for developing his or her successor.

25.2 The Director Nomination Committee shall engage in the appropriate oversight of the successor development plan and succession plan of the President and shall offer advice as necessary to the President.

25.3 The Director Nomination Committee shall examine a succession plan in the event of an emergency involving the President.

25.4 The Board of Directors shall be tangibly involved in and supervise the creation and implementation of a successor development plan and succession plan for the President.

**Article 26: Training of Officers**

26.1 Officers must always actively gather information regarding matters such as the Company's financial condition, compliance, and corporate governance, in order to fulfill their roles.

26.2 Epson shall provide, at Company expense, the necessary training opportunities to Officers and Officers candidates based on the policy below.

(1) Training of Internal Directors, Full-Time Audit & Supervisory Committee Members, Executive Officers, and Special Audit & Supervisory Officers

Training shall be provided to new appointees so that they acquire the knowledge, including about corporate governance that they will need as officers of a publicly listed company. The Company will invite businesspeople, lawyers, and other outside professionals to provide ongoing management, compliance, and other training to these officers after they assume their posts. They shall also seek to acquire the knowledge they need to fulfill their individual roles and responsibilities, and toward that end will undergo training appropriate for their roles at outside institutions.

(2) Training of Outside Directors

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The Company will explain Epson's businesses, strategies and the like to new appointees. To enable them to deepen their understanding of Epson's businesses, strategies, and the like after they assume their posts, Epson will provide ongoing learning opportunities. Epson will, for example, have the heads of the various businesses explain their operations, take the Outside Directors on tours of Epson's various offices and sites, and support their efforts to acquire the knowledge they will need to execute their roles and responsibilities.

(3) Training for Director candidates prior to becoming Directors

Candidates for Director will receive training regarding the roles and responsibilities of officers in a publicly listed company. They will also undergo training at external institutions and the like to acquire the knowledge and skills they will need at the executive level.

**Article 27: Access to Internal Information by Outside Directors and Audit & Supervisory Committee Members**

- 27.1 Outside Directors, Audit & Supervisory Committee Members, and Special Audit & Supervisory Officers of Epson can ask Executive Directors, Executive Officers, and employees for explanations or reports or can ask them to provide internal documents whenever the need arises.
- 27.2 The Audit & Supervisory Committee, Audit & Supervisory Committee Members or Special Audit & Supervisory Officers shall communicate and cooperate with Outside Directors so that Outside Directors can increase their ability to gather information without jeopardizing their independence.
- 27.3 Epson shall establish a group to be in charge of the administrative affairs of the Board of Directors. That group shall provide the necessary support to Outside Directors, such as supplementary explanations regarding items on the agenda for board meetings.

**Article 28: Evaluating the Effectiveness of the Board of Directors**

- 28.1 Every year, the Board of Directors shall analyze and evaluate the effectiveness of the Board of Directors as a whole and shall provide a summary report on their conclusions.

**Article 29: Operation of the Board of Directors**

- 29.1 The department that is responsible for the administration of the Board of Directors shall distribute materials concerning matters to be deliberated by the board to all Directors, including Outside Directors, sufficiently in advance of the meeting.
- 29.2 The department that is responsible for the administration of the Board of Directors shall set the schedule for the next fiscal year's regular meetings of the Board of Directors by the end of each fiscal year and shall provide the schedule to all Directors.

**Chapter 6. Dialogue with Shareholders**

**Article 30: Dialogue with Shareholders**

- 30.1 Recognizing that building long-term partnerships with shareholders and investors through honest dialogue with stakeholders is essential for achieving growth and increasing corporate value over the medium and long term, Epson established "Policy on Information Disclosure and Dialogue." The policy is provided in Appendix 1.
- 30.2 When formulating management plans, Epson shall set objectives for items such as profitability and capital efficiency based on the basic strategy for capital policy set forth in Article 4. Epson shall clearly explain to shareholders the mid- to long-term strategies and actions for achieving the objectives.



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**Additional Clauses****Article 1: Enforcement of the Corporate Governance Policy**

The Corporate Governance Policy shall come into force on September 2, 2015.

The Corporate Governance Policy was amended in part and is effective as of June 28, 2016.

The Corporate Governance Policy was amended in part and is effective as of April 1, 2017.

The Corporate Governance Policy was amended in part and is effective as of April 28, 2017.

The Corporate Governance Policy was amended in part and is effective as of September 4, 2018.

The Corporate Governance Policy was amended in part and is effective as of June 25, 2020.

## **Policy on Information Disclosure and Dialogue**

Epson established this policy for engaging in honest dialogue with stakeholders, in keeping with the Principles of Corporate Behavior and the Corporate Governance Policy, both of which were established to realize the Management Philosophy.

Epson recognizes that to sustain growth and increase corporate value over the medium and long terms, we must increase the transparency of management and build and strengthen lasting trust and partnerships through honest dialogue with stakeholders.

As part of our efforts to do so, we have articulated a policy on the disclosure of information to shareholders, investors, analysts, capital markets, and other stakeholders (collectively referred to as “shareholders and investors” below). We are also further enhancing our investor relations and sustainability reporting (IR & SR) activities, and are engaging in constructive dialogue.

### **1. Basic policy**

- (1) Epson will demonstrate accountability by proactively disclosing accurate and adequate information, including negative information, and will communicate information that is useful for shareholders and investors.
- (2) Epson will not only provide shareholders and investors with information in a manner that is fair and appropriate but will also arrange opportunities for dialogue with shareholders and investors and will listen humbly to their views. Epson will endeavor to engage in constructive and honest dialogue with the objective of using the views of shareholders and investors to strengthen business infrastructure.

### **2. Information disclosure criteria**

- (1) Epson will disclose information in a manner that is fair, timely, and appropriate, in conformance with the Financial Instruments and Exchange Act and other relevant laws and ordinances, as well as with the rules and requirements of stock exchanges on which Epson shares are traded.
- (2) Even if not required to do so by laws or regulations, etc., Epson will proactively disclose information that it believes could have an important influence on investment decisions and information that it believes could be useful for deepening understanding of the company.

### **3. Execution organization structure**

- (1) The Officer in charge of IR & SR shall be responsible for information disclosures to and dialogue with shareholders and investors.
- (2) An IR & SR group shall be created to assist in or handle information disclosures and dialogue with shareholders and investors.
- (3) The IR & SR group shall prepare for information disclosures and dialogue by routinely exchanging information and otherwise maintaining close communication with relevant divisions and departments in Epson, such as the management planning, finance and accounting, and public relations departments.

### **4. Method of disclosing information**

- (1) Information whose disclosure is required under the Companies Act, Financial Instruments and Exchange Act, stock exchange rules, and other applicable laws and regulations shall be released to the public over the Financial Services Agency’s electronic disclosure system (EDINET) or the Tokyo Stock Exchange’s timely disclosure system (TDnet). The information shall also be posted on a website if necessary.
- (2) Other information that could have an important influence on investment decisions shall be posted on websites in a timely manner or otherwise fairly and broadly disseminated to the public to ensure the equitability of information access.
- (3) To ensure that overseas investors, etc., have access to information, information that could be needed for investment decisions shall be released in English to the extent necessary and reasonable.

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5. Control of insider information

When disclosing information and engaging in dialogue with shareholders and investors, strictly manage insider information in accordance with internal regulations (the Epson Group Insider Trading Regulation) so as to prevent insider trading.

6. Fair disclosure of material information

(1) Definition of material information and determination of materiality

Epson defines material information that is subject to Fair Disclosure Rules as insider information and information of a precise nature that has not been made public that would likely have a significant effect on share price.

The IR & SR supervisory department shall propose what information should be considered material, and the Officer in charge of IR & SR shall decide whether information is material after consulting with relevant departments.

(2) Prohibition of selective disclosure

Material information shall not be disclosed selectively. Material information shall be disclosed simultaneously or promptly by a method described in 4.

If unreleased material information is unintentionally disclosed during private meetings or discussions, the company will provide a public disclosure by a method described in 4 as soon as possible after the unintentional disclosure is realized.

7. Quiet period

To prevent leaks of financial information and to ensure the fairness of information disclosure, Epson shall impose a quiet period. The quiet period shall begin the day after account settlement and last until the quarterly earnings are publicly announced. During the quiet period, Epson shall refrain from answering questions about or commenting on its earnings, financial, or other prospects.

This shall not preclude discussions with shareholders and investors about information that has already been made public. If material facts or material information emerge during the quiet period about things such as prospects for a change in an earnings outlook that has already been announced, Epson shall disclose information in an appropriate manner based on stock exchange rules, etc.

8. Future outlook

Forward-looking statements about subjects such as projected financial performance and future business plans are based on available information at the time of disclosure and include potential risks and elements of uncertainty. Therefore a safe harbor statement shall be attached to warn investors that actual financial performance and the like may differ significantly from the forecast due to a variety of factors.

9. Providing information to third parties

As a general rule, Epson does not comment on things such as third-party estimates of Epson earnings.

However, if the information contains factual errors or if the information could have a significant effect on investment decisions, Epson will provide an appropriate public disclosure by a method described in 4.

10. Actions to promote constructive dialogue

(1) Dialogue spokespersons

As a general rule, the President, the officer in charge of IR & SR, and the IR & SR group manager, or a manager of another relevant department such as finance and accounting that has been designated by the Officer in charge of IR & SR shall represent Epson in dialogue with shareholders and investors to ensure the consistency of content and avoid selective disclosures.

(2) IR & SR for encouraging dialogue

Epson shall take the actions below to encourage dialogue with shareholders and investors. Dialogue should be based on the needs of shareholders and investors but should also be conducive to increasing long-term corporate value by covering not only financial information

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such as changes in performance but also non-financial information such as the long-term vision, mid-range business plans, business strategies, and ESG topics.

- 1) Present business reports at General Meetings of Shareholders and answer questions.
  - 2) Give facility tours and brief shareholders on things such as mid-range business plans and business strategies.
  - 3) Present financial results and hold teleconferences with overseas investors to announce earnings every quarter.
  - 4) Meet one-on-one or in small groups with investors in Japan and overseas.
  - 5) Participate in IR conferences and similar events sponsored by securities companies.
  - 6) Give presentations about the company to individual investors.
  - 7) Expand and improve the information provided to shareholders through corporate IR web sites, General Meeting of Shareholders notices, shareholder bulletins, integrated reports, and other communications.
- (3) Understanding shareholder composition  
Endeavor to identify actual shareholders in order to ensure the effectiveness of dialogue with shareholders and investors.
- (4) Mechanisms for relaying feedback
- 1) The Officer in charge of IR & SR and the IR & SR group shall report to the management team shareholder and investor ratings and comments following General Meetings of Shareholders and financial results announcements. They shall also voice their opinions and share information with relevant officers and others about the nature of discussions with shareholders and investors as needed.
  - 2) The shareholder and investor views and concerns that are reported and shared shall be used as an important information source for management.

## Criteria for Independence of Outside Directors

The Company has established the criteria below to objectively determine whether potential Outside Directors are independent.

1. A person is not independent if:
  - (1) The person considers the Company to be a major business partner<sup>1</sup>, or has served as an executive<sup>2</sup> within the past five years in an entity for which the Company is a major business partner;
  - (2) The person is a major business partner<sup>3</sup> of the Company or has served as an executive within the past five years in an entity that is a major business partner of the Company.
  - (3) The person is a business consultant, certified public accountant, or lawyer who has received a large sum of money or other forms of compensation<sup>4</sup> (other than remuneration as an officer) from the Company or has, within the past three years, performed duties equivalent to those of an executive as an employee of a corporation or group, such as a union, that has received a large sum of money or other forms of compensation from the Company;
  - (4) The person is a major shareholder<sup>5</sup> of the Company or has, within the past five years, been an executive or Audit & Supervisory Board Member of an entity that is a major shareholder of the Company;
  - (5) The person is an executive or Audit & Supervisory Board Member of an entity in which the Company is currently a major shareholder;
  - (6) The person is a major lender<sup>6</sup> to the Company or has been an executive of a major lender to the Company within the past five years;
  - (7) The person has been employed by an auditing firm that has conducted a legal accounting audit of the Company within the past five years;
  - (8) The person has been employed by a leading managing underwriter of the Company within the past five years;
  - (9) The person has received a large donation<sup>7</sup> from the Company or, within the past three years, has performed duties equivalent to those of an executive as an employee of a corporation or a group, such as a union, that has received a large donation from the Company;
  - (10) The person came from an entity that employs someone from the Company as an Outside Director; or
  - (11) A spouse or relative within the second degree of kinship of a person having the interests listed in (1) through (9) above.
2. Even if any of the foregoing criteria apply to a potential Outside Director, the Company can elect that person as an Outside Director if that person satisfies the requirements for Outside Directors set forth in the Companies Act, and the Company deems the person suitable as an Outside Director of the Company in light of his or her personality, knowledge, experience, or other qualifications upon explaining and announcing the reasons thereof.

### Notes

- 1: A person (usually a supplier) considers the Company to be a major business partner if 2% or more of its consolidated net sales (consolidated revenue) has come from the Company in any fiscal year within the past three years.
  - 2: “Executive” means an executive officer, executive director or operating officer, or an employee occupying a senior management position of department manager or higher.
  - 3: A person (usually a buyer) is a major business partner if 2% or more of the Company’s consolidated revenue has come from that partner in any fiscal year within the past three years.
  - 4: “A large sum of money or other forms of compensation” means an average annual amount for the past three years that is:
    - i) no less than 10 million yen for an individual; or
    - ii) no less than 2% of the annual revenues in any fiscal year for a group.
  - 5: “Major shareholder” means a shareholder who directly or indirectly holds 10% or more of the voting rights.
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- 6: “A major lender” means a financial institution or other major creditor that is indispensable for the Company’s financing and on which the Company depends to the extent that it is irreplaceable in any fiscal year within the past three years.
- 7: “Large donation” means a donation whose annual average amount for the past three years exceeds either:
- i) 10 million yen or
  - ii) 30% of the annual expense of the group, whichever is higher.

End