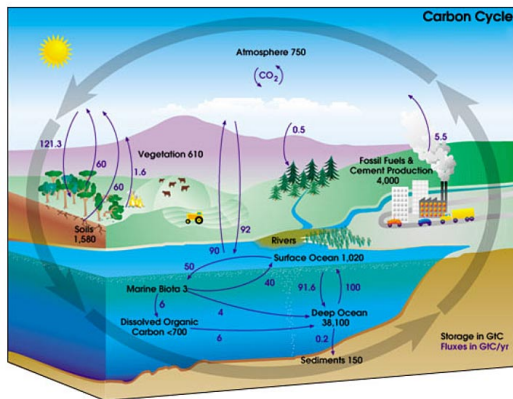


Epson Establishes “Environmental Vision 2050” and Enters the “Third Environmental Benchmark Year”

Abnormal weather conditions (e.g. typhoons, hurricanes, cyclones, floods, droughts, heat waves) have occurred frequently throughout the world in recent years, and the “Fourth Assessment Report: Climate Change 2007” adopted by the Intergovernmental Panel on Climate Change (IPCC) in November of that year prompted everyone to recognize that global warming (climate change) is now reaching a critical stage.



For many years, the Earth we inhabit has maintained, through the carbon cycle, a natural environment where life can survive. This cycle consists of four processes: (1) an exchange of carbon dioxide (hereafter, “CO₂”) between the atmosphere and oceans; (2) an exchange of CO₂ between “surface ocean water” and the “deep long-term storage” produced by the cycling of “deep ocean water”; (3) the net absorption or emission (e.g., through deforestation) of CO₂ arising from changes in land use; (4) the absorption through photosynthesis of CO₂ by vegetation on the land and the movement of plant carbon to long-term storage in wood and soil.

In the post-Industrial Revolution world, although CO₂ emissions produced by the development of economies reliant upon fossil fuels increased every year, they were tolerated by the Earth’s natu-

ral capacity to absorb them. However, when CO₂ emissions reached levels that overwhelmed the Earth’s absorptive capacity and produced a large and growing CO₂ imbalance in the atmosphere, global warming (climate change) became an evident problem. According to Japan’s Ministry of the Environment, global CO₂ emissions in 2005 totaled approximately 27.1 billion tons (CO₂ equivalent). In contrast, the IPCC

Fourth Assessment Report estimated that the Earth can absorb approximately 11 billion tons of CO₂.

Seiko Epson (hereafter, “Epson”) believes that restoring CO₂ levels in the atmosphere from the current imbalanced state, which is the primary cause of global warming (climate change), to the original balanced state will require that CO₂ emissions produced by humans be reduced to levels within the Earth’s absorptive capacity. Epson further believes that we must act now to halt the decline of the ecosystems that support human life and ensure that the carbon cycle mechanism functions properly.

Based on this understanding, Epson established “Environmental Vision 2050,” which provides a guide to how its new business operations should be carried out. The Vision incorporates the principle of equitability, which stresses that while every human being has an equal

right to emit CO₂ within the Earth’s absorptive capacity, each and every one of us must strive to reduce emissions.

Characteristics of Epson upon Achieving Environmental Vision 2050

Based on a figure of 11 billion tons as the Earth’s CO₂ absorption capacity and in conformance with the principle of equality that ensures equitability through the distribution or allocation of emissions evenly on a per person basis, the CO₂ emission level permissible in 2050 for Japan, the location of Epson headquarters, is 110 million tons when calculated using Japan’s estimated share of the total global population in that year (1% = 90 million / 9 billion). Since Japan’s current CO₂ emissions level is about 1.3 billion tons, emissions must be reduced by more than 90% by 2050. With this in mind, Epson has decided to work to reduce its own CO₂ emissions as well by 90% before that year arrives.

Epson has set the following four key characteristics that it will have upon achieving Environmental Vision 2050:

1. Reduction of CO₂ emissions by 90% across the entire product life cycle.
2. Inclusion of all products in the resource reuse and recycling loop.
3. Reduction of direct CO₂ emissions by 90%, and elimination of global warming gas emissions other than

Environmental Vision 2050

Recognizing that the Earth’s carrying capacity is limited and believing that everyone must share responsibility for reducing environmental impacts equally, Epson is aiming to reduce CO₂ emissions by 90% across the lifecycle of all products and services by the year 2050.

At the same time, as a member of the ecosystem Epson will continue to work towards restoring and protecting biodiversity together with local communities.

CO₂.

4. Restoration and preservation of biodiversity as a member of the ecosystem, together with local communities.

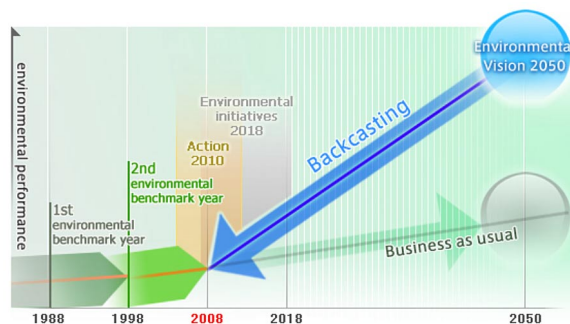
Epson's Current Emissions of Greenhouse Gases (CO₂ Equivalent)

Epson's emissions of global warming substances in FY2007 totaled 907,000 tons, reflecting a consolidated global reduction of 53% on a per unit of real sales basis (vs. FY1990) and a reduction originating from domestic (Japan) energy use of 45% per unit of sales (vs. FY1990). In terms of changes in total emissions, as opposed to changes in emissions per unit of real sales, and with FY2003 as the peak, Epson has been working throughout the world over the past four years to reduce these emissions by more than 200,000 tons. However, a 90% reduction in emission levels by 2050 is not something that can be achieved by merely continuing to follow this trajectory. Reaching this goal will require a change in thinking that produces a real breakthrough.

Using a Backcasting Method to Substantiate and Implement Medium- and Long-Term Measures

In light of the looming global environmental crisis, we can no longer postpone taking action. Instead of considering whether goals are achievable, Epson has established Environmental Vision

2050 using a method known as "backcasting," which helps determine the vision that the company must achieve. To move toward the goal of transforming this Vision into reality, Epson has developed the following four points as medium- and long-term measures to be implemented in the ten-year period between now and 2018.



1. Reducing CO₂ emissions at the part manufacturing stage

Parts account for the highest percentage of CO₂ emissions in the lifecycles of our products. Therefore, to mitigate environmental impacts stemming from parts, Epson will conduct fundamental reviews at the product design phase to shrink part sizes and weights and to reduce part counts. At the same time, Epson will further strengthen its efforts to reduce environmental impact by realigning production centers and overhauling distribution and logistics, with the understanding and cooperation of business partners.

2. Developing a business model in

which end-user products have a longer service life and are ultimately returned to Epson

In addition to extending the service life of its products, Epson will seek to build a business model that enables an efficient resource cycle. Among the areas to be examined will be product reuse, leasing and rentals.

3. Halving clean room energy usage by mobilizing an expert project team

Clean rooms are the single largest source of direct CO₂ emissions at Epson, accounting for the emission of approximately 300,000 tons of this gas. Therefore, Epson will put together a team of experts from product manufacturing, basic facilities and other relevant departments to promote the development of technologies that will limit clean room energy needs. This team will assure that energy is used for the shortest duration possible, and only in the space and amount necessary. The company will also reduce energy use through clean room consolidation.

4. Carrying out reforestation and environmental initiatives with active employee involvement

Epson will enlist the cooperation of local governments and NPOs/NGOs in creating reforestation programs in line with the needs of the communities in which it operates, while ensuring that employees can proactively participate in these programs. Epson will also gather ideas from employees and provide assistance for environmental preservation programs in which they can participate.

Epson will work globally to develop its environmental activities based on this vision, and strive to become a "leading environmental company" in every region of the world by advancing "environmental protection activities in step with local needs."

