

Epson Australia Pty Ltd

National Packaging Covenant

Action Plan

1 July 2006
to
30 October 2010

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Epson Australia's Action Plan

National Packaging Covenant Action Plan 2006/2010

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Action Plan

Corporate Summary

Epson Australia is a subsidiary of the Seiko Epson Corporation (SEC) which had its foundings in Japan in 1942. Today the Seiko Epson Corporation has a corporate ethos of creativity and challenge, whereby Epson aims to create revolutionary products and services that synergize still and moving images.

As part of its CSR (Corporate Social Responsibility) initiatives Epson has a common set of values which it shares with its stakeholders. On the basis of a relationship of mutual trust, Epson strives for sustainable growth while fulfilling its social responsibilities.

Part of these social responsibilities lie in Epson's Environmental Policy which says that Epson will integrate environmental considerations into its corporate activities and actively strive to meet high conservation standards.

As part of its environmental policy, Epson has set "Action 2010" (being the midpoint of the first commitment of the Kyoto Protocol) which has as its primary objective to connect ecology (the environment) directly to economy. Epson's aim is to contribute to reducing the total impact on the global environment and has "co-existence with Nature" as its cornerstone philosophy.

In Australia, Epson (as part of the global Seiko Epson Corporation) is a distributor of computer printers, projectors, scanners and peripherals. Epson has been operating in Australia since 1983 and echoes the sentiments of our global credence in relation to preserving the environment and co-existing with nature.

Epson Australia has offices in Sydney, Melbourne, Brisbane, Adelaide and Perth and distributes its products and peripherals through a network of channel partners, which includes dealers, distributors and retail stores, throughout Australia. Epson Australia has no manufacturing facilities in Australia and all product is fully imported.

Environmental Achievements & Strategies

Epson Australia has been at the forefront in its consideration for the impact of its operations on the environment. Epson Australia was not only one of the first non manufacturing IT companies in Australia to obtain certification to ISO 14001¹ (in May 2002), but subsequently went on to win both a bronze and silver Green Globe Award (in 2003 and 2004 respectively) for its efforts in reducing its impact on greenhouse gas emissions. Then in 2005, Epson became the only IT company in Australia to win a coveted Gold Green Globe Award for having 75% of its operations energy efficient.

¹ Refer to attached appendix 2 for a copy of Epson Australia's Environmental policy
NPC Action Plan
Version 4 12/06

This same care for the environment has flowed through to its operations in respect to its impact on the packaging chain through reduction of packaging waste.

Epson Australia has introduced a number of environmental initiatives throughout its office area and warehouse operations. These initiatives include use of recycled paper for printing, segregation of office waste into recyclable and non recyclable, recycling of plastic shrink-wrap from our warehouse operations and re-use of cartons in its distribution facilities.

In addition to the above, Epson Australia has garnered across the board commitment to its environmental activities by setting up an environmental committee comprising managers from every operational area of the company, which meets regularly every few months (rather than yearly as required under the ISO 14001 standard)

The results of environmental activities are also reported monthly to the Senior Management of the company at the EBM, thus further demonstrating commitment by Senior staff to the ongoing environmental strategies. The results are also reported every six months to our Head Office in Japan for inclusion into their annual report to shareholders.

All these achievements, strategies and initiatives demonstrate Epson's overall commitment to Product Stewardship principles, which are also very much endorsed from Managing Director down.

NPC Undertakings

Epson has set in place a packaging action plan that is consistent with its overall environmental policy and product stewardship principles and the commitments meet the requirements of the National Packaging Covenant.

The action plan will be monitored on a regular basis as part of our environmental management review, including measuring progress against target and will be reviewed from time to time in the light of new initiatives or proposals which increase the recycling and reuse within our site.

Please refer below for the full action plan and time frames/milestones which shows the commitment to the guiding principles of the National Packaging Covenant.

Apart from the specific KPI's which have been outlined in the Covenant MKII, we have addressed other operational areas where we believe we can lessen our burden on the packaging waste stream and so further assist the overarching targets set by the Covenant MK II. These are as follows:

Distribution

Within our distribution centre our aim is to work with our factories to reduce the quantity of imported wooden pallets (which cannot be recycled (but can be re-used) due to fumigation requirements) and devise methods of reducing amount of cartons to customers.

Working procedures within the distribution centre are also being established which will focus on re-use of cartons and internal packaging, thus further reducing our impact on the packaging waste stream

Disposal

To continue the current practice of recycling of office paper waste and other recyclable items in line with our Environmental Management Plan.
Also to put in place methods/means of decreasing our waste to landfill and increasing percentage of used packaging being recycled or re-used.

Within our repair centre operation, we are continually looking at means of re-using packaging for customer repairs so that no additional new packaging is required when the repaired product is returned. This system does not create any extra waste at either the customers' site nor at our repair centre and reduces labor time in packing.

Manufacturing

In working with our packaging suppliers² we aim to reduce the amount of packaging throughput and look for means to introduce biodegradable packaging.

Packaging from our overseas factories uses "used paper molds" for cushioning of a number of products. Seiko Epson Corporation (SEC), as a means of striving towards best practice for packaging, has developed a Packaging Material Reduction Plan.

In addition to this, we will work with our overseas factories towards maximizing the amount of packaging that is both recyclable and also made from recycled materials. As a global organization, Epson is continually designing and testing packaging materials that can be re-used and the same carton size can be used in a number of differing situations.

Market Development

In developing a policy that uses recycled/re-used material as much as possible in our packaging (without decreasing the quality of dispatched items) we are looking for means of increasing the amount of bio-degradable packaging used in our operations.

² Refer to attached appendix 1 of suppliers
NPC Action Plan
Version 4 12/06

In addition we are working with our factories to include recycling logos on all packaging that can be recycled.

Currently the majority of our user manuals are made from recycled papers and use soy based inks. In addition to this, Epson is making a significant reduction in the amount of user manuals and brochures printed and sent to our customers and consumers in both pre-sales and post-sales support, by the use of electronic media such as e-mails with PDF attachments and self-help content based websites allowing on line browsing or downloading of PDF files.

Education

We are developing a program for educating our end users to recycle packaging and include information to our customers so that they are more informed. We are educating purchasing staff to only purchase packaging from companies who are already signatories to the covenant and follow the guidelines of the Environmental Code of Practice for Packaging (ECoPP).

Epson's environmental activities are also reported on our web site and our progress against our targets and KPI's for the NPC will also be included.

In addition our web site will be enhanced to include information for our customers on recycling of used printers and peripherals, ink cartridges and packaging and encouraging our customers to cooperate in environmental conservation.

From the above and after consultation with all relevant departments in our organization we have developed the following action plan:

KPI's

| Area | Item | Action | Due Date |
|--|--|--|--|
| Consumer Packaging (Domestic & Imported) sold into Australian market per annum | <ul style="list-style-type: none"> • Establishment of base line data <ol style="list-style-type: none"> a) Tonnes of packaging by material type b) Tonnes of product packaged c) Ratio of b:a (by weight) | <ol style="list-style-type: none"> 1. Define products to be included in data base 2. Establish packaging data collection systems - <ul style="list-style-type: none"> • weight of packaging by packaging type by product • weight of physical product by product item 3. Develop systems for collecting data and maintaining statistics on packaging 4. Develop systems for collecting data and maintaining statistics on product (by item), enabling aggregation | <p>December 2006</p> <p>Establish base line data by March 07, and report in October 07, 08,09 and 2010</p> <p>Systems developed by March 07 and maintained through to 2010</p> |
| Consumer Packaging | <ul style="list-style-type: none"> • Improvement processes and increased accuracy of reporting | <ol style="list-style-type: none"> 1. Review processes for continual improvement 2. Periodically audit consistency and accuracy of data being collected 3. Compile suggestions for improved packaging and waste minimization and pass to manufacturers each six months. | <p>Ongoing</p> <p>Audit of NPC data to be included in cycle of ISO9000/14001 audits</p> <p>Ongoing</p> |
| Environmental Impact Improvement | Improvements to minimize the environmental impact of packaging | <ol style="list-style-type: none"> 1. Report improvements to packaging which have led to minimizing the environmental impacts of packaging | Ongoing |
| Packaging Changes | | <ol style="list-style-type: none"> 1. Report on changes to protection, hygiene, safety, shelf life etc which assists in improving the ratio of product to packaging material | Report to be completed annually |

| | | | |
|-----------|--|--|---|
| | | 4. Review providers of recycling services to ensure efficiencies and proper positioning of services. | Ongoing with annual reviews |
| Education | Consumer information for improved behavior | <ol style="list-style-type: none"> 1. Use web portal to encourage consumers to recycle all packaging 2. Incorporate all environmental activities onto web site and report progress against NPC targets and KPI's 3. Ensure products are labeled with appropriate recycling marks 4. Investigate printing of recycling messages on all invoices and/or statements 5. Report achievements against NPC commitments and other packaging stewardship activities to all interested stakeholders | <p>Web updated as developments occur</p> <p>Investigation to be completed by Feb 07 and recycling marks/messages in place by June 07</p> <p>Ongoing</p> |
| Disposal | Company wide recycling practices | <ol style="list-style-type: none"> 1. Continue current company wide strategy of recycling of office paper and other recyclables in line with current Environmental Management Plan (EMP) 2. Increase percentage of re-used cartons in packaging stream and in distribution area 3. Reduction of waste packaging from repair centre by re-use of customers /Epson's cartons in return of repaired product | <p>Target for 06/07 – 60% of all waste from site is recycled New targets to be set for 08-2010 Ongoing measurement and improvement</p> <p>'07 target is 60% and new overarching targets to be set 08-2010</p> |

Appendix 1

List of Suppliers

| Company | Contact Details | ISO14001 Certified | Member of NPC |
|---------------------------------|---------------------------------|--------------------|---------------|
| Visy Board | Hakan Ersoy 02 9794 3000 | Y | Y |
| Qualtape | 02 9896 1633 | N | N |
| Propac | Lynda Barr 02 9560 7799 | N | N |
| Packstrap | Craig Kimmorley 02 9477 6388 | N | N |
| Fuji Xerox (Greenwrap) | John Skerri 02 9700 6800 | Y | N |
| Willoughby North Post Office | Mike Werleloff 02 9417 1962 | N | N |
| Corporate Printing | Scott Fredman 02 9436 3376 | N | N |
| Print a Tape | | N | N |

Appendix 2

Epson Australia Pty Limited Environmental Policy

Epson Australia Pty Limited imports and distributes Computer Printers, Scanners, Projectors, Point of Sale Equipment, associated accessories and peripherals, and provides a customer support service of technical advice and servicing. As a division of Seiko Epson Corporation, whose corporate roots are in “co-existence with nature”, Epson Australia will actively strive to provide products and services in a manner that fully supports our corporate philosophy of protecting the earth’s environment and cooperating with the local community.

ENVIRONMENT ACTIVITIES

To achieve the Environmental Policy, Epson Australia will:

1. Ensure that environmental considerations are included in all aspects of our business planning and operations, consistent with sound business management practices and our responsibilities as a good corporate citizen.
2. Strive to continually reduce the environmental impact of our business by conserving the use of raw materials and resources in our operations and services and minimizing waste streams. This will include the promotion of recycling.
3. Comply with all relevant environmental laws and regulations, ordinances, and other requirements, and prevent pollution and adverse environmental impacts by implementing environmental management practices and procedures.
4. Work to support the intent of legislation and the policies of environmental agencies and contribute to community discussion where these relate to our operations.
5. Implement an Environmental Management System in accordance with the International Environmental Management Standard ISO 14001.
6. Set and use environmental objectives and targets to drive performance improvements. Implement monitoring and reporting procedures to communicate our performance internally and to relevant external stakeholders and interested parties.
7. Strive to continuously improve our environmental performance and to reduce our environmental impacts through regular review of our activities, practices and procedures.

We will all strive to realise our environmental philosophy by having all members of the company embrace this Policy.

BRUNO TURCATO
Managing Director

May 2003
Version 2