

Thus far, the stakeholder interest has been in learning about how EPI has accomplished some of its environmental achievements. Outside stakeholders have not yet expressed concerns or provided suggestions regarding our environmental activities. Seiko Epson Corporation, EPI's primary stakeholder, evaluates and audits all environmental activities each year.

Report Submitted by

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Environmental Specialist, EPI

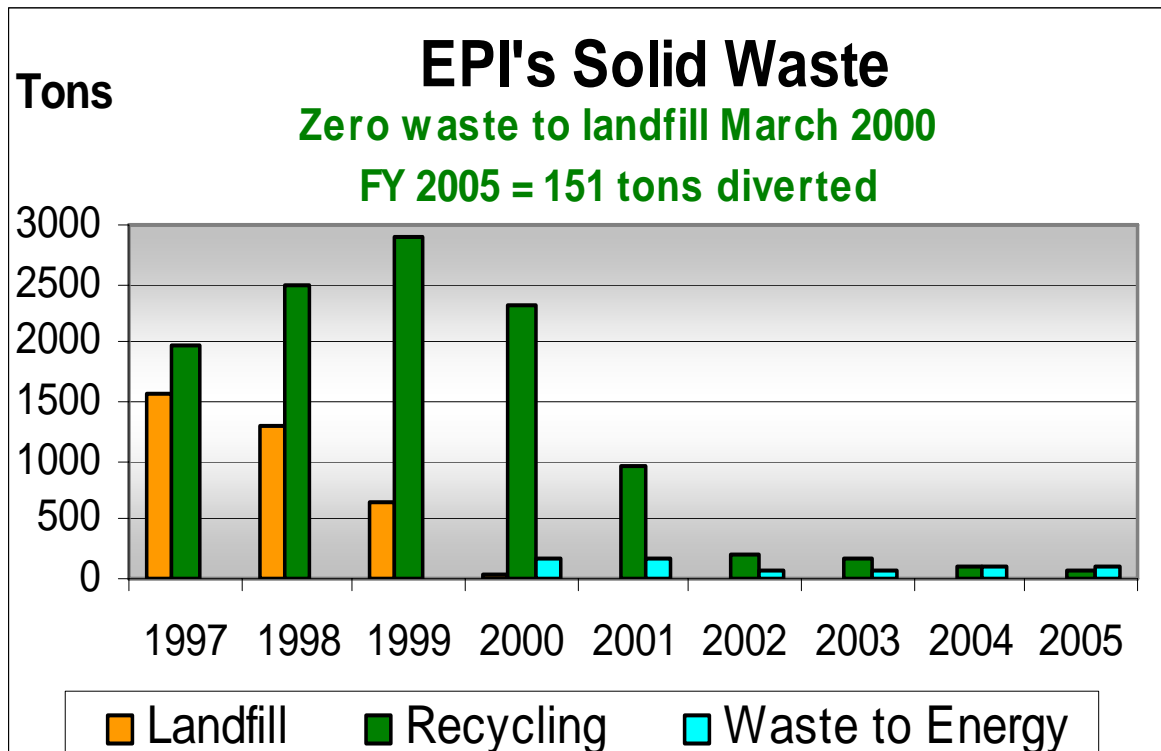
- Earned the *Environmental Management Award* from Seiko Epson Corporation, as well as four *Environmental Awards* for specific projects in 2005.
- 30% of all monetary corporate donations go to environmental non-profit organizations (FY05: Tillamook Forest Center, Jackson Bottom Wetlands, Lower Columbia River Estuary Partnership, Friends of Trees, SOLV, Three Rivers Land Conservancy, Oregon Environmental Council).
- Continuation of zero waste-to-landfill (since March 2000).
- Continuation of patron-level participation in PGE's Clean Wind Power program (since February 2003).
- Continuation of participation in EPA's National Environmental Performance Track (since October 2000).
- Continuation of participation in Oregon Department of Environmental Quality's GEMS ("Green") Achiever Permit program (since November 2001).
- Continuation of Green Power Partner status with the EPA (since fall of 2003).
- Several implemented improvement ideas by employees that have resulted in tens of reams of paper savings per year.

Employee Activities

- EPI Earth Day Electronics Collection Event, April 16, 2005.
- Road Warriors Highway Clean-Up, May 25, August 16, November 16, 2005.
- Campus Clean-Up, June 29, 2005.
- Cleanroom Suit Recycling, December 14, 2005.
- Energy Conservation & Earth Awareness theme month in April; Environmental theme month in June—both months have activities to raise environmental awareness/interest, as well as additional environmental articles in the company newsletter, the *Insider*. (Roughly 75-80% of all *Insider* issues contain articles on an environmental topic or notices about environmental activities.)

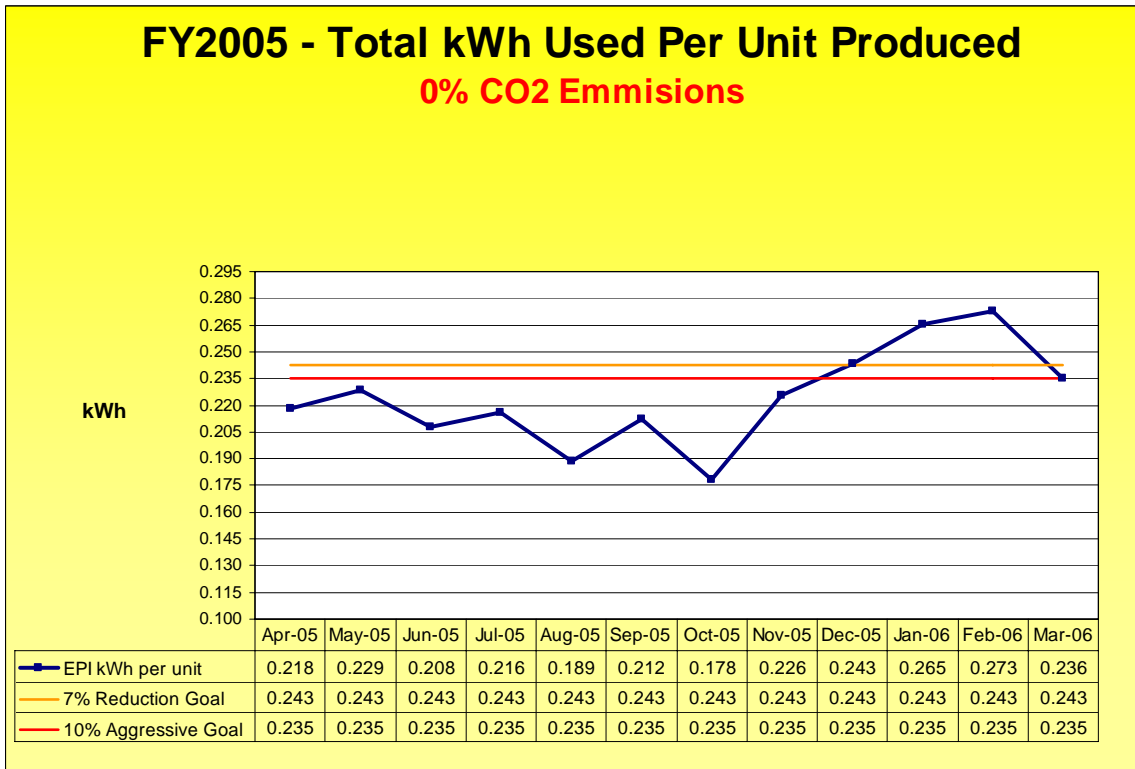
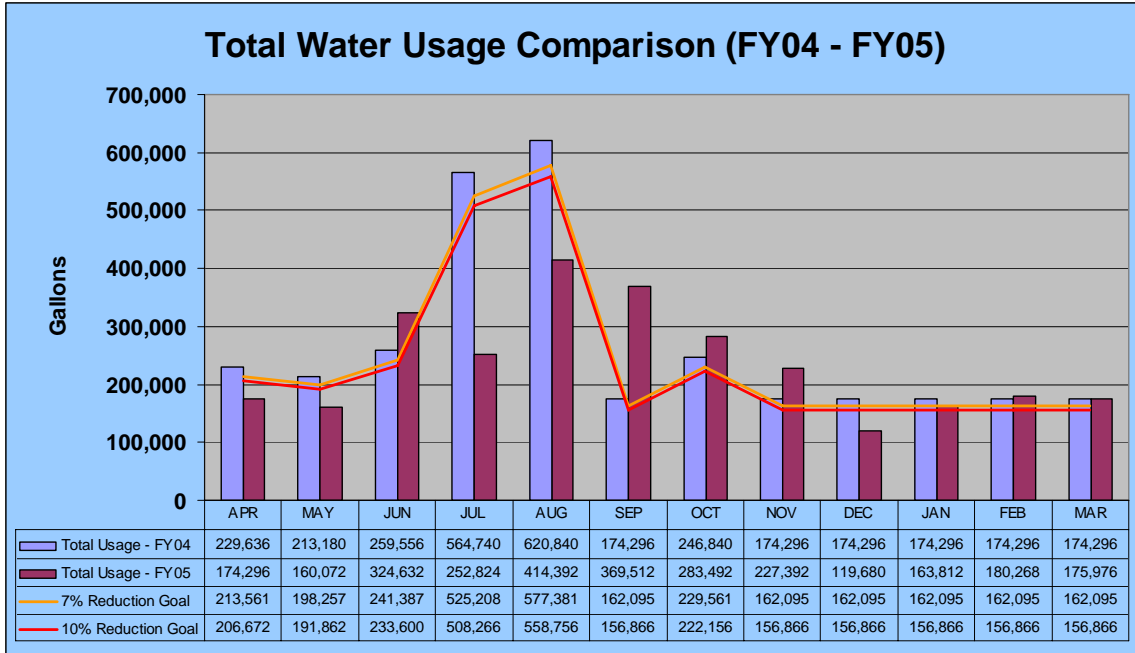
Stakeholder Involvement

Epson Portland Inc. is not a publicly-held company, nor is it one that has much contact with community members on a day-to-day basis, as no consumer sales, support or service are provided at this location. However, the company is continually mindful of the impact of its actions on the surrounding environment and community, and welcomes feedback from community neighbors. Therefore, EPI will communicate with stakeholders through its website at www.epi.epson.com and also via its environmental community outreach activities throughout the year.

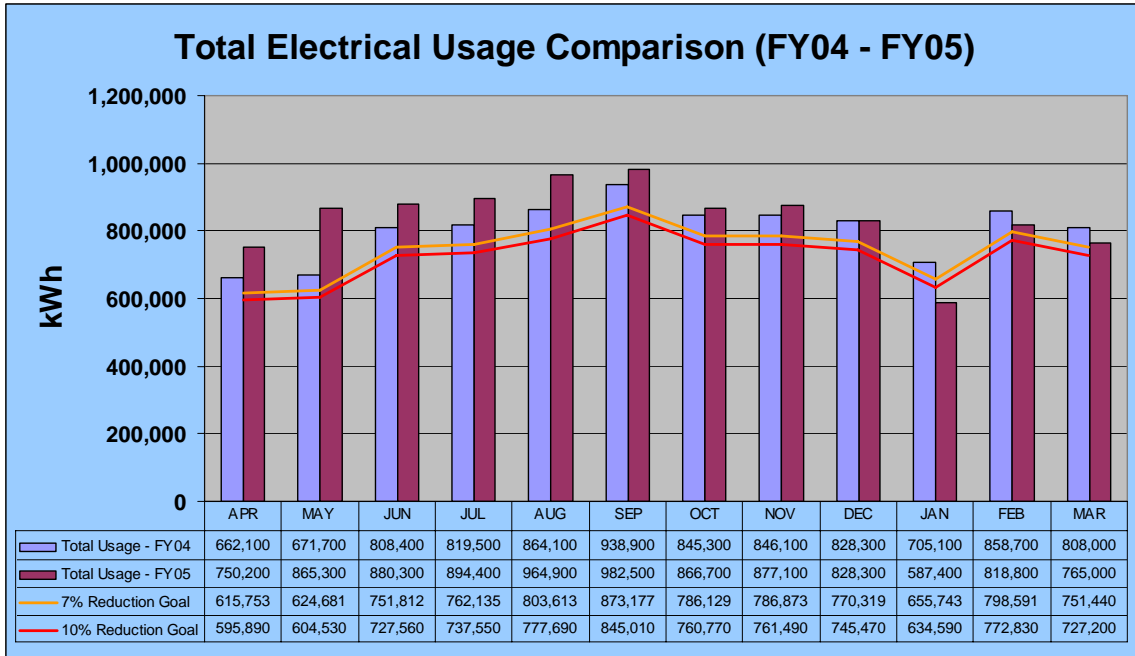


Environmental Accomplishments

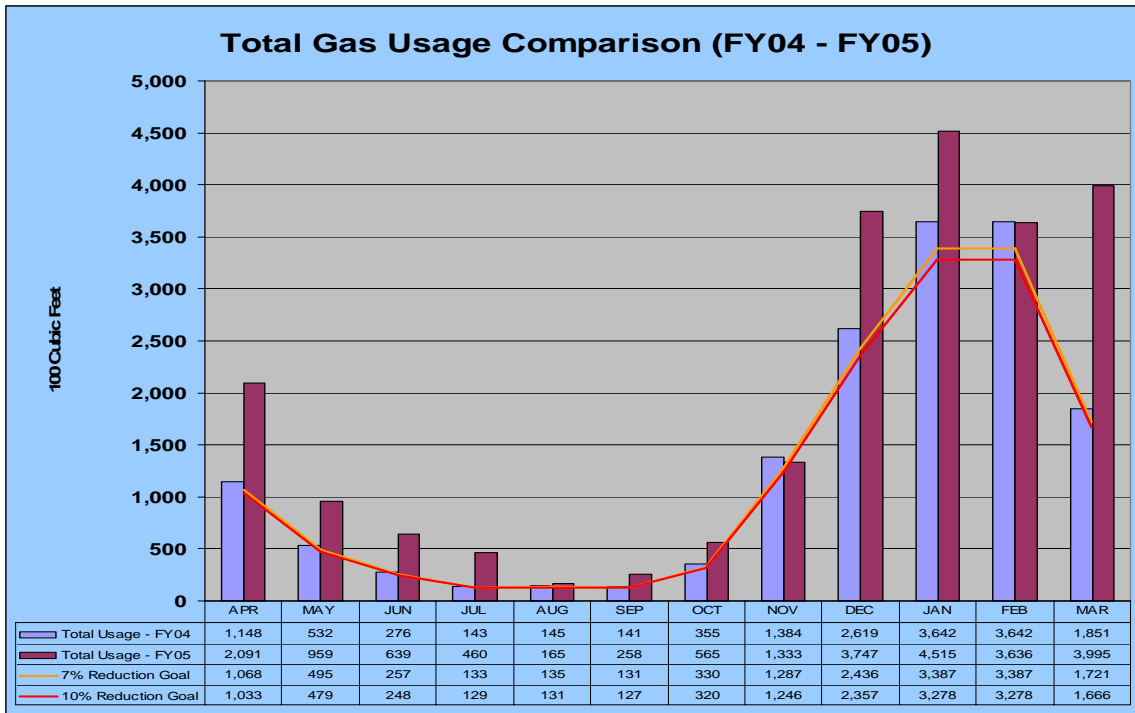
- Implementation of 55-gallon ink drum recycling. Previously, the drums were being sent to waste-to-energy with EPI's other non-recyclable trash; then the manufacturer of the drums was tracked down and it was discovered that they sponsored a take-back program in which a third-party hauler would collect the drums and clean them in preparation for re-use. This reduced the amount of waste being sent to the waste-to-energy facility by 40.32 tons in 2005.
- Implementation of a closed-loop system for reclaiming, regrinding and reusing waste plastic in the Plastics Injection Molding department. Similar to the situation of the ink drums, previously, this waste plastic (called runner or sprue waste) was collected and sent off-site for regrind/reuse. But EPI's Plastics department developed a way to install a closed-loop reclamation system that would collect the plastic and regrind it, then send appropriate amounts of the regrind in with virgin material to be remolded. This innovation keeps two full Gaylords per day of plastic here at EPI where it can be used again.
- One of five 2005 *Facilities of the Year*, as determined by "Environmental Protection" magazine, for our strong commitment to environmental stewardship.
- One of three winners of the 2005 *Executive Award for Excellence*, as determined by the Washington County Cooperative Recycling Program, for our exemplary performance in the area of waste reduction, reuse and recycling.



Graphs



6 New Production Lines added in FY2004



Total kilowatt-hours (kWh) used in FY2004	9,656,200
Total kWh used in FY2005 (February & March projected based on Apr-Dec average)	10,254,812
Goal of 10% reduction based on FY2004 usage	965,620
Savings achieved in FY2005 through ECOs	2,856,347
o Reduced low vacuum support	
o Clean Dry Air (CDA) efficiency improvement	
o Reset room air temperature	
o Clean CDA Coolers	
o Closed loop efficiency improvement	
o Reduced HVAC operating hours	
o Light switching	
o Reduced work week – lighting and support equipment	
Reduction vs. FY2004 – actual	29.6%

EPI purchases 90% Hydro Power and 10% Wind power.

11. **Reduce natural gas usage by 7%** (baseline FY04)
EPI's Gas usage increased 29% (baseline 2004)
 - Unfortunately, we have no good explanation as to why our gas usage increased so significantly in 2005. We did receive a new gas meter and presumably it's measuring our gas usage more accurately now. The increase could also be partially due to the colder than normal winter.
 - We have, however, taken steps to try and lower our gas consumption for 2006. We have changed from a 7-day, 20-hour-per day work schedule to a 5-day, 24-hour-per day work schedule (with the heat turned off on the weekends), and on a daily basis, the heat in the building is turned off at 3:30 p.m. instead of 5:00 p.m.

12. **Maintain FY04 Water Usage**
EPI maintained its water usage levels for baseline 2004

5.	8.5	8.5	8.6	8.2	8.4	8.4
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3. CWS Industrial Wastewater Discharge Permit

133072 had no deficiencies and/or non-conformances.

4. Hazardous Waste

EPI generated 0 pounds of hazardous waste.

EPI is a Conditionally Exempt Small Quantity Generator.

5. Reduce total waste by 5% (baseline FY04)

EPI achieved an 8% reduction.

All solid waste goes to a waste-to-energy facility.

In FY2005, the total solid waste EPI sent through the waste-to-energy process produced 48 mWh of energy, saved 127 barrels of oil and saved 367 cubic yards of landfill space.

6. Promote employee commute alternative transportation

In FY2005 EPI purchased year-round MAX passes for all full-time employees.

7. Generate annual environmental report

EPI will post prior fiscal year information on its external website in the month of May.

8. Support Seiko & Epson affiliates

EPI chairs the Environmental Committee of the Americas, which includes Seiko Epson affiliate companies in the U.S., Canada, Mexico and other South American countries.

9. Green Purchasing

60% of general purchases (Office & Janitorial supplies) be environmentally green products

100% of production purchases be environmentally green products

These guidelines are developed around not using certain hazardous chemicals in our products and processes.

- EPI achieved 55% green purchasing for office and janitorial supplies.
- EPI achieved 100% of production purchases under Seiko Epson guidelines.

10. Reduce Total Energy Consumption by 7 (baseline FY04)

EPI has reduced electrical consumption by 3% per unit (baseline 2005)

Steps taken to reduce electrical consumption: Implemented Energy Conservation Opportunities (ECOs)

#1	6.2	ND	4	ND	ND	0.02
#2	6.2	ND	4	ND	ND	0.03
#3	6.3	ND	2	ND	ND	0.13

Monthly visual inspections completed with no issues. Inspections include:

1. Floating solids in creek from manufacturing
2. Oil and grease sheen in creek
3. Oil and grease sheen in parking lot
4. Catch basins in parking lot
5. Trash in parking lot
6. Overall cleanliness
7. Roof top inspection

Inspection results:

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
#1	None	None	None	None	None	None	None	None	None	None	None	None
#2	None	None	None	None	None	None	None	None	None	None	None	None
#3	None	None	None	None	None	None	None	None	None	None	None	None
#4	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good
#5	None	None	Some	Some	Some	None	Some	None	None	None	None	None
#6	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good
#7	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good	Good

Storm drains are pumped out and cleaned every April.

Employee volunteers picked up garbage on Epson property on June 29, 2005.

2. NPDES 100-J - 103448 Non-Contact cooling water discharge permit.

This permit had no issues and or non-conformances.

Analysis Report

1. Effluent flow (average per day in gal)
2. Max. Temperature
3. Total chlorine (ppm)
4. Flow X Temp.
5. pH

	4/2005	5/2005	6/2005	7/2005	8/2005	9/2005
1.	2069.4	2935.8	2767.4	3547.1	4007.7	3188.4
2.	70 ⁰ F	72 ⁰ F	76 ⁰ F	77 ⁰ F	76 ⁰ F	74 ⁰ F
3.	0	0	0	0	.19	.22
4.	140719.2	205506.0	8.8820	255391.2	292562.1	223188.0
5.	8.4	8.4	8.8	8.6	8.53	8.2
	10/2005	11/2005	12/2005	1/2006	2/2006	3/2006
1.	2666.0	.1985.5	1252.9	1500.6	1946.1	1967.1
2.	72 ⁰ F	74 ⁰ F	76 ⁰ F	65 ⁰ F	7 ⁰ F	66 ⁰ F
3.	.12	0.85	.85	.25	.31	0.26
4.	186627.0	140970.5	86450.1	5.4421	12228.3	5.7270

Consumption	water usage level	
	Reduce Electrical usage by 7% (baseline FY04)	All departments, as applicable
	Reduce Gas usage by 7% (baseline FY04)	All departments, as applicable

Environmental Performance Auditing

The EMS recertification audit was conducted in February 2005 by BVQI. We received a recommendation for upgraded registration to the new ISO 14001:2004 standard with no major or minor non-conformances. EPI's Quality Assurance department conducted 44 internal audits during the course of the year and found 8 non-conformances—twenty-one fewer than in FY2004. Examples of the non-conformances were no MSDS available for a chemical found in a toolbox and an obsolete EMS document found at the guard's station. All of the non-conformances have been closed.

EPI's Management Reviews consist of one annual executive management strategic review by top management, an annual review by the Environmental Health and Safety committee as well as a monthly overview by all Asst. Managers and above. All reviews were completed in FY2005. EPI's EMS was considered suitable, adequate, and effective.

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 Environmental, Health & Safety 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.

Meeting FY2005 Objectives & Targets

Accomplishments and Deficiencies

Exceeded Regulatory Compliance

- 1. Storm water** – This permit had no deficiencies and/or non-conformances.

Analysis Reports:

	PH	Oil & Grease	TSS	Copper	Lead	Zinc
	None Detected (ND) limit	2ppm	2ppm	0.01ppm	0.01ppm	0.01ppm
06/17/05						
#1	6.3	2	ND	ND	ND	0.03
#2	6.6	ND	2	ND	ND	0.04
#3	7.0	2	ND	0.02	ND	0.14
01/17/06						

In determining objectives and targets, EPI bases its decisions on the following: United States regulatory requirements, Seiko Epson Corporation requirements, requirements from top management, EPI's significant environmental impacts, and views of interested parties. All information is funneled to the environmental health and safety committee (with members representing each department at EPI), which then drafts recommendations that are forwarded to top management for approval. Once the environmental health and safety committee, environmental health and safety committee chairperson, and top management approve objectives & targets, the environmental & safety staff drafts work instructions for each objective & target detailing each task, responsible person(s), due dates, and critical milestones, if needed.

2005 Aspects & Impacts

Significant Aspects	Negative Environmental Impacts	Department(s) Oversight	Objective & Target?
CWS Industrial Wastewater Discharge Permit	Water Pollution-Compliance	Facilities	No-Control & Monitor only
DEQ - NPDES non-Contact Cooling Tower Permit	Water Pollution-Compliance	Facilities	No-Control & Monitor only
DEQ - NPDES Stormwater Discharge Permit	Water Pollution-Compliance	E & S	No-Control & Monitor only
Solid Waste	Water / Soil Pollution Outside	Site*/Warehouse/E & S	Yes
Purchasing Activities	Air , Water, Soil Pollution	MRO Purchasing	Yes

*As applicable to each department or group

2005 Objectives & Targets

Objective	Targets	Responsibility
Promote Green Purchasing	60% of office and janitorial products be environmentally-preferred products (FY04 = 50%)	MRO Purchasing
Reduce Solid Waste	Reduce total waste by 5% (baseline 2004)	All departments, as applicable
	Maintain zero waste-to-landfill	Environmental & Safety staff
	Study using regrind in ink cartridge plastics	Plastics Department / E&S staff
Reduce Total Energy	Water – Maintain FY04	Facilities Manager

Contribute to the Environment.

Support of environmental efforts will be given at both the local and international levels.

Provide Employee Volunteer Programs.

Various employee volunteer programs will be supported, such as: "Road Warriors" highway clean-up program 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.

Conform to ISO 14001-2004 Requirements.

An Environmental Management System that conforms to the requirements of ISO 14001-2004 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 Report.

Environmental Management System

EPI established its Environmental Management System (EMS) in 1998 in accordance with the requirements of ISO 14000. Initial certification to the ISO 14000 standard was completed in June of 1998, making it only the fifth company in Oregon at the time to achieve such status. Each year, EPI has undergone either a surveillance or recertification audit (as scheduled) of its EMS and has passed and maintained its certification every time; the company has also upgraded to new versions of the standard as they have become available.

Determining Aspects, Impacts, Objectives & Targets

Epson Portland Inc.'s Environmental Management System (EMS) is intended to be a guide for establishing, maintaining, and improving EPI's environmental activities. Environmental planning procedures describe an integrated process of identifying environmental aspects, ranking and selecting them to determine significance, developing objectives and targets, and developing environmental programs that support our goals of increasing environmental stewardship (reducing the use of water and electricity, reducing the amount of solid waste, reducing volatile air emissions and hazardous waste, and increasing reuse, recycling, and employee involvement).

EPI's environmental aspect and impact analysis is completed at least annually. Impacts are categorized in 7 areas: air pollution, water pollution (sanitary), water pollution (outside), land contamination, utilities consumption, hazardous waste, and regulatory compliance.

CWS - Industrial Wastewater Discharge Permit
Permit Number 133072

DEQ - National Pollutant Discharge Elimination System Waste Discharge Permit
Permit Number 100-J
File Number 103448

DEQ - National Pollutant Discharge Elimination System Storm Water Discharge Permit
Permit Number 1200-Z
File Number 103448

METRO - Solid Waste Non-System License (for waste-to-energy)
License Number N-028-00

State Fire Marshal Hazardous Substance reporter

DEQ Green Environmental Management System Achiever Permit

ORS 468.020

Permit No.: GP003

Expiration Date 5-1-2010

Environmental Philosophy

As a member of the Seiko Epson Group, Epson Portland Inc. shall fulfill its social obligation as a good corporate citizen, striving to achieve a harmonious balance between its business activities and the global environment by actively taking steps to use resources efficiently and prevent pollution.

Epson Portland has established policies based on the Environmental Philosophy and pledges to carry them out with full participation. EPI will use these policy statements as a benchmark to gauge current and future activities and to determine corporate environmental objectives and targets, including identifying significant aspects, when appropriate. EPI senior management will review these annually.

Epson Portland will:

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.

Epson printers (200 million cartridges had been made by December of 2005), performs injection molding of proprietary plastic parts, and refurbishes optical engines for LCD projectors and rear-projection television sets.

Site Description

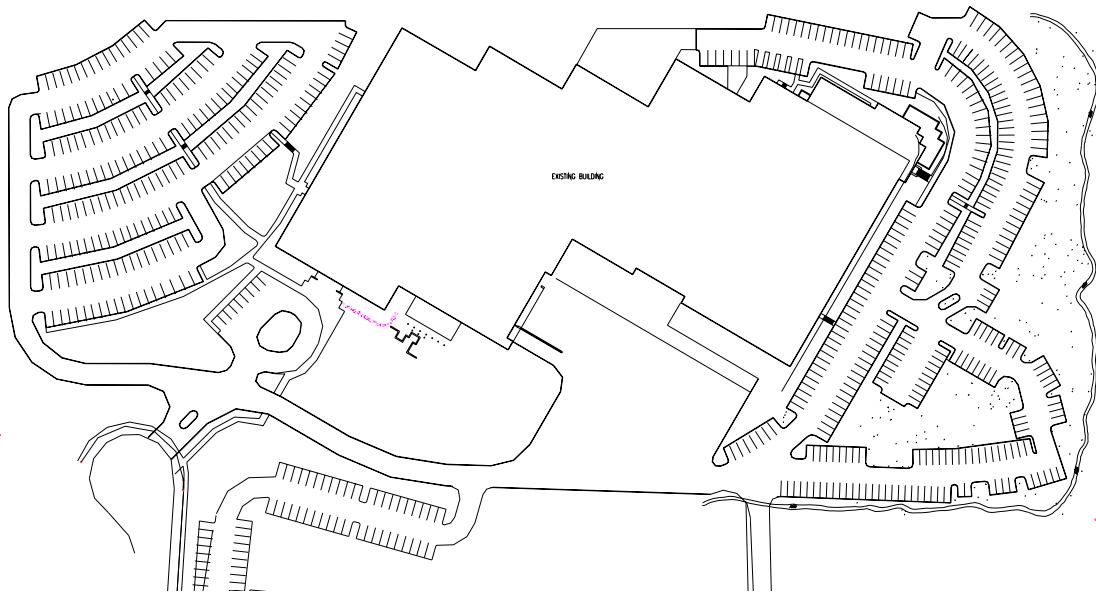
One building, completed in two phases: Phase 1, completed in 1986; and Phase 2, completed in 1988.

Manufacturing in this building consists of Ink Cartridge Plastic Injection Molding, Ink Cartridge Assembly, Ink Cartridge Packaging, and Projector/TV Services. Support departments include Engineering, Procurement, Production Planning, Warehouse, Quality Assurance, Facilities, Accounting, Human Resources, Information Systems, General Affairs, Environmental, Corporate, XRF Testing, and Inkjet Industrial Applications.

There are two cleanrooms, several office areas, two cafeterias, warehousing and storage space.

Comprising the remainder of EPI's 20.7 acres of land are two parking lots and a natural preserve.

Site Layout



Regulatory Status Category

Phase 1 & 2

3950 NW Aloclek Place

Conditionally Exempt Small Quantity Generator

EPA ID# ORD151160934

**2005 GREEN PERMIT ANNUAL REPORT
EPSON PORTLAND INC.
HILLSBORO, OREGON**

Executive Summary

For Epson Portland Inc. (EPI), 2005 was a year punctuated by several environmental accomplishments and recognitions, as well as the stability of our ongoing programs.

- EPI may well have been the first company in the state of Oregon to receive certification to the new ISO 14001:2004 standard, subsequent to our recertification audit in February.
- Two of the biggest reuse/recycling accomplishments were the implementation of a recycling program for our 55-gallon ink drums and a closed-loop system for reclaiming, regrinding and reusing some of our waste plastic in the Plastics Injection Molding department.
- EPI procured an x-ray fluorescence (XRF) machine and has begun performing extensive tests on packaging and other materials to ensure they do not contain any substances banned by the RoHS directive. EPI is also testing some products for its sister companies.
- EPI was honored by two major outside awards: the **Facility of the Year Award** from *Environmental Protection Magazine*, and the **Executive Award for Excellence** from the Washington County Cooperative Recycling Program. We also received four Environmental Awards as well as the Environmental Management Award from our parent company, the Seiko Epson Corporation, for 2005.
- Zero waste-to-landfill status was maintained (no waste sent to landfill since February of 2000), as was patron-level participation in PGE's Clean Wind program.
- All permits were maintained in good standing.

Background

Epson Portland Inc. (EPI) received its Green Permit on November 9, 2001. In accordance with the requirements of the Green Permit, EPI continued to improve its environmental performance and achieved results that are beyond compliance. This report summarizes 2005 environmental improvement activities, environmental compliance, and stakeholder activities.

Site History

Located in Hillsboro, Oregon, EPI is the sole U.S. manufacturing affiliate of Japan's Seiko Epson Corporation (SEC). In the early 1980s, SEC decided to begin manufacturing printers in the United States to support Epson America, Inc., SEC's U.S. sales and marketing subsidiary (NAICS code 325910). From its opening day in July of 1986 until August of 2001, EPI built over 15 million printers for business, government and personal use. Currently, EPI manufactures various models of ink cartridges for