

**2007 GREEN PERMIT ANNUAL REPORT
EPSON PORTLAND INC.
HILLSBORO, OREGON**

Executive Summary

Epson Portland Inc. (EPI) takes a comprehensive approach to environmental stewardship. The company has been ISO 14001-certified since June of 1998; this certification is based on a solid Environmental Management System that undergoes continual internal audits as well as annual external audits. EPI was the first charter member in the U.S. EPA's National Environmental Performance Track Program and is one of the only companies in Oregon to hold a DEQ Green Permit. Since March of 2000, EPI has sent no waste to the landfill; any waste that cannot either be reused or recycled* is sent to a waste-to-energy facility in Brooks, Oregon, where it is incinerated and used to create electricity. (*EPI's diversion rate is 74%; several of its recycling and/or reuse programs are innovations that employees have implemented.) Since February of 2003, EPI has been a patron-level participant in PGE's Clean Wind power program, initially purchasing 10% and now (since July of 2007) purchasing 15% of its power from wind-generation facilities. In addition, the company designates 30% or more of its corporate contributions dollars to environmental non-profit agencies, especially those whose mission is to education children about the importance of environmental preservation. Annually, EPI hosts an electronics collection event, three highway clean-ups and a campus clean-up event, and encourages its employees to take part in other environmental volunteer activities.

Background

EPI received its Green Permit on November 9, 2001. In accordance with the requirements of the Green Permit, EPI continually improves its environmental performance and achieves results that are beyond compliance. This report summarizes 2007 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 and ink cartridges for Epson printers (between April 1999 and December 2007, EPI produced over 285,613,962 ink cartridges), performs injection molding of proprietary plastic parts.

Site Description

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

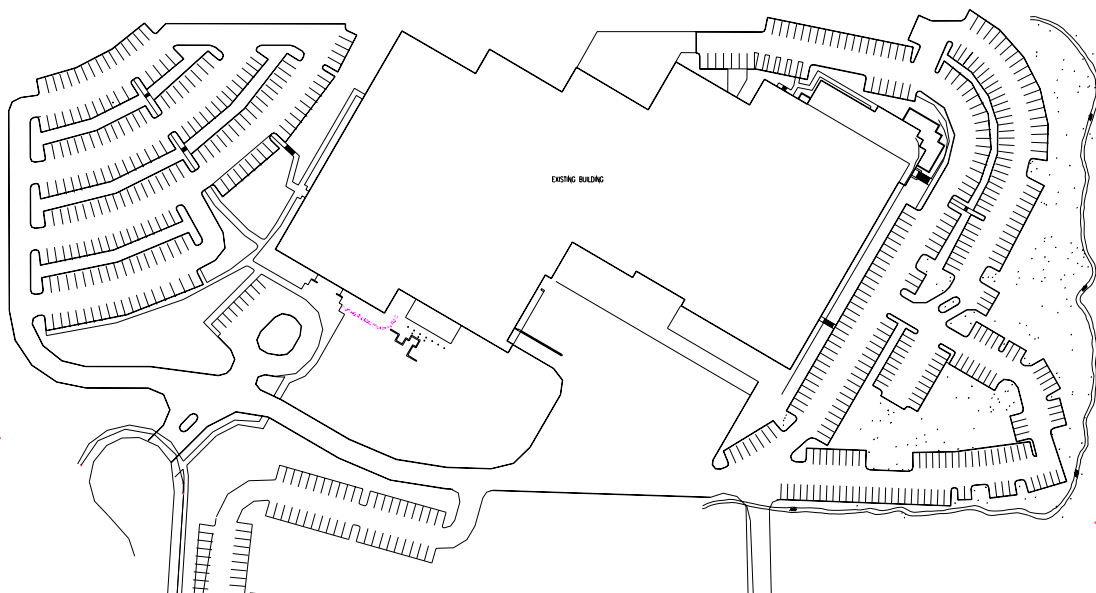
Manufacturing in this building consists of Ink Cartridge Plastic Injection Molding, Ink Cartridge Assembly, Ink Cartridge Packaging, and Ink Manufacturing. Support

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

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.

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.

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.

2007 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

2007 Objectives & Targets

Objective	Targets	Responsibility
Promote Green Purchasing	65% of office and janitorial products be environmentally-preferred products (FY05 = 65%)	MRO Purchasing
Reduce Solid Waste	Reduce total waste by 5% (baseline 2006)	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 Consumption	Water – Maintain FY04 water usage level	Facilities Manager
	Reduce CO2 emissions by 3% (per unit produced)	All departments, as applicable
	Reduce Gas usage by 3% (baseline FY06)	All departments, as applicable

Environmental Performance Auditing

The EMS recertification audit was conducted in February 2007 by Bureau Veritas Certification. The audit validated that EPI's EMS is in a high degree of conformance to 14001:2004 standard with no major or minor non-conformances. EPI's Quality Assurance department conducted 27 internal audits during the course of the year and found 5 non-conformances. Examples of the non-conformances were training for a security guard was not recorded a SOP had an automatic dated footer instead of a revision date.

EPI's Management Review 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 FY2007. 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 FY2007 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
12/18/07						
#1	6.8	ND	6	ND	ND	0.02
#2	6.1	ND	4	ND	ND	0.02
#3	6.5	ND	ND	0.02	ND	0.17
01/08/08						
#1	6.1	ND	2	ND	ND	0.02
#2	6.0	ND	2	ND	ND	0.02
#3	6.0	ND	3	ND	ND	0.03

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 20, 2007.

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

	4/2007	5/2007	6/2007	7/2007	8/2007	9/2007
1.	2222	2981	2665	3276	3216	2703
2.	64.1	66.3	68.5	76	73.6	69.8
3.	0.05	0.01	0.23	0.04	0	0.2
4.	12430.2	197640	182552.5	248976	236697.6	188669.4
5.	8.3	8.4	8.3	8.4	8.4	8.3
	10/2007	11/2007	12/2007	1/2008	2/2008	3/2008
1.	2161	1563	1074	1476	1415	1334
2.	64.8	63.3	64.3	64.2	64.2	62.5
3.	0.15	0.1	0.09	0.13	0.13	0.01
4.	140032.8	98937.9	69058.2	94759.2	90843	83375
5.	8.4	8.3	8.4	8.4	8.6	8.5

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 FY06)**
EPI did not achieve this goal due to the fact of construction of ink manufacturing along with dismantling our old Foam Lines.

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

6. **Promote employee commute alternative transportation**
In FY2007 EPI purchased year-round MAX passes for all full-time employees.

7. **Generate annual environmental report**
EPI posts 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**
Goal: 65% of general purchases (Office & Janitorial supplies) be environmentally green products
Goal: 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 70.25% green purchasing for office and janitorial supplies.
 - EPI achieved 100% of production purchases under Seiko Epson guidelines.

10. **Reduce C02 emissions by 3% (per unit produced vs. (baseline FY04)**
EPI actually achieved a 12% reduction (baseline 2004)

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

Total kilowatt-hours (kWh) used in FY2004	9,656,200
Total kWh used in FY2007	8,591,400
Savings achieved in FY2007 through ECOs	1,064,800
o Reduce Phase-1 HVAC operating times	
o Chilled water coils	
o Reduce general lighting in office area	

- Reduced general lighting in ink manufacturing area
- Reduced work week for Packaging

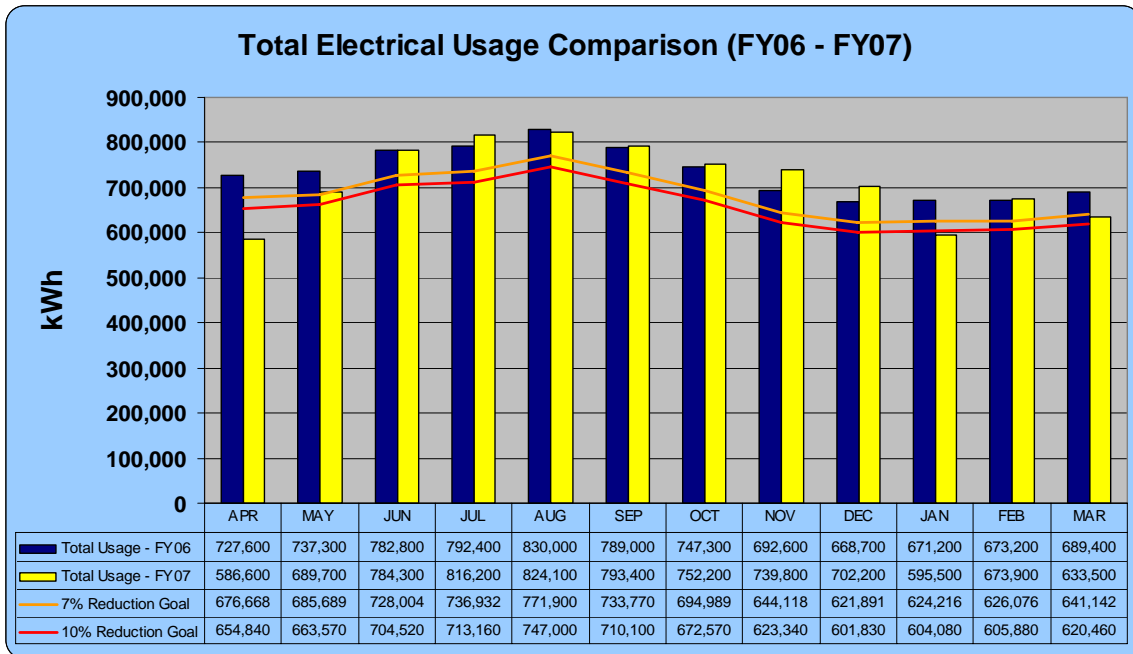
Reduction vs. FY2004 – actual

12%

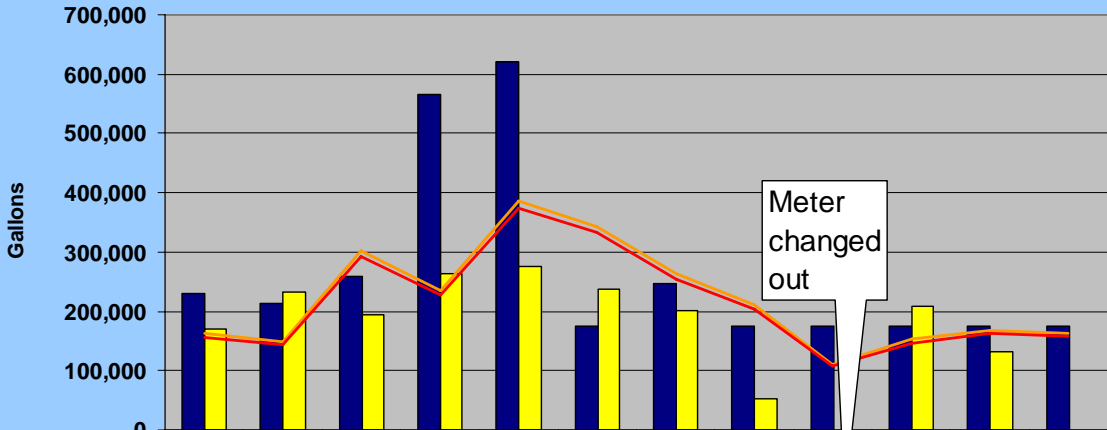
EPI purchases 15% Clean Wind power.

- Reduce natural gas usage by 3%** per unit produced vs. (baseline FY04)
We have maintained our heat on a time based schedule turning on at 9 Am and off at 4 pm.
- Maintain FY04 Water Usage**
Due to starting up Ink Manufacturing this year we changed our goal to maintain FY04 water usage which we accomplished.

Graphs

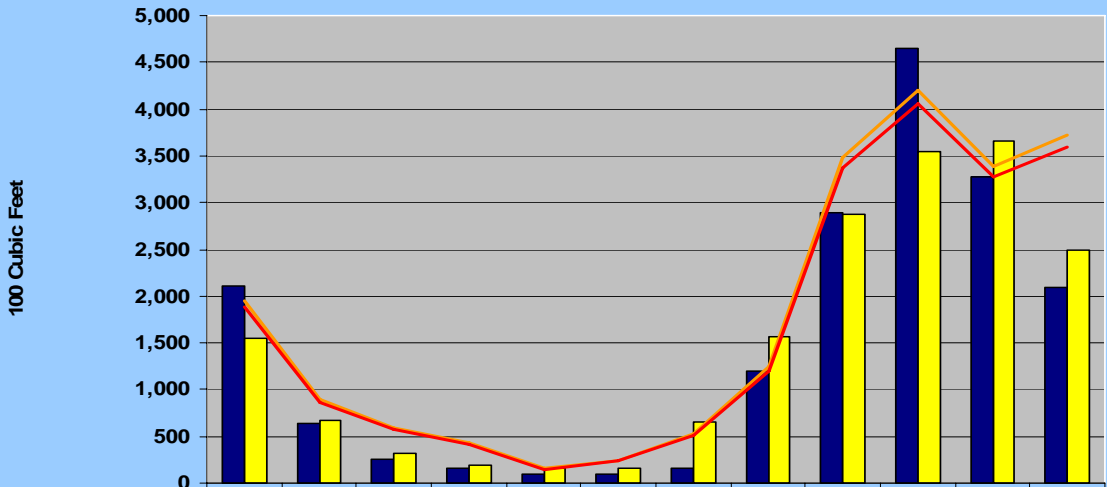


Total Water Usage Comparison (FY04 vs FY07)

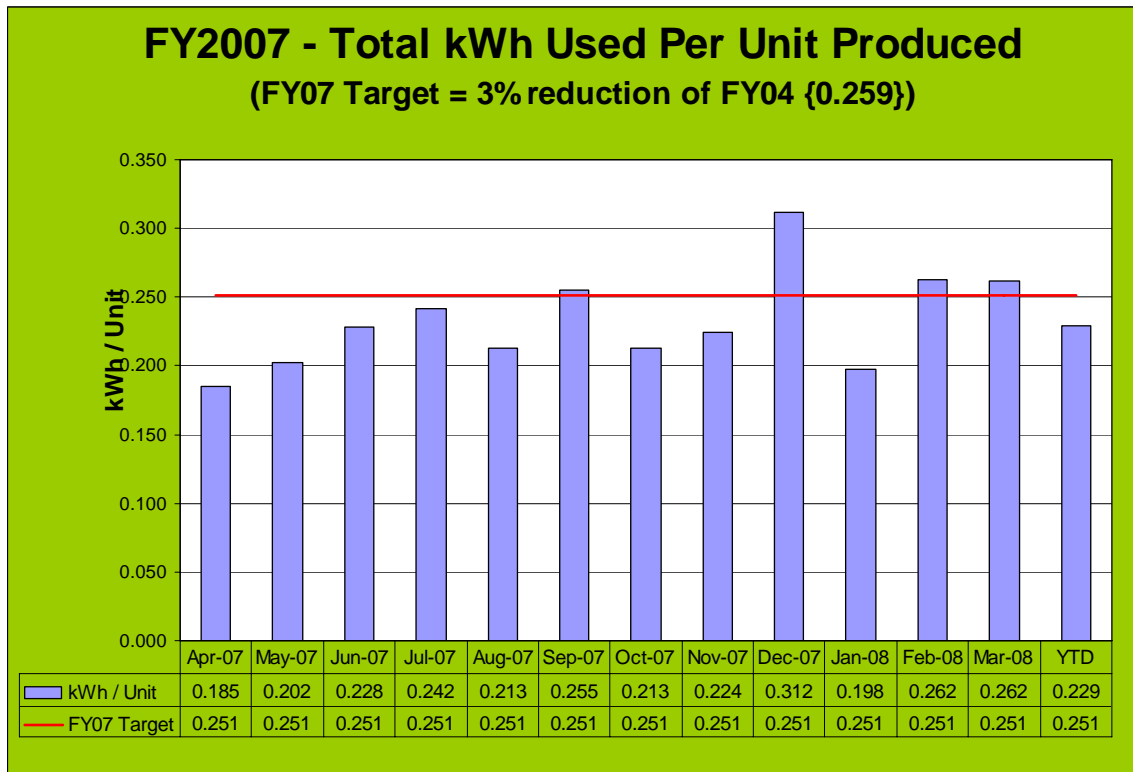
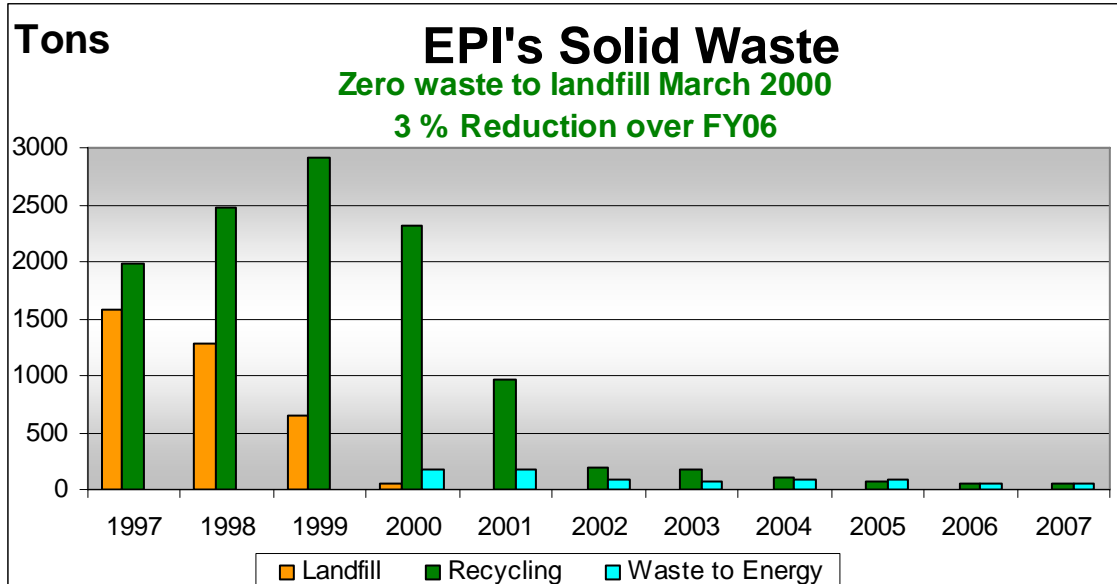


	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Total Usage - FY04	229,636	213,180	259,556	564,740	620,840	174,296	246,840	174,296	174,296	174,296	174,296	174,296
Total Usage - FY07	169,796	231,880	192,984	264,044	276,012	237,116	200,464	51,612	0	208,692	132,396	0
7% Reduction Goal	162,095	148,867	301,908	235,126	385,385	343,646	263,648	211,475	111,302	152,345	167,649	163,658
10% Reduction Goal	156,866	144,065	292,169	227,542	372,953	332,561	255,143	204,653	107,712	147,431	162,241	158,378

Total Gas Usage Comparison (FY06 - FY07)



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Total Usage - FY06	2,109	643	255	160	96	99	160	1,203	2,885	4,647	3,280	2,086
Total Usage - FY07	1,543	669	323	198	160	164	652	1,559	2,879	3,548	3,653	2,491
7% Reduction Goal	1,945	892	594	428	153	240	525	1,240	3,485	4,199	3,381	3,715
10% Reduction Goal	1,882	863	575	414	149	232	509	1,200	3,372	4,064	3,272	3,596



Environmental Accomplishments

- Implemented an innovative waste water re-use system, whereby non-potable water generated through a water purification system needed for our ink manufacturing process is piped into the toilets in our Phase 2 work area (where 80% of employees work) to be used as flush water. This process both re-uses waste water efficiently and also reduces our reliance on fresh water for toilet flushing.
- Earned certification through the Salmon-Safe organization for our commitment to utilizing environmentally-friendly landscape, pest management and irrigation practices.
- Through extensive testing and evaluation, determined we could eliminate some of the bubble packaging that was used to protect our bulk-packed ink cartridges without harm to the cartridges themselves. This reduction in packaging was not only a cost savings by itself, but also allowed a higher pack count which reduces shipping costs, and also reduced the amount of bubble pack our sister companies have to deal with by approximately 34,000 cubic feet per year. This new packaging standard was rolled out to all ink cartridge manufacturing facilities by our parent company, Seiko Epson.
- Increased amount of Clean Wind power purchased through PGE by 50%--to 15% from 10%. EPI continues to be a Gold-level* participant in this program, as it has been since its initial roll-out in 2003. (*Gold-level used to be called Patron-level.)
- Accepted the *Environmental Management Award* from Seiko Epson Corporation, as well as three *Environmental Awards* for specific projects in FY2006 (awards given in June of 2007).
- Directed 63% of all monetary corporate contributions to environmental non-profit organizations (FY07: Tillamook Forest Center, Jackson Bottom Wetlands, Lower Columbia River Estuary Partnership, Friends of Trees, SOLV, Northwest Environmental Conference, Oregon Environmental Council, Westside Transportation Alliance).
- Continued zero waste-to-landfill (since March 2000).
- Continued participation in EPA's National Environmental Performance Track (since October 2000).
- Continued participation in Oregon Department of Environmental Quality's GEMS ("Green") Achiever Permit program (since November 2001).
- Continued Green Power Partner status with the EPA (since fall of 2003).

Employee Activities

- EPI Earth Day Electronics Collection Event, April 28, 2007.
- Road Warriors Highway Clean-Ups, May 23, August 1, November 7, 2007.
- Household Hazardous Waste Round-Up, June 8 & 9, 2007.
- Campus Clean-Up, June 20, 2007.
- 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.

Thus far, the stakeholder interest has been in learning about how EPI has accomplished some of its environmental achievements and in how they can replicate some of our activities, such as the Electronics Collection Event. 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

Kimberley Sackman
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