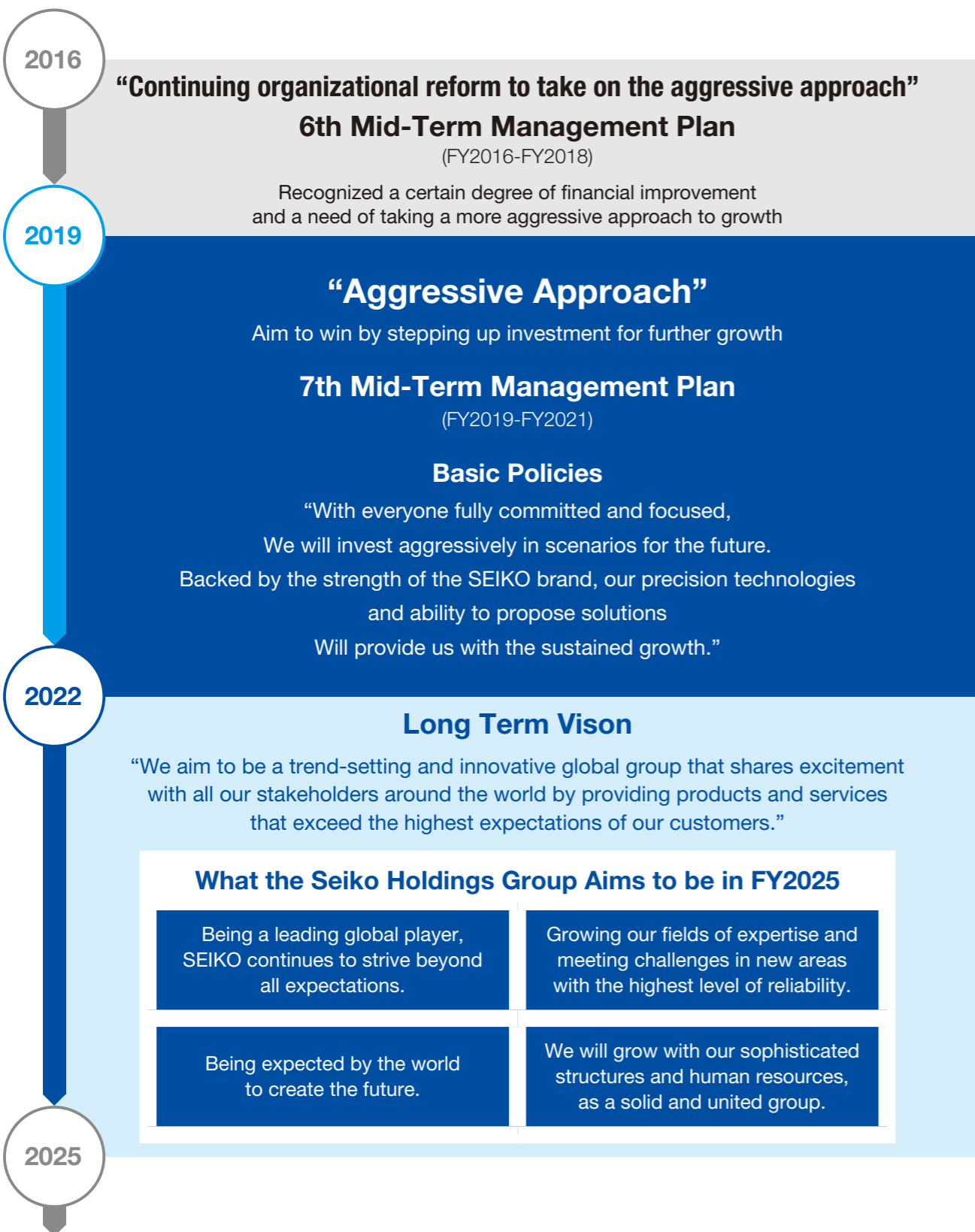


Mid-Term Management Plan

Seiko has formulated its 7th Mid-Term Management Plan starting in the fiscal year 2019 to realize our long-term vision in the fiscal year 2025, based on the group slogan "Moving ahead. Touching hearts"



Review of the 6th Mid-Term Management Plan

Strengthening Profitability and Investing for Growth

- Shrinking of affordable watches market in the global watch industry from FY2016
- Shifted to mid-high price range, mainly for Global Brands (GB)
- Developed overseas boutiques and strengthened e-commerce initiatives
- Increased profitability of the Electronic Devices Business
- Achieved plan ahead of schedule for strengthening profitability in the Systems Solutions Business

Reinforcing the Management Foundation

- Equity capital ratio (35.0% or higher)
- Net interest bearing debt (JPY 75.0 billion or less)
- Continuing to pay stable dividends (JPY 75.0 per share for 3 straight fiscal years)

Achieved 6th MTP targets

Target Figures

(Billions of yen)

	FY2018 Actual	FY2021 Target
Net sales	247.2	285.0
Operating profit	9.3	14.2
Profit attributable to owners of parent	9.2	12.5
Equity capital ratio	36.0%	40%
Net interest bearing debt	72.1	Maintain current level

Strategies

- Branding Strategies** ● Continuing investment to enhance corporate brand value from mid- to long-term viewpoint **P.52**
- Human Resources Strategies** ● Preparing an environment where personnel with diverse senses of value can work enthusiastically, aiming for sustainable growth of the Group by creating a virtuous cycle of “recruiting,” “cultivating,” and “leveraging” human resources **P.54**
- Financial Strategies** ● Thoroughly implementing investment management to achieve “wins” through the generation of operating cash flow to support the “aggressive approach” period, well balanced investing cash flow, and cost controlled financing cash flow
● Continuously improving equity capital ratio (to 40%) by accumulating profit, and maintaining stable dividends

Policies by Segments

- Watches Business** ● Keep expanding GB sales and accelerate GB strategy to accomplish “Revolutionary (Extraordinary) Transformation” **P.36**
- Electronic Devices Business** ① Further evolve Craftsmanship, Miniaturization and Efficiency technologies and shift key product portfolio to areas of strength and growth markets **P.40**
② Carry out investments and strengthen management in new growth areas
- Systems Solutions Business** ① Improve sustainable growth and reliability of business
② Create business structure resilient to environmental changes and shift to high added value through diversification **P.42**
③ Continuously transform practices and strengthen organizational structure

Corporate & others

- SDGs** **P.30**
- R & D for new products** **P.46**

We will meet the expectations of a wide range of stakeholders in this new era. Taking the spirit of Seiko's founder to heart, we will accelerate our efforts toward achieving the SDGs.



Shinji Hattori

Chairman & Group CEO & Group CCO
SEIKO HOLDINGS CORPORATION

COVID-19: Now and Afterwards

I would like to start by expressing my deepest condolences to the families of those we have lost due to COVID-19, and offer my heartfelt sympathies to everyone affected by this disease.

The coronavirus has had a significant impact on the Japanese economy and, in just a short time, has also caused unprecedented changes in our social systems and in people's values. We can truly call this the start of a new era.

Everyone in our Group remembers the principle of Seiko's founder, Kintaro Hattori: "Always being one step ahead of the rest." This spirit underlies our plans to aggressively roll out new initiatives that make full use of digital and other advanced technologies.

In addition, we will work on new ways to build even closer relationships with our customers. We have been working in the medium-to-long term on marketing approaches that appeal to our customers' sensibilities and on improving the quality of our personal interactions with customers in the areas of sales and service, and now we will apply those same ideas to the digital space as well. We will strive to make a new model of customer engagement.

Initiatives toward ESG and SDGs

The Seiko Holdings Group's corporate philosophy of being "A Company that is Trusted by Society" is a continuation of the stakeholder-oriented management style practiced by Kintaro Hattori, which has been passed down to every employee in the Group to this day.

When the Great Kanto Earthquake struck in 1923, Kintaro's shop and factory were destroyed by fire, along with about 1,500 watches that had been left in his care for repair. Kintaro immediately offered to replace all of those items at no charge. As soon as his factory reopened, he rehired his employees and went back to work. Even amid the unprecedented turmoil following the earthquake, and despite his own significant losses, Kintaro's primary focus was always on key stakeholders—his customers and his employees. I

believe that his insistence on installing Wako's Clock Tower in in a stone building (in 1932) was his response to the possibility of another massive disaster in Tokyo. Kintaro wanted to be sure that the tower's chimes would continue to toll out the correct time in the Ginza area no matter what happened. This was part of his commitment to helping the local community. COVID-19 has both highlighted and magnified the already grave issues facing global society and our global environment. I believe that in order to aim for sustainable growth, in addition to responding to risks, we should constantly ask ourselves what role we should play in solving social and environmental issues. In that way, we can move forward as a useful and integral part of society.

The Group's products and services emphasize durability and long-term usefulness, and are deeply rooted in a spirit of contributing to the development of a sustainable society. We always aim to conserve resources and provide our customers with peace of mind.

One SDG target area where Seiko companies are active is the provision of good health and well-being. Because of the COVID-19 pandemic, measuring body temperature has become increasingly important, not only for medical reasons, but also to alleviate anxiety. SEIKO NPC CORPORATION has begun to increase production of infrared array sensor modules for non-contact thermometers, which are now in wide use.



Pocket watches brought in for repair destroyed by fire caused by the Great Kanto Earthquake

CEO Message

In most places, workers are required to wear face masks to prevent the spread of infection, but in certain environments that may lead to heatstroke or other conditions. In response, Seiko Instruments Inc. has accelerated its rollout of watch-type vital sensors that can alert wearers to physical problems before they become serious. And Seiko Solutions Inc. sells thermometer-equipped system time recorders and offers companies a system to manage temperatures appropriately when employees arrive at the office. In supporting the “Thanks for your Courage - Bells for Life” action, we decided to play a special chime at the Wako Clock Tower in Ginza to show our support for medical professionals on the front lines of the battle against COVID-19. I believe that our Group can help to communicate a message to society through the active use of our contacts with customers in stores and various media, as well as our legacy of attention-grabbing installations, such as the Wako Clock Tower. Our management philosophy of being “A Company that is Trusted by Society” expresses our desire to be of use to society as well as our gratitude for all the support our company has received. Yet even if our employees want to help achieve the SDG targets, no one person can do that on their own. However, if we function as an organization, creating initiatives that draw out these individual desires, combine them and expand their focus, we can turn them into a powerful force that is useful to society. We have established the ESG & SDGs Promoting Office specifically to realize such initiatives. Seiko Watch Corporation proposed and is implementing a plan to update the design of its tactile watch, which enables the visually impaired to tell time by directly touching the dials. This is the first update in 25 years. I want us to be a Group in which each employee thinks not only about their Company’s profits, but also the public good. To achieve this, we must further develop both our organization and our human resources.

In recent years, we have seen the Systems Solutions Business become a core business alongside the Watches Business and Electronic Devices Business. Led by Seiko Solutions Inc., this business unit has a wide range of technologies and services that help solve social problems. We are expanding its scope of activities while using alliances and open innovation so that we can put into practice the “Society 5.0 for SDGs” concept advocated by KEIDANREN (the Japan Business Federation) and work towards creating a better future.

Chief Culture Officer (CCO)

In June 2020, I became the Group CCO, in addition to my positions as Chairman and Group CEO. As a Seiko brand evangelist, the CCO’s role is to communicate and share the corporate culture that the Group has built over the past 140 years both internally and externally, including our stance toward ESG and SDGs, while building ties with a wide range of stakeholders around the world.

We preserve culture and tradition, and yet we also help them to evolve. By communicating, reflecting, and dreaming with many people both inside and outside the Company, we are working to build a corporate culture that will give birth to a new vitality in our business.



Seiko Holdings Group Media Reception Party held in 2019

The Seiko Group and Value Creation

By acting as a leading reference for Time, as well as supplying a variety of equipment and services worldwide, Seiko has continued its efforts to contribute to society and support its positive growth.

We are pleased and proud that we have come to be loved by so many users around the world. Not only in the Watches Business, but in the Electronic Devices Business, the Systems Solutions Business, and other fields, we have earned the trust of many customers by providing accuracy and precision.

The Seiko Holdings Group’s commitment to quality is shared by each and every employee, and we have built a culture that absolutely does not tolerate compromises on quality. In recognition of our efforts, we earned first place in the “Quality of Products and Services” category of the 32nd NIKKEI Corporate Image Survey announced in February 2020. All our employees were excited about this independent evaluation, which further strengthened their commitment to excellence.

In an effort to build upon the image of quality, accuracy, and precision that our customers have long embraced, we wanted to share our feelings of pride and excitement with our stakeholders. And so, in 2014, we established a new Group slogan: SEIKO: Moving ahead. Touching hearts. While no slogan can capture our feelings about our products, our heritage, and our dedication to quality, we hope that these words will resonate at multiple levels with our stakeholders worldwide.



The museum of time and timepieces: The Seiko Museum Ginza

Through our businesses, we strive to offer products and services that exceed our customers’ expectations, as well as sharing moments of great excitement and joy with our stakeholders through our participation in such fields as sports and music. In all of these efforts, we are working to help enrich people’s lives and make society itself richer in the process.

I believe that the role of Seiko, as a brand recognized and respected by people around the world, is to try to fulfill our stakeholders’ hopes and dreams and to grow our circle of trust year by year.

Progress in Fiscal Year 2020

Fiscal year 2020 marks the 160th anniversary of the birth of Seiko’s founder, Kintaro Hattori, the 60th anniversary of Grand Seiko, and the 55th anniversary of the first diver’s watch made in Japan. We have prepared a wide range of events to commemorate these anniversaries.



The 55th anniversary of the first diver’s watch made in Japan

CEO Message

First, Grand Seiko (GS) released two innovative calibers, the 9SA5 (Mechanical Hi-Beat 36000, 80 Hours) and the 9RA5 (Spring Drive, 5 Days), which have followed a long path from concept to design and development. Each one utilizes a unique structure to deliver longer power reserves and greater wearing comfort through thinner profiles and lower centers of gravity. I am confident that these two innovative calibers will give GS a competitive advantage in the global luxury watch market during the coming decade. Other events in 2020 highlighted even more forward-looking developments. In September, we announced a new concept creation, the “T0 (T-zero),” which achieves the highest precision ever for a GS mechanical watch by integrating a constant force and a tourbillon mechanism on the same axis, a world first. We also built the Grand Seiko Studio Shizukuishi in the pristine northern countryside of Iwate Prefecture. The extensive use of wood construction for the studio is a rarity in manufacturing sites such as this, but for Seiko, the studio’s harmony with nature is symbolic of our traditional ethos. Surrounded by a thicket of trees and designed by award-winning architect Kengo Kuma, the studio allows visitors to experience GS craftsmanship in a warm, natural environment. It has a workshop devoted to the crafting and fine-tuning of each product by expert watchmakers. A special display area allows visitors to learn about and appreciate the brand’s history. An adjoining lounge provides a panoramic view of beautiful Mt. Iwate. This studio is more than a facility to build great products—it is a special place where we can communicate our feelings about hand-made quality and precision to visitors from around the world.



The T0 Constant-force Tourbillon: our concept model featuring a unique, first-ever mechanism

Furthermore, we started the Ginza 2020 Project on the occasion of the 160th anniversary of Kintaro Hattori’s birth. This project expresses the legacy of the Seiko brand, and in the very location where Kintaro created and built up both his business and his reputation. In that sense, Ginza and Seiko are inseparable. As part of this project, we moved the Seiko Museum from Tokyo’s Sumida Ward, and reopened it as the Seiko Museum Ginza. Of course, the museum tells the story of Seiko, but it also features displays about the history of watches and timepieces around the world. We want this facility to actively contribute to society, not only by offering passive displays, but also featuring a menu of activities such as workshops for adults and children (now under development). In addition, we redesigned the display window of the iconic Wako store in Ginza, which looks out over the world-famous Ginza 4-chome intersection. Inside, in Wako Watch Square on the second floor, we created the Grand Seiko Boutique Flagship Wako, an area designed to resemble the living space of an imaginary GS owner. Another space, called the Library, displays several valuable historical models that are important in telling the GS story. In the Lounge, designed on the theme of an owner’s relaxing space, visitors can enjoy a wealth of brand content, including the latest brand movies and books. In this way, we are enhancing our product appeal as well as communication about our craftsmanship, refined sales floors, and corporate culture in general. Despite the effects of the global pandemic, fiscal year 2020 will prove to be a major leap forward for GS and our other Global Brands in the global watch market.



Grand Seiko Boutique Flagship Wako

The impact of COVID-19 forced us to make a course correction from our initial plan. However, we will appeal to stakeholders around the world by accurately grasping these changing times and aggressively meeting the challenges of digital marketing and online sales. We are confident that leveraging the digital transformation will help us to increase the presence of GS and Seiko in the global watch market. In closing, I would like to describe our organizational reforms, with a view to the coming 10 years. Our main Watches Business has over a century of uninterrupted history in precision manufacturing. In April of 2019, Seiko Instruments Inc. (SII) transferred the design and development functions of the Watches Business to Seiko Watch Corporation. Then, in April 2020, all manufacturing functions, including overseas manufacturing subsidiaries, were also consolidated under Seiko Watch Corporation. We further strengthened our ability to respond to rapid changes in the market by integrating our core manufacturing and sales companies into a single organization, speeding up decision-making and making more effective use of our human resources.

We also transferred SII’s R&D and production technology functions to Seiko Holdings Corporation, enhancing the technological capability of the entire Group by expanding their scope of activities. Going forward, we will more actively promote efforts to enhance ESG and meet the SDGs by consolidating our intellectual-property management, quality control, procurement planning, and environmental promotion functions within Seiko Holdings Corporation. We will continue to hone our strengths, achieve results that exceed stakeholders’ expectations, and work diligently to earn the trust of people around the world. In short, you should expect great things from Seiko! I thank you for your continued support.



Evolving Faster in an Era of Change



Introduction

Before we start, I would like to express my heartfelt sympathies to all those affected by the COVID-19 pandemic.

Q. How would you characterize the results from the first fiscal year of the 7th Mid-Term Management Plan announced in 2019?

A. In the fiscal year ended March 31, 2020, we started our 7th Mid-Term Management Plan, which lays out an aggressive approach for achieving what we aim to be as a global group in FY2025. We accelerated the expansion of our overseas businesses by enhancing our branding investments, and broadened our business fields through M&A. We also promoted the development of high added-value products and services that could lead to improved brand value. As a result, in the Watches Business, we saw steady growth in Grand Seiko (GS), Seiko Prospex (Prospex), Seiko Presage, and other Global Brands. These are exactly the brands that we named in the Mid-Term Management Plan

as our growth engine, with a special focus on overseas markets. The growth of GS was particularly striking in the United States, and we will expand this initiative to other regions as an example of success.

The Electronic Devices Business advanced the Mid-Term Management Plan's basic policy of shifting the key product portfolio towards areas of strength and to growth markets. Although sales of micro batteries and quartz crystals grew favorably, the overall global market stagnated, particularly due to trade friction between the United States and China, and several other factors. As a result, sales of printer-related products and integrated circuits for oscillators remained sluggish. Meanwhile, the Systems Solutions Business worked in accordance with the basic policy in our Mid-Term Management Plan of improving the sustainable growth and reliability of the business. The IT and telecommunications markets were both strong against a backdrop of increasingly severe labor shortages and support for cashless transactions in Japan due to a hike in the consumption tax. As a result, sales grew favorably, mainly for digital contract solutions, application performance management software, and mobile payment devices and services.

However, as COVID-19 infections began to spread toward the end of January 2020, restrictions on economic activities worldwide had a significant impact on our results. The number of visitors to Japan began to fall in January, the latter half of the Chinese New Year. By March, restrictions on international travel were in place and demand from overseas visitors virtually disappeared. Cities around the world were locked down, retail stores both at home and abroad either closed or shortened their business hours, and large numbers of people in Japan and elsewhere simply decided to stay at home. As a result, the fourth-quarter performance in the Watches Business, Wako Business, and other retail areas deteriorated significantly. B2B businesses were also affected, as some of the Group's overseas manufacturing bases curtailed activities and both our suppliers and customers in these areas also reduced their operations. However, even under such difficult circumstances, our multi-year effort to diversify and expand our stock-type businesses enabled the Systems Solutions Business to grow steadily.

In the first few months after the start of the new fiscal year on April 1, our businesses were significantly affected by the Japanese government's declaration of a state of emergency and continued lockdowns overseas. However, starting in June, businesses in Japan and many cities overseas reopened, and our operations began to recover. Then in August the number of infections in Tokyo, the U.S., Europe and elsewhere began to increase rapidly. As the future spread and scale of COVID-19 infections remains unpredictable, the pandemic will again pose a challenge to our expected growth.

Q. Since this is such an important topic, could you please tell us about your response to COVID-19?

A. The Group's top priority is always the safety and health of our employees. With COVID-19, that concern extends to all of our stakeholders. When we began seeing signs that the coronavirus was spreading in February, we encouraged staggered work shifts and working from home. In areas where the risk was highest, we closed entire offices and told all employees to work from home. Parents of preschool and elementary school children affected by school closures

needed to stay home to care for their children, but as a result could not work. We provided special treatment for them, including paid leave.

At first, we did not have the infrastructure to enable all employees to work from home, but by the time the government declared a state of emergency in April, we had made the necessary preparations. Early on, when we expected the 2020 Tokyo Olympics and Paralympics to be held, we started promoting projects aimed at diversifying working styles, both to help employees and to improve efficiency. When COVID-19 hit, we simply accelerated these projects.

The virus has also caused major changes in our businesses. The year 2020 marks the 60th anniversary of GS and the 55th anniversary of the first diver's watch made in Japan. To commemorate these occasions, we were planning various events to start from the beginning of the year. Needless to say, the spread of COVID forced us to postpone or cancel events that would have involved large gatherings of people. As a result, we greatly increased our use of digital communications.

Until now, the luxury watch industry was mostly reliant on analog media, but the advent of COVID encouraged us to go digital. We had already started moving in this direction – for example, GS had announced new products online in collaboration with retail stores, and Prospex had run promotions using augmented reality (AR). Going forward, we will accelerate the digital transformation of our business. This is vital not only for Watches, but for all of the Group's businesses, including B2B.

The changes brought by the coronavirus pose a great business opportunity for the Systems Solutions Business. This unit is aiming to create new value by supporting the needs of the new digital era, with a focus on key concepts such as contactless (energy) and remote (operation).



Grand Seiko Boutique London

Interview with the President

Q. The corona situation has greatly changed the external environment for many businesses. Can we expect to see changes in the 7th Mid-Term Management Plan as a result?

A. Despite the challenges we have experienced due to the coronavirus, and others that we may encounter from here on, the policies and long-term goals of the current Mid-Term Management Plan remain unchanged. As I described earlier, each of our businesses is steadily advancing the strategies of the Mid-Term Plan in order to achieve our ideal form for the future, regardless of the coronavirus. While the content remains the same, we need to change the pace of implementation in order to respond to changes caused by COVID-19. We urgently need to keep up with the rapid changes in people's behavior and values, and we must redefine our role with a flexible stance that is unconstrained by preconceptions. In the world of what is now called the "new normal," we need to change ourselves in order to help solve social problems. We will work to help solve those problems in line with the basic policy of the 7th Mid-Term Management Plan: "With everyone fully committed and focused, we will invest aggressively in scenarios for the future. Backed by the strength of the Seiko brand, our precision technologies and ability to propose solutions will provide us with sustained growth."



Online product briefing in the U.S. by Grand Seiko Corporation of America

Q. It's clear that Seiko has strengthened its ESG profile as well as making efforts to realize the SDGs. Could you tell us a little about future initiatives?

A. In my message in last year's Value Report, I explained that our approach to corporate social responsibility (CSR) is based on our corporate philosophy — to be "a company that is trusted by society." I also said that we would expand our efforts towards achieving the SDGs. This year, we consolidated the functions of Seiko Instruments, including quality control, procurement planning, and environmental promotion, within Seiko Holdings Corporation in order to further enhance the entire Group's functions. We also established dedicated departments for ESG and the SDGs at our operating companies rather than only at Seiko Holdings. The entire Group is united in its commitment to deeply examine existing social problems that we should act on and make constant efforts to solve them. In addition, the Company took measures against the spread of COVID-19, including having regular online meetings, which has made it faster and easier to share information. We will use this environment to strengthen each employee's awareness of our responsibilities regarding ESG and the SDGs, including holding frequent internal seminars. Solving social problems is an obvious and vital mission for our company. That is the founding spirit of our Group, which has grown together with society over our long 140-year history. As part of our ESG activities, we will continue our active commitment to respecting the environment, contributing to solving social problems, and maintaining a corporate essence that is trusted by society. By doing all these things and more, we aim to further increase our corporate value.



Tactile watches

Q. As we approach the third and final fiscal year of the firm's Mid-Term Management Plan, do you have any message for stakeholders?

A. Of course, we never expected anything like COVID when we created the Mid-Term Management Plan. The pandemic has greatly changed our business environment. However, as I just mentioned, the policies and long-term direction of the Plan are unchanged. We will continue to implement measures based on correct information and with a sense of urgency. We will identify which methods are best suited to the current business environment as well as the best timing to achieve maximum effects and generate even greater results. We must truly adapt to the new era of VUCA (volatility, uncertainty, complexity, and ambiguity). Over the next 10 years, we must think seriously about the role we should play in society and about the kind of company we will create beyond the 150th anniversary. In order to achieve that future form, I think it is important to develop flexible human resources who can respond to the needs of an increasingly diverse society and create a corporate culture where each individual can be active and tackle changes themselves. Prospex is one of our Global Brands. Prospex's brand philosophy is very instructive, so I will share it here. We have continuously developed Prospex with the aim of creating watches that can function well even under harsh conditions. Its brand philosophy is "Keep Going Forward." This message conveys the importance of deciding on a goal and then single-mindedly pursuing it, taking up whatever challenges may appear along the way. It also



Exhibition titled "Feel the "Keep Going Forward" Spirit: The 55th anniversary event of Seiko's iconic diver's watch."

evinces the unwavering belief that, no matter what people say or what difficulties you may encounter, sometimes you must forget about everything else and push ahead on the path you believe in. This message matches our current times perfectly. I believe our company must forge ahead in the same way, adopting the same determination to achieve its goals. The year 2021, the final fiscal year of the Mid-Term Management Plan, marks the 140th anniversary of the founding of our company. Over our 140-year history, we have built a relationship of trust with stakeholders worldwide, and made the Seiko brand beloved around the world. We will strengthen both this relationship and our brand-building, and as we continue to grow, we will share our feelings of achievement with our stakeholders.



Seiko's Initiatives to Solve Social Problems through ESG Activities

Aiming for New Environmentally Friendly Manufacturing New Grand Seiko Studio Shizukuishi Opens



Toward Sustainable, Recycling-Oriented Manufacturing that Coexists with Nature

Morioka Seiko Instruments Inc. (Morioka Seiko) took root in the soil of Shizukuishi-cho, Iwate Prefecture, 50 years ago as an ideal place for watchmaking. The location always enjoys the blessings of the seasons with green spaces occupying one-third of the entire site, covered by almost 1,000 wild-grown trees. On July 20, 2020, the new Grand Seiko Studio Shizukuishi, which manufactures Grand Seiko's mechanical watches, was opened in the Shizukuishi Watch Studio of Morioka Seiko. The new studio is one of the few manufacturing sites in the world to use wood abundantly in its construction, such as the wooden cleanroom, and it carries out various initiatives for coexistence with nature, marrying the beautiful nature of Shizukuishi with the spirit of manufacturing.

* The Studio has not been open to the public as of October 2020 to prevent the infection of the novel coronavirus. For when reservations will resume, please visit Grand Seiko official website.



Promoting the Use of Green Electricity from Solar Power

In July 2020, Morioka Seiko signed a green power purchase agreement (PPA service) for solar energy. Solar panels installed on the factory roof provide green electricity that is used for manufacturing. The power supplied from these solar panels each year is expected to far exceed the annual power consumption of the new Grand Seiko Studio Shizukuishi, despite winters when the panels produce less electricity due to a reduced amount of sunlight.

Received the "Chairman's Award for Urban Greenery" in the Green City Award Recognition

In 2019, Morioka Seiko received the "Chairman's Award for Urban Greenery" during the "39th Green City Award Recognition" sponsored by the Organization for Landscape and Urban Green Infrastructure. The purpose of the Green City Award Recognition is to create environmentally friendly living environments. The awards recognize community groups, corporations, and other organizations that make outstanding achievements in the preservation and creation activities of green spaces. Morioka Seiko received the award in recognition of initiatives including appropriate maintenance of green spaces on the site by employees themselves, internal and external environmental education, and active communication.

Pursuit of Sustainable Manufacturing

The studio produces mechanical watches, which are, in a sense, a representation of sustainability, as its energy comes from the natural power generated by the unwinding mainspring, and also as the lifetime of the product may exceed that of its owner's. It is no wonder that everyone here shares the idea of sustainability through every area of manufacturing.

- Through practicing Reduce, Reuse and Recycle initiatives, the studio strives to promote effective use of resources and waste reduction.
- To minimize the impact on the environment and to use resources in the most efficient way possible, the studio practices its wastewater treatment to reuse its water.
- As an approach to prevent global warming, the factory strives to reduce CO2 emission levels by setting target values and carrying out continuous reduction activities.
- We have installed a self-developed wireless sensor network system "Mr. Sho-Ene" or "Mister Energy Saving" in the facility to monitor the temperature, humidity, illuminance and current levels, to promote energy saving.



Certificates (Initiative of Morioka Seiko)

In 2015: Morioka Seiko acquired the first factory version of the "Association for Business Innovation in harmony with Nature and Community certification" (ABINC certification). The ABINC certification system evaluates and certifies facilities working on green space development that considers biodiversity on a third-party basis. (updated certification in 2018)



Grand Seiko Studio Shizukuishi special website

<https://www.grand-seiko.com/global-en/special/studio-shizukuishi/>

Seiko's Initiatives to Solve Social Problems through ESG Activities

Never break, can be used for a long time, environmentally friendly

We continually create friendly products that benefit society through a passion for and philosophy of manufacturing that is kind to the environment.

ESG Activities and SDGs of the Seiko Holdings Group

Based on its corporate philosophy of "A Company that is Trusted by Society," the Group strives to further increase its corporate value with ambitious initiatives aimed at the continuous growth of society and the Group in the areas of environmental consideration (E), helping to solve social problems (S), and maintaining governance that is trusted by society (G).

1. Environmental consideration (E)

In addition to our unceasing efforts to use resources effectively throughout the product lifecycle, reduce CO2 emissions, and reduce waste, we provide information on preserving the natural environment and carry out initiatives to raise awareness.

2. Helping to solve social problems (S)

We are working to solve a wide range of social problems in many parts of the world, including the least developed countries, in order to enable people to live fulfilling lives.

3. Maintaining governance that is trusted by society (G)

In order to maintain the trust of all of our stakeholders, we are strengthening our corporate governance systems and working throughout the Group to raise awareness of the quality of all of our products and services.



Environmental Philosophy

Seiko is cognizant that the protection of the global environment is the highest priority issue of humankind and takes actions by giving considerations to preserving the environment as a good corporate citizen.

Environmental Policy

1. We set environmental targets, systematically implement measures and confirm the results leading to continuous improvements.
2. We comply with relevant environmental laws, rules and regulations in Japan and other countries, as well as industrywide initiatives, and undertake efforts to prevent environmental pollution.
3. We ensure the effective use of resources and reduction of greenhouse gases and waste throughout the lifecycle, from manufacturing to sales, by such measures as green purchasing, environmentally friendly production processes, management of chemical substances, products, packaging materials and transportation methods, and thereby contribute to the conservation of biodiversity.
4. We share the Company's environmental policy, environmental issues and trends with our employees, and encourage their understanding and participation in environmental activities.
5. We strive for communication with society by conveying our policies and activities regarding environmental issues.

Initiatives that are Kind to the Environment in Manufacturing Processes

Manufacturing with Awareness of Reducing Environmental Impact from the Product Development Stage

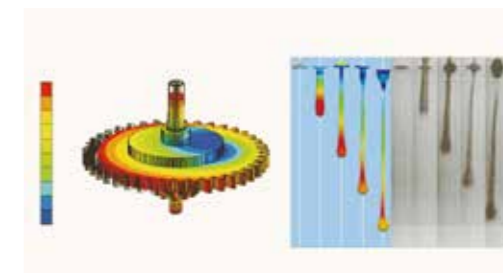
Seiko Instruments Inc. evaluates each of its products for various environmental consideration categories using its own five-point evaluation standard by product, and it certifies products meeting the standard as "SII Green Products." In fiscal year 2016, it added "consideration of biodiversity" to its environmental consideration categories, thereby strengthening its evaluations of environmental consideration.

Design personnel from other divisions are also involved in the SII Green Product certification review to conduct an objective review with a broad perspective. Through these initiatives, we maintain awareness of our manufacturing that is kind to the environment in processes from the design and development stage.



Conserving Energy and Resources with Precision Design Using Cutting-Edge Technologies

During the product development and design stages, we use computer simulations to analyze physical phenomena that cannot be seen with the naked eye, such as the stress state of component materials and the resin flow state of molded parts. We use this analysis to verify designs and product performance. In addition to simulations of products and parts themselves, we also use fluid analysis of (fluid) ink emitted from inkjet printer heads and 3D analysis combining supercomputers with parallel processing software to improve product performance, reduce design time, and use less energy and materials by eliminating prototypes.



Maintaining and Reusing Facility Machinery to Both Effectively Use Resources and Conserve Energy

We overhaul aging production equipment and keep it running continuously by repairing and replacing worn-out parts. This enables us to dispose of less equipment and make effective use of resources. We also match modern technologies to old production equipment in a process called "retrofitting," as part of our active efforts to improve functionality and maintainability while saving energy. Prototype models on our cam-operated automatic lathe, which is one of our main pieces of equipment, are expected to cut energy use by up to 20%.



Seiko's Initiatives to Solve Social Problems through ESG Activities

Design Concept that Enables Long-Term Use and Repair

The Group releases products and services on the market based on a basic approach to product development of products that never break and can be used for a long time and an engineering philosophy of craftsmanship, miniaturization, and efficiency. We maintain this fundamental stance throughout, from the development and manufacturing sites to after the products and services have made it into our customers' hands.

Watches are expected to be used for a long time with maintenance, and we design our products with maintainability in mind from the development and design stages. We also focus on enhancing our repair services to meet the recently rising demand for eco-awareness and ethical consumption, aiming to create a society where things are valued and used for a long time.



Mechanical watches that can be used semi-permanently with regular maintenance.



Accurate, speedy, high-quality repair services utilizing the latest equipment and technological capabilities



Mobile thermal printers: Designed to be durable with drop and moisture resistance, envisioning a wide range of use scenarios

Even More Compact and Power-Saving

We pursue our strength of making smaller designs that run on less power, which the Group has developed in watch manufacturing, in our product development. Making things smaller naturally prevents wasted resources, and enabling high-density mounting increases the product's value without requiring new resources. Our initiatives to save power improve energy efficiency and also help use resources effectively and reduce waste. The miniature precision components that we offer are currently used in a wide range of products and services in society, thereby helping our customers improve their environmental performance, save energy, and conserve resources.



Hard disk drive components and miniature ball bearings (for servers)



Automobile precision turned parts (for ABS brake components)



Crystal oscillators (for electronic devices such as smartphones and wearables)



Lithium rechargeable cells (for monitoring cameras and other industrial devices)

Solving New Social Problems

The Group has taken up a wide range of issues that society faces and is working on a variety of development and other initiatives to make contributions through its products and services, in order to help create a society where people can live with safety and security. Meanwhile, new social problems will appear daily. In order to solve these problems, we are actively creating alliances and collaborating with a wide range of corporate partners and organizations across business and industry boundaries, with the aim of providing solutions to these problems as quickly as possible.



Infrared array sensor modules for contactless thermometers



ESTEN TE-C800T, a system time recorder with a thermometer feature



Watch-type vital sensor for applications such as managing heat stroke risk at construction sites

Environmental Activities in Collaboration with Communities

The Group works actively to make effective use of resources and reduce CO2 emissions and waste at its manufacturing sites worldwide. Each site ensures legal compliance by controlling its water and air emissions with voluntary standards that are stricter than local regulations. They also focus on conserving the local natural environment through their business activities together with participating local communities and stakeholders.



Initiative by Dalian Seiko Instruments Inc.: Investment in state-of-the-art factory wastewater treatment facility



Building energy management system to reduce CO2 (e.g. converting to LED lighting)

Initiative by Seiko Instruments (Thailand) Ltd.: Level 3 certification by the Green Industry Project sponsored by Thailand's Ministry of Industry



Initiative by Morioka Seiko Instruments Inc.: Creation of green area with consideration of biodiversity through the Green Wave Project

Social Contribution Activities

Supporting Earthquake Reconstruction via Music

Since great earthquake attacked east-Japan area in 2011, Seiko has been holding concerts to support reconstruction in disaster areas. We have also been holding the sound of "wa" Concert to Support Eastern Japan in a Spirit of Harmony in three prefectures of the Tohoku region and in Tokyo from 2013, in order to provide an opportunity for people in disaster areas and their supporters to deepen ties.

The 2020 Tokyo performance was streamed live online and connected people's hearts with the power of music.



Cultivating a Rich Spirit via Music

Seiko Summer Jazz Camp is a special co-sponsored event where instructors who are active on the world stage teach talented young Japanese people who want to be jazz musicians.

Due to the effects of COVID-19, the fifth camp in 2020 changed its format to a "Web Jazz Camp," streaming online video lessons free of charge. We will continue this initiative to support young people aiming to be active globally and connect the next generation to the power of music.



Supporting Medical Professionals Fighting COVID-19

WAKO Co., Ltd., which is located in the center of Ginza, Tokyo, supports the "Thanks for your Courage—Bells for Life" action. From April through June 2020, we played a special chime from the clock tower every evening at 7 p.m. and illuminated the clock tower with blue lighting in order to express our support and gratitude for medical professionals battling the COVID-19 pandemic.

In order to alleviate the shortage of alkaline button cell batteries for electronic thermometers, caused by increased demand for temperature measurement, SEIKO TIME LABS CO., LTD., which repairs watches, and Seiko Instruments Inc., which manufactures micro batteries, donated 10,000 silver oxide watch batteries, which can serve as substitutes in electronic thermometers, to medical institutions, government agencies, and other groups in the Tokyo metropolitan area.

