

Growth Strategy



Emotional Value Solutions Domain

SEIKO aims to become a brand that is cherished across generations worldwide by pursuing high functional, emotional, and social value to offer superior customer experiences as a leading Japanese brand.

Business Environment (Social Needs)

- Polarization of personal consumption (increasing expectations for products with high-added value)
- Growing interest in ethical consumption
- Changes in purchasing behavior focusing on “experiences”

Core Competencies

- Strong technical capabilities as a world-leading manufacturer
- Brand value symbolizing Japanese luxury that embodies a uniquely Japanese sense of beauty and spirituality
- Communication originating from Ginza, Tokyo, the birthplace of Seiko

Domain Vision for Transforming the Seiko Group into a Unique Solutions Company

- Vision 1

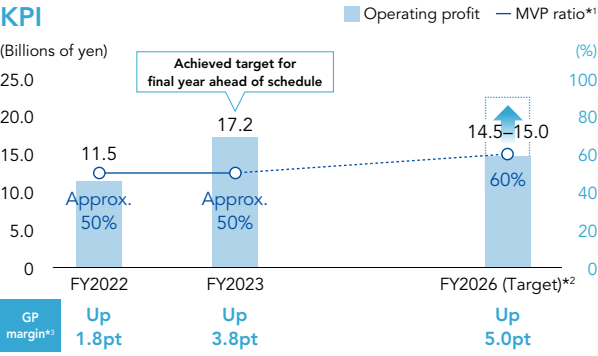
Create products and services with high functional, emotional, and social value that are filled with a sense of beauty and meticulous attention to detail that excite customers
- Vision 2

Improve our brand and corporate value by selling products that are partners for life and can be enjoyed together in times of joy and by providing superior customer experiences

Moving, Valuable, and Profitable (MVP) Strategy

- Offer products and services that create excitement and pursue high-added value
- Enhance data utilization through digital transformation (CRM* system)
- Evolve customer experiences (CX)

* Customer relationship management



*1 Luxury segment and products with high emotional value, such as Global Brands (GB), as a percentage of net sales
*2 Target at the formulation of SMILE145, the 8th Mid-Term Management Plan
*3 Gross profit margin, compared with FY2021

Policy for the Latter Three Years of SMILE145

| | |
|------------------------|--|
| Watches Business | <ul style="list-style-type: none">Expand high-end products business centered on Grand SeikoExpand mid-range products business through Seiko Global Brands |
| Time Creation Business | <ul style="list-style-type: none">Expand the business through sports and facility solutions |
| Wako Business | <ul style="list-style-type: none">Increase profitability by growing business targeting the wealthy and expanding the lineup of Wako's original products |

Watches Business

Unique Initiatives for the MVP Strategy

Growth Strategy Integral to SMILE145

In the Watches Business, we have positioned the Global Brands (GB) strategy at the heart of our growth strategy for SMILE145. We aim to create solutions that deliver deep excitement and great satisfaction to people around the world with high-added-value products and services centered on Grand Seiko (GS), while continuing to provide highly profitable and sustainable products and services.

Global Brands Strategy

Under the Global Brands (GB)* strategy, we offer products on a global scale with technical capabilities and exceptional stories that deliver joy and excitement through marketing activities aligned with their respective signature stories.

* GB comprise the Grand Seiko, King Seiko, Seiko Prospex, Seiko Astron, Seiko Presage, and Seiko 5 Sports brands.

Watches Business KPIs

| | | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2026 (Target) |
|-----------|----------|-------------|-------------|-------------|-------------|-------------|-----------------|
| GB ratio* | Japan | Approx. 60% | Approx. 60% | Approx. 65% | Approx. 70% | Approx. 75% | More than 85% |
| | Overseas | Approx. 45% | Approx. 60% | Approx. 70% | Approx. 75% | Approx. 75% | |

* Percentage of GB sales to net sales of completed watches

Strengthening the Global Brands (GB) Strategy

Since adopting the GB strategy as the growth driver of our Watches Business, GB sales have shown consistent growth, even amid the economic slowdown caused by the COVID-19 pandemic. In fiscal year 2023, the GB ratio reached approximately 75% both in Japan and internationally.

Grand Seiko (GS) has garnered strong recognition from the watch industry and customers worldwide in several ways. These include receiving several awards at the prestigious Grand Prix d'Horlogerie de Genève (GPHG) in 2014, 2021, and 2022, and GS has also introduced its products at Watches and Wonders Geneva, the world's largest high-end watch exhibition, as the sole brand outside those from Europe to exhibit continuously since 2022. GS is also strengthening initiatives to improve customer experiences, such as opening the Grand Seiko Flagship Boutique New York and the Grand Seiko Boutique Omotesando (in Tokyo) in 2024.

Meanwhile, the Seiko brand, which celebrated its centenary in 2024, aims to further enhance brand value by conducting global marketing activities based on the history and brand stories of each of its brands. As part of these activities, Seiko Prospex, with its origins in Seiko's sports timing, demonstrated its presence by conducting holistic marketing activities that capitalized on the opportunity of the 2023 World Athletics Championships in Budapest, at which we served as the official timer.

We will accelerate our GB strategy by continuing efforts to expand touchpoints and strengthen communication with customers with the aim of delivering deep excitement and great satisfaction to an even wider range of customers.



SLGH005, awarded the Men's Watch Prize at GPHG 2021



Seiko Brand 100th Anniversary Special Edition

Growth Strategy

Grand Seiko



Communicating the Appeal of Grand Seiko (GS) as a Uniquely Japanese Luxury Brand through Successive Participation in Watches and Wonders Geneva

In 2024, which marked the third year of GS's participation in Watches and Wonders (W&W) Geneva, we created an open-space booth that was designed to be easily accessible so that we could communicate the appeal of GS to a wider audience. As a result, many people visited our booth to experience the world of GS.

In the center of our booth, we arranged a display that evoked a thicket of Japanese white birch trees. The curved surface of the partition around the display projected the shadow of the branches of the trees swaying in the breeze. In this way, we created an immersive space that made visitors feel as if they were in a natural grove. That display strongly reflected Grand Seiko's brand philosophy, THE NATURE OF TIME, which embodies a uniquely Japanese sense of beauty.

Creating Unique Products with High-Added Value Through Continuous Evolution

Advent of a New-Generation Manual-Winding Mechanical Movement with 10 Beats per Second and a Power Reserve of 80 Hours
—Connections with Timepieces That Users Can Feel at Their Fingertips—

This model is equipped with Caliber 9SA4, the first 10-beat manual-winding mechanical movement we have created in approximately 50 years. We designed the model with a new hand-wound movement that allows users to enjoy the tactile, aural and visual sensation of winding a watch by hand. Reflecting the design principles of the Evolution 9 Style, the design grammar of Grand Seiko's core Evolution 9 Collection, GS has created a refined hand-wound dress watch. With a slightly matte finish, the dial echoes the beauty of the bark of Japanese white birch trees. In addition to its high functional value as a watch, this model also combines emotional value that prizes the pleasant sensation of winding a watch by hand.



Grand Seiko Kodo: Pushing the Boundaries of Mechanical Watchmaking

Grand Seiko Kodo Constant-force Tourbillon incorporates a complication mechanism that is the first of its kind in the world to realize an unprecedented level of high and stable accuracy for GS. The new creation has an original design on the theme of daybreak, providing a counterpoint to the previous Kodo model, which came out in 2022 and evoked evening twilight.



A Limited Edition Celebrating the 20th Anniversary of the Caliber 9R Series

This commemorative edition celebrates the 20th anniversary of the creation of the 9R65 Spring Drive movement, which is exclusive to GS. Using a new technique for the dial, we were able to convey the constantly changing red sky at sunrise at the Hotaka Mountain Range in summer.



Junichi Kamata
Design Director of Grand Seiko

Comments from a Watch Designer

Designer Junichi Kamata discusses the Evolution 9 Collection, which is based on a uniquely Japanese sense of beauty.

In April 2024, Design Director Junichi Kamata traced the uniquely Japanese sense of beauty that serves as the foundation of GS in a presentation to a large audience at the W&W exhibition hall.

After stating that GS bases its design on a uniquely Japanese sense of beauty, Mr. Kamata outlined the uniquely Japanese perspectives that the brand prioritizes in its design development, including the spirituality that appreciates the subtle shading that occurs between light and shadow, the richness of metaphors seen in Japanese gardens, and the creativity that arises from restrictions, in the manner of a “haiku,” a type of short form poetry. These design guidelines influenced Grand Seiko Evolution 9 Style, the new design principles created in 2020, which combine at a high level the spirit of Grand Seiko in its pursuit of the essence of timepieces and a uniquely Japanese sense of beauty nurtured over time.

The audience’s reaction suggests that they perceived an evolution in the 2024 new models, deeply rooted in Japanese culture and characteristic of GS.



Expanding Grand Seiko Boutiques Globally

Grand Seiko Flagship Boutique New York

Situated in a prime location in New York City's Madison Avenue, where high-end stores line the sidewalk, the world's largest Grand Seiko Flagship Boutique, which opened in February 2024, has a total floor area of 580 m² and an extensive lineup of products. The boutique's modern and refined interior and exterior, both of which embody “Alive in Time”—the brand message that incorporates the commitment to never-ending innovation that is at the core of GS—express craftsmanship, subtlety, and the unique appeal of the brand that is created from a uniquely Japanese sense of beauty. The New York boutique is determined to communicate that unique appeal not only in the United States but also to the world as the world's largest Grand Seiko Flagship Boutique.



Grand Seiko Boutique Omotesando

The Grand Seiko Boutique Omotesando, which opened in Omotesando Hills in April 2024, expresses Grand Seiko's brand message, “Alive in Time.” The interior is an immersive space that embodies the brand message, while the images projected on the LED wall along with the accompanying music beckon customers to GS's world. With a section of the store designed to allow people to see and touch models at first hand with a focus on the Evolution 9 Collection, a first for a Grand Seiko Boutique, customers can freely experience GS's refined craftsmanship and elegant subtlety.



Growth Strategy

SEIKO



Seiko Brand Centenary
A History of Continuously Taking on Challenges

Since its establishment as the K. Hattori Clock Store in 1881, Seiko has innovated continuously, maintaining founder Kintaro Hattori's creed of being "Always one step ahead of the rest."

During that time, Seiko launched the first domestically produced wristwatch in Japan in 1913, and the first wristwatch to bear the SEIKO name in 1924. This year, the 100th anniversary of the SEIKO brand was celebrated. The history of the SEIKO brand, which has navigated countless difficulties, is one of continuously taking on challenges.

With gratitude for the past century, Seiko will continue to be a brand that brings trust and inspiration to people and society with the aim of creating a future full of smiles for the next century.



**Seiko Brand 100th Anniversary
Seiko Astron GPS Solar Kintaro Hattori Limited Edition**

Named after founder Kintaro Hattori, this watch is a limited edition that marks the milestone of the 100 years of the SEIKO brand and incorporates the brand's commitment to pursuing innovation with the aim of creating a bright future. Its all-black case and bracelet, gradation dial with radial pattern, and yellow-gold accented color evoke the dazzling beauty of the Earth at night against a jet-black background. In addition, the bezel has a design that heightens its radiance and a binary structure that combines a multi-faceted ceramic bezel and a polygonal titanium overlay.



**Seiko Brand 100th Anniversary
Seiko Prospex 1965 Heritage Diver's Special Edition**

This special edition features a charcoal gray dial and a bezel accented with gold coloring to commemorate the 100th anniversary of the SEIKO brand. As a special feature, the watch comes with an additional fabric strap made completely from recycled plastic bottle materials. The vivid, three-dimensional expression of its woven pattern, which was created using a traditional Japanese braiding technique called "Seichu," is the strap's distinguishing feature.

Seiko Quartz Chariot Registered as an Essential Historical Material for Science and Technology
A Timeless Showcase of Technical Mastery

The Seiko Quartz Chariot Cal. 5931, the first wristwatch to be equipped with Seiko's adaptive drive control system, was registered in 2024 as an Essential Historical Material for Science and Technology, selected by the National Museum of Nature and Science. This control system is a fundamental technology that facilitates smaller sizes, thinner bodies, and longer battery life in analog quartz wristwatches. Through continuous improvements, the system has been used in Seiko's GPS solar watches and other analog quartz wristwatches to this day.



Prospex: Advancing Seiko's Legacy of Innovation and Technology



A Sports Watch Brand That Inspires People to Take on Challenges

Prospex is a sports watch brand that carries on the tradition of Seiko's first field watch and the first diver's watch to be produced in Japan, which was launched in 1965. The Prospex name incorporates the brand's commitment to providing support to people who continuously strive to move forward and to remaining a brand that challenges itself.

Prospex: Advancing Seiko's Legacy of Endless Innovation and Challenge



Historic Model

Alpinist
A field watch designed for trekking and mountain climbing, inspired by the original Seiko Alpinist—Seiko's first sports watch, launched in 1959. Introduced just as mountain climbing and skiing were gaining popularity, it anticipated the leisure boom of the 1960s.



Historic Model

Diver's Watch
From the first diver's watch made in Japan released in 1965, Prospex has developed numerous models that can be used in deep waters and the polar regions. Today, the iconic designs created in the 1960s and 1970s are carried on in models equipped with modern technology.



Historic Model

Speedtimer
In 1969, Seiko introduced the Seiko Speedtimer, the world's first automatic chronograph to be equipped with a vertical clutch mechanism. The Speedtimer name carries on in the Seiko chronograph, along with Seiko's commitment to accurate timekeeping.

Comments from Watch Designers

Two Designers Discuss Their Commitment to Manufacturing with an Eye to the Future

Creation Honoring the First Wristwatch to Bear the Seiko Name



Tomoko Tomita

Tomita Creating a watch that captures the vintage character of the original gave me a renewed sense of our founder's strong determination—to recover from the devastation of the Great Kanto Earthquake and build for the future. I wanted to convey that the reissued model would inherit not just the original's shape or color, but its legacy and spirit.



Goda After gaining an understanding of the determination of our founder, I took part in the development with the idea of paying respect to our predecessors from a century ago and delivering a watch for our successors a century from now. Although it was a difficult challenge, Ms. Tomita and I attempted to evolve the watch in accordance with the times, revising all the sizes, movements, and materials rather than simply recreating it as it was originally, with the aim of achieving an optimal balance for modern customers.

Carrying on the History of Taking on Challenges into the Future

Tomita I feel that developing this watch alongside my colleague, Ms. Goda, allowed us to preserve Seiko's cherished values—carrying forward the resourcefulness, techniques of traditional craftsmanship, and strong relationships with artisans—while expressing these ideals through our design.

Goda I received a lot of advice from more experienced colleagues, including Ms. Tomita, on creating a model that would not lose its luster, even in a century's time. I verified the font for the SEIKO logo repeatedly and explored refined design options that would be valid for a modern watch. I feel that the completed watch, which combines the knowledge of everyone involved, will retain its luster eternally.

Tomita This project gave me a solid sense that the spirit of continuously taking on challenges produces progress for the future. I will continue taking on challenges with my colleagues to connect Seiko's craftsmanship to its future.



Kiko Goda

Time Creation Business

Unique Initiatives for the MVP Strategy

Aiming to Offer Solutions through Time and Beyond

The Time Creation business handles various timekeeping devices other than watches, such as clocks, system clocks, and timing devices used in sports competitions and in broadcasting stations, as well as display equipment such as signage, operating a wide-ranging business with the aim of offering solutions through time and beyond. We have adopted “high-quality social infrastructure,” “people-friendly lifestyles and societies,” “sports promotion,” and “regional revitalization” as our fields for offering solutions. With accurate timekeeping information as our starting point, we expand the scope of the information we handle as much as possible while offering functional and emotional value by adding a touch of color with music and visuals to the spaces where our products and services exist. To realize our goals, we work with an emphasis on creating new markets, innovating our marketing activities, and incorporating appropriate resources.



Positioning the sports and facility business as a growth field in particular, we will expand the adoption of our medium-sized and large display boards at sports facilities, strengthen the digital signage business, and promote the creation of a network for the products we provide by linking them to websites and enabling cooperation between facilities. For example, in digital signage we propose solutions that enhance the convenience of buildings. We underpin the creation of spaces that make those who visit and work there feel comfortable, such as visualizing Zero Energy Building initiatives using signage by integrating it with central monitoring equipment and providing congestion information in real time.

We will promote the MVP Strategy in SMILE145 by expanding these initiatives significantly to the business-to-government (BtoG) and business-to-business (BtoB) fields.

Wako Business

Unique Initiatives for the MVP Strategy

Aiming to Be a Japanese Luxury Brand

Under SMILE145, the 8th Mid-Term Management Plan, the Wako Business is in the process of rebranding with the aim of making “WAKO” a Japanese luxury brand. With “AMAZING WAKO” as keywords, we will offer brand experiences that exceed the expectations of customers through products, services, and events available only from Wako, reflecting the richness of Japanese culture. In particular, we focus on watches, jewelry, handbags, and atelier confectionery. Above all, we engage in the full-scale promotion of ASHOKA® diamond jewelry—which only Wako is authorized in Japan to purchase directly from the brand for wholesale—as WAKO×ASHOKA®.



Meanwhile, “Arts and Culture,” which occupies the basement floor of the Wako Main Store, offers products unique to Wako. The basement was reopened in July 2024 after refurbishment on the theme of “the stage of time” as part of Seiko’s THE GIFT OF TIME project. “Arts and Culture” offers products—developed in cooperation with creators and artisans in Japan and overseas who appreciate a uniquely Japanese sense of beauty and are one step ahead of the rest—in a special space created by employing carefully selected, rare materials and making full use of Japanese craftsmanship and traditional techniques. This space provides customers with a special experience while serving as a base for communicating new Japanese culture to the world.

With a focus on craftsmanship, a uniquely Japanese sense of beauty, and sustainability, Wako offers products, services, and experiences that communicate the essence of richness.

MESSAGE
Aiming to Enhance Long-Term Brand Value by Pursuing Functional, Emotional, and Social Value

SEIKO WATCH CORPORATION, SEIKO Time Creation Inc., and WAKO Co., Ltd., the three companies that comprise the EVS Domain, aim to enhance their brand value and corporate value by offering superior customer experiences to a wide range of customers. We believe that superior customer experiences are created by functional, emotional, and social value that customers can truly feel through our products and services. Based on this belief, each of the three companies makes extensive use of analog and digital technologies, promoting its business to realize these values at a high level. Meanwhile, as a leading Japanese brand and in collaboration with SEIKO GROUP CORPORATION on its project “THE GIFT OF TIME” to communicate to the world the concept of time in the Japanese culture, as well as of the uniquely Japanese luxury, we aim to become a brand that is loved by consumers of all generations all over the world by inspiring them and delivering smiles to them.



Akio Naito
Director, Senior Executive Vice President
Emotional Value Solutions Domain
(President, SEIKO WATCH CORPORATION)

THE GIFT OF TIME

Communicating the Appeal of the Culture of Time and Japanese Luxury to the World

While the Seiko Group has long contributed to Japan’s luxury culture through its brands, as showcased by Grand Seiko, Credor, and WAKO, in July 2024 it rediscovered the richness and value created by Japan’s unique culture from the perspective of time, including the uniquely Japanese sense of beauty fostered by Japan’s four seasons and nature, as well as its craftsmanship, to promote THE GIFT OF TIME, a project to communicate the appeal of Japanese luxury to the world.

Under the project, we refurbished the basement floor of the Wako Main Store in SEIKO HOUSE, which serves as a symbol of this project, reopening the store in July 2024 as Arts and Culture. In addition, we produced “THE GIFT OF TIME”, a movie for the project that traces the path of a uniquely Japanese luxury culture from the perspective of time, with various leading creators who drive Japanese culture. In October 2024, we held a world premiere to commemorate the movie’s completion.

Through this project, we will communicate the richness and value of Japanese culture, including the appeal of the Group’s luxury brands, to the world.





Devices Solutions Domain

The Devices Solutions (DS) Domain addresses the changing times, offering devices solutions that are preferred and utilized by customers to contribute to the creation of a sustainable society.

Business Environment (Social Needs)

- Market expansion in the digital and green economy
- Building of a safe and secure society
- Realization of a recycling-oriented society

Core Competencies

- Advanced miniaturization and assembly technologies and precision machining technological capabilities cultivated through the manufacture of watches and precision components
- Capabilities in developing highly reliable products that lower power consumption and extend product lifespan

Domain Vision for Transforming the Seiko Group into a Unique Solutions Company

Vision 1

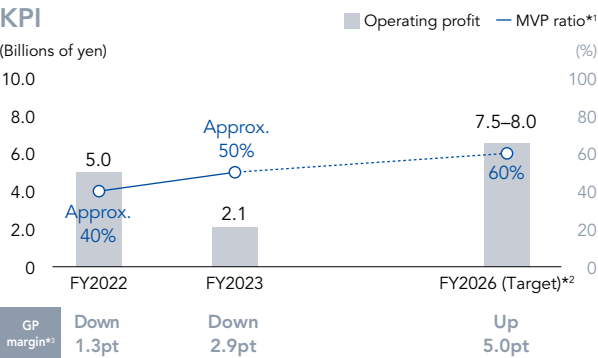
Capitalize on opportunities in the digital and green economy with the aim of creating a sustainable society and improving corporate value

Vision 2

Offer highly functional, high-quality devices solutions through technological innovation by evolving Craftsmanship, Miniaturization, and Efficiency

Moving, Valuable, and Profitable (MVP) Strategy

- Actively expand into growth markets in the digital economy (industry, medical, and mobility sectors)
- Expand sales to the green economy market by leveraging technologies for miniaturization, lower power consumption, and long lifetime
- Accelerate product development in wellness and social/environmental fields



*1 Percentage of net sales accounted for by sales in the digital and green economy
*2 Target at the formulation of SMILE145, the 8th Mid-Term Management Plan
*3 Compared with FY2021

Policy for the Latter Three Years of SMILE145

- Carefully assess the growth potential of products and make well-balanced investments
- Expand market shares of growth-driving batteries for medical devices and crystal resonators with strengths in miniaturization
- Ensure the growth of the encoders (sensors that detect location and measure travel distance) business, which has industry-leading advanced technologies

Unique Initiatives for the MVP Strategy

1. Revising and Strengthening MVP Products

In the latter three years of SMILE145, the DS Domain will revise and further strengthen MVP products from perspectives including the profitability, growth potential, and differentiation of electronic components, such as micro batteries and crystal oscillators; precision components, such as automotive components and miniature ball bearings; and printing devices, such as thermal printers and inkjet heads. In addition, the domain will clarify target markets for products by application based on market size, share, and other factors, and accomplish its plans by monitoring the progress of such products from the dual perspectives of revenue and development. The DS Domain has also established an organization under the direct supervision of the President geared toward creating new businesses. The organization will aim to achieve growth by proposing new customer value that capitalizes on the domain's strengths, with a focus on the industry, medical, and mobility sectors.



2. Responding Quickly to Customer Needs through Semi-Custom-Made Products

The rapid progression of technological innovation in every industry in recent years has made responding quickly to change an urgent priority. Seiko Instruments Inc. and SEIKO NPC CORPORATION, which offer electronic and precision components, have strengthened their development of semi-custom-made products through common designs and flexible user options to help reduce customer lead times and raise productivity. SEIKO NPC CORPORATION draws on its long history of manufacturing integrated circuits for crystal oscillators to provide products that address customer-specific needs. Each product offers multiple variations with the option to choose freely among the variations, allowing customers to select the functions and performance they prefer simply by specifying the variation.



Initiatives to Expand and Develop with an Eye to Seiko's 150th Anniversary

As various social issues, including the aging of society, labor shortages, and resource depletion, become evident, new technologies, products, and services are emerging through advances in AI, robotics, next-generation communications technology, and other fields. Amid such circumstances, the DS Domain is committed to contributing to the creation of a sustainable society by offering devices solutions that extend the lifespan of customer products and raise productivity. These efforts include extending the operating times of devices using high-energy-capacity micro batteries, reducing the noise and extending the lifespan of motors through miniature ball bearings with high lubrication performance, and enhancing printing throughput for building materials, cardboard boxes, and other materials through high-powered inkjet heads.



Yoichi Endo
Director, Executive Vice President
Devices Solutions Domain
(President, Seiko Instruments Inc.)

Growth Strategy

Systems Solutions Domain

The Systems Solutions (SS) Domain contributes to the ongoing success of its customers and delivers solutions unique to Seiko that address social issues by strengthening and diversifying the stock business and promoting the growth of all employees.

Business Environment (Social Needs)

- Realization of a recycling-oriented society
- Provision of high-quality products and services
- Building of safe and secure social infrastructure

Core Competencies

- Hardware & Software Solution
- DX Platform Solution

Domain Vision for Transforming the Seiko Group into a Unique Solutions Company

Vision 1

Realize the growth of all employees

Vision 2

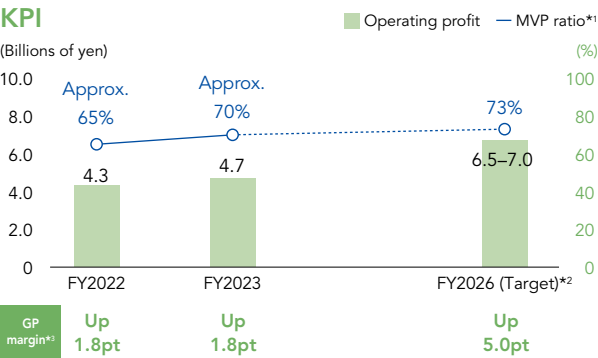
Increase both revenue and profits continuously over the long term

Vision 3

Realize Society 5.0

Moving, Valuable, and Profitable (MVP) Strategy

- Strengthen the stock business
- Promote diversification through M&As and alliances



Policy for the Latter Three Years of SMILE145

Aiming to Grow the Domain through Solutions That Capitalize on Seiko's Strengths

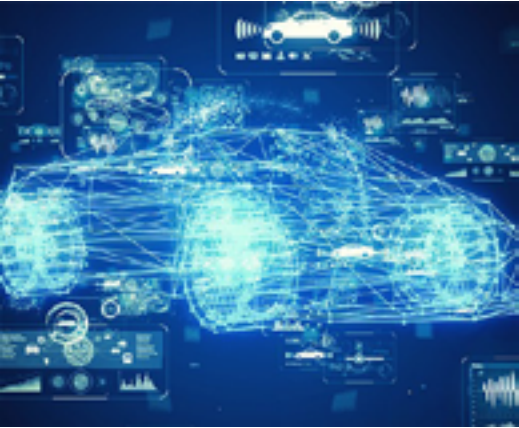
- Provide IoT and AI solutions that integrate hardware and software to tackle social issues
- Provide platform solutions that support the efforts of client companies to realize digital transformation (DX)

Unique Initiatives for the MVP Strategy

1. Hardware & Software Solution

The Group offers hardware, including high-quality wireless and sensor devices that leverage Seiko's manufacturing strengths, and one-stop solutions that combine original software. For example, in telematics in the automotive IoT field, the Group offers Drive Cloud+, a service that supports safe driving in telematics for automotive IoT. In addition to enhancing vehicle control, this service enables the visualization of driving conditions by analyzing drive recorder images using AI. Going forward, the Group will offer more advanced services by making further use of data with the aim of establishing next-generation mobility solutions as safer methods of transportation.

Moreover, to address the critical issues of an aging society and increasing labor shortages, the Group will work to realize a safe and secure society through IoT and AI solutions that integrate hardware and software.



2. DX Platform Solution

Today, digital technology not only permeates society but has become an indispensable element of social infrastructure. Without high-precision time synchronization, 5G mobile communications would stop, making communication impossible. In addition, the slightest time discrepancy in fields including broadcasting and securities interferes with these services.

In the same way that Seiko has provided the yardstick of time, the Group will provide yardsticks for the digital world, offering solutions that leverage the neutrality and credibility of the brand. Leveraging this strength, the Group will aim to realize a more appealing and enriched social infrastructure by visualizing the non-visible digital world to underpin the further development of a digital society.



MESSAGE
Initiatives to Expand and Develop with an Eye to a Decade Ahead

Given that human capital is the essence of the SS Domain, we view the promotion of diversity as indispensable to our corporate growth. By continuously pursuing an M&A strategy, we have welcomed many new colleagues, which has enabled us to consistently expand our operations and increase both revenue and profits. Today, eight companies and over 1,600 employees engage in their duties from their own unique perspectives while respecting each other's outlooks. In this way, we have developed a culture that encourages employees to follow each other's positive examples while valuing their own uniqueness. We will continue to expand our diversity and size, accelerating the growth of our customers and of our own businesses through the growth of our employees, all of whom underpin our businesses.



Jun Sekine
Director, Senior Executive Vice President
Systems Solutions Domain
(President, SEIKO Solutions Inc.)

Group-wide Initiatives and Solutions to Social Issues

Group-wide Initiatives

Promoting the Brand and Providing Customer Experiences in Ginza, the Birthplace of Seiko



The Seiko Group has numerous locations in Tokyo's Ginza district, where the Group was founded. The most famous of these is SEIKO HOUSE, a building featuring a clock tower that is a famous Ginza landmark. SEIKO HOUSE is Seiko's information hub and is also used as a forum for business negotiations. Wako Main Store, located inside SEIKO HOUSE, offers a top-quality selection of products and services that deliver excitement to our customers.

In Ginza, an area that combines tradition with the latest trends and where luxury brands stand side by side, the Seiko Group promotes the Seiko brand through its various business operations and provides special customer experiences through Grand Seiko and other Group products and services. The entire Group will continue to leverage its Ginza base to work toward enhancing the Group's brand value.



This is a new boutique featuring interior design based on the Grand Seiko (GS) brand philosophy, allowing visitors to experience the masterful craftsmanship, sophistication, and Japanese flair that GS has continued to perfect.



This is an experiential hub for SEIKO WATCH CORPORATION that directly promotes the SEIKO brand. Customers can experience the unique worldviews of each brand as well as enjoy a wide range of products.



A museum exhibiting the history of Seiko and timepieces. Visitors can experience the spirit of the founder through the history of Seiko. Grand Seiko Museum opened on the sixth floor in April 2024.

Achieving Visualization of Employee Attendance Tracking through Intra-Group Collaboration

SEIKO Time Creation Inc. has a long history of providing attendance tracking and other such business management support solutions. Recently, in response to the needs of customers seeking to visualize the status of complex shift work in the manufacturing industry, or staff clock-in/clock-out times and attendance status at government offices, the company has also begun offering attendance display systems using digital signage. Intra-Group collaboration by SEIKO Solutions Inc. and SEIKO Time Creation Inc. has also resulted in a system by which simply flashing an IC card, such as an entrance pass, over a dedicated terminal, displays information on a monitor in real time, and the system periodically uploads time-stamping information to an attendance tracking server.

Visualization in offices and factories is an important measure for improving work efficiency and productivity. We use the time management know-how we have cultivated over many years to respond to the needs of each customer in a precise manner and contribute to solutions to the issues they face.



Note: Photos are for illustrative purposes only.

Addressing Social Issues in Three Strategic Domains

EVS Domain Plenty Seishin Chuo's Mechanical Clock Renovation

"The Nadeshiko Orchestra" is a marionette clock that has long been a beloved symbol of the region. It was reborn with a new look in October 2023 as part of the renovation of the "Plenty" commercial complex in the city of Kobe's Nishi Ward in Hyogo Prefecture. The renewal effort reduced waste and costs by making use of existing resources such as the original mechanisms and figurines. With the clock's enjoyable seasonal performances, it continues to bring smiles to the faces of the locals.



DS Domain Helping Improve Quality of Life for Diabetes Patients through the Steady Supply of Silver Oxide Batteries

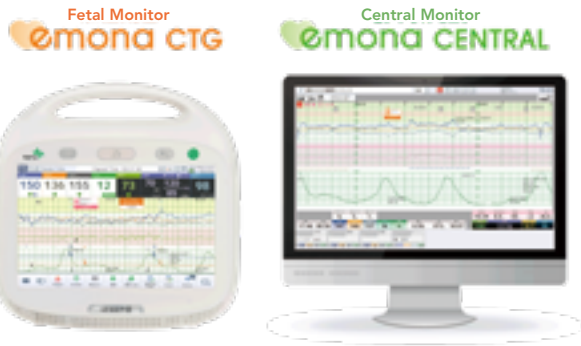
In recent years, along with the growing number of diabetes patients, the number of people using continuous glucose monitors (CGMs) is also on the rise. Seiko Instruments Inc. supplies miniature, high-quality silver oxide batteries for CGM sensors. Since it began manufacturing watch batteries in 1975, the company has accumulated 50 years of manufacturing experience and has been producing silver oxide batteries that offer superior quality and performance. The Company will continue working to provide a stable supply of silver oxide batteries so that diabetic patients can manage their blood sugar levels with peace of mind, and thus help improve their quality of life.



Note: Photos are for illustrative purposes only.

SS Domain Contributes to Reconstructing the Medical Environment amid the Aftermath of the Noto Peninsula Earthquake


Many medical institutions were heavily affected by the Noto Peninsula earthquake in January 2024. CSM SOLUTION CO., LTD., a company in the SS Domain, developed Emona fetal monitoring system which contributed to the prompt improvement of the medical environment in the affected areas with its customer TOITU Co., Ltd. Emona central monitor is cloud-based, enabling fetal monitoring anytime, anywhere, and the fetal monitoring device is battery-powered, so data can be transmitted in real time even when there is no power available. Thanks to the efforts of TOITU, the fetal monitoring system was deployed and made operational in just four business days in the disaster-stricken areas where infrastructure was lacking. We will continue to work to expand the value we provide in order to contribute to the stability and advancement of team-based medical care.



Five Group Core Strategies

SDGs Strategy

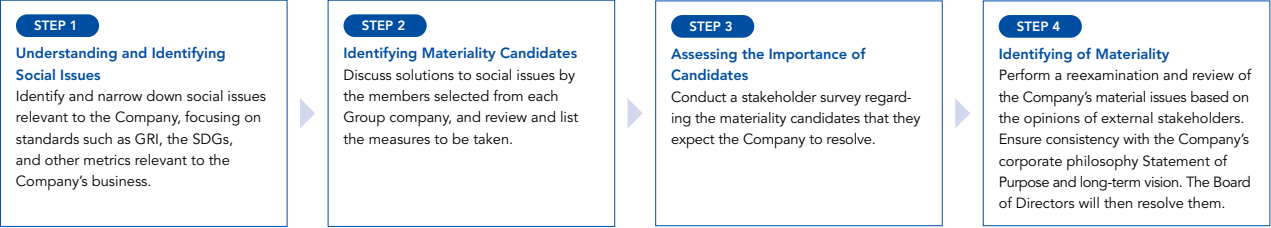


 Sustainability
<https://www.seiko.co.jp/en/csr/>














Promotion Structure



The Process to Determine Material Issues



Materiality

| Materiality Overview | | Key Actions | | Major Initiatives | |
|--|---|--|--|--|--|
| Well-being—A Better Life | | | | | |
| Contribute to greater job satisfaction and active participation by diverse individuals |  | Develop human resources as a pillar of our growth strategy, and work to improve engagement and promote diversity | | <ul style="list-style-type: none">• Develop human resources (take measures to develop entrepreneurial and digital transformation resources, and pursue environmental improvement initiatives, including systems)• Conduct engagement surveys• Emphasize diversity in hiring and set goals to promote active adoption• Promote health management | |
| Promote mental and physical health and achieve social welfare |  | Develop products to enter medical and healthcare businesses | | <ul style="list-style-type: none">• Enter healthcare field through the development and sale of devices and materials for medical applications in cooperation with third parties | |
| Implement initiatives for respecting human rights |  | Conduct thorough investigations regarding human rights | | <ul style="list-style-type: none">• Establish and continuously promote a due diligence system for human rights• Promote in-house education on human rights | |
| Cultivate and support the next generation |  | Support the growth and development of the next generation through hands-on events, classes, etc. | | <ul style="list-style-type: none">• Ongoing implementation of the Seiko Exciting School• Hold Seiko Summer Jazz Camp | |
| Inclusion—For All People | | | | | |
| Contribute to the creation of a safe, secure, and inclusive social infrastructure |  | Create and provide digital solutions to help realize a new age of society, where all people and goods are connected | | <ul style="list-style-type: none">• Provide cloud-/AI-/IoT-enabled platforms to improve social infrastructure• Provide products and services that bring about an inclusive world | |
| Contribute to a prosperous society through support for culture and sports |  | Promote sports, music, and cultural activities that enrich people's lives and enhance our corporate value | | <ul style="list-style-type: none">• Share THE SEIKO MUSEUM GINZA's concept of Time Culture with the world• Continue sports timing activities, sponsorship of sporting events, and support for athletes• Host concerts to support the recovery of East Japan | |
| Contribute to local communities |  | Support activities in local communities that promote social revitalization at all our facilities, both inside and outside Japan | | <ul style="list-style-type: none">• Promote socially beneficial sports events and beautification activities in collaboration with local residents and communities | |
| Trust—Certainty and Trust | | | | | |
| Provide high-quality products and services that are trusted by society |  | Develop high-quality, high-added-value products and services by leveraging the strengths of each business domain to increase sustainable business activities | | <ul style="list-style-type: none">• Provide highly reliable product and service infrastructure that generates digital trust (trust in the security, privacy, safety, etc., of our services)• Enhance after-sales service system and expand quality improvement program globally• Strengthen quality assurance system• Pass down technical skills and techniques | |
| Promote responsible procurement and supply chains |  | Establish and operate a sustainable supply chain management system that addresses social issues, including human rights and the environment | | <ul style="list-style-type: none">• Revise Procurement Policy• Establish and implement procurement guidelines | |
| Strengthen corporate governance and the compliance structure |  | Maintain and improve corporate governance and compliance operations based on respect for all relevant laws and regulations | | <ul style="list-style-type: none">• Further strengthen the operations of the Corporate Governance Committee, Corporate Ethics Committee, Risk Management Committee, and other bodies | |
| Harmony—Harmony With the Earth | | | | | |
| Implement initiatives for climate change and decarbonization |  | Plan and promote reduction measures in line with the Seiko Group's long-term goal of reducing greenhouse gas (GHG) emissions | | <ul style="list-style-type: none">• Promote Group-wide energy conservation and active introduction of renewable energy | |
| | | Provide products and services that contribute to realizing a decarbonized society | | <ul style="list-style-type: none">• Introduce environmental support systems | |
| Help to realize a recycling-oriented society |  | Create and expand the lineup of environmentally friendly products and services | | <ul style="list-style-type: none">• Create resource-saving and eco-friendly products• Simplify packaging materials and shift to using renewable materials | |
| | | Promote the 3Rs (Reduce, Reuse, Recycle) | | <ul style="list-style-type: none">• Reduce losses in raw materials and waste products• Increase use of reusable parts and recycled materials | |
| Coexist and harmonize with nature |  | Aim for coexistence with nature by increasing activities to conserve biodiversity and natural capital in each of our business locations | | <ul style="list-style-type: none">• Work together with local residents and outside experts to promote nature conservation (e.g., tree planting and preservation of marine resources) | |

Five Group Core Strategies

Climate Change
(Information Disclosure Based on TCFD Recommendations)



Governance

Important matters related to climate change are discussed and resolved by the Sustainability Committee and reported to the Board of Directors. The Board of Directors is responsible for the oversight function of the Sustainability Committee and regularly discusses important matters related to climate change.

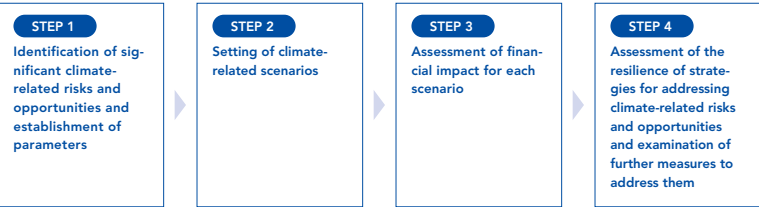
In addition, the rate of GHG emissions reduction is included as a “non-financial (ESG) assessment” in the performance evaluation index as a KPI for performance-linked executive compensation.

Governance Promotion Structure
<https://www.seiko.co.jp/en/csr/environment/tcfd/>

Strategy

The Seiko Group conducts a scenario analysis of all Group businesses according to the following steps, assessing climate-related risks and opportunities with a high level of importance and formulating and promoting measures to address them.

Scenario Analysis Steps



Climate-Related Risks

| Risk Category | | Risk Description | Business Impact (2030)*1 | |
|-----------------|-----------------------|--|--------------------------|--------------------------|
| | | | Less than 2°C scenario | 4°C scenario |
| Transition risk | Policy and regulation | Increased costs due to introduction and strengthening of carbon tax | ¥450 million*2 Medium | ¥350 million*2 Medium |
| | Technology | Increased manufacturing and transportation costs due to higher energy prices | Medium | Medium |
| | Market | Decreased sales due to inability to respond to requests from customers for climate-related measures | Medium | Medium |
| | | Increased procurement costs due to higher raw material prices | Medium | Medium |
| Physical risks | Urgent | Decreased sales due to supply chain disruptions and distribution delays caused by extreme weather conditions | Small | Medium |
| | | Decreased sales due to interruption of factory and/or store operations and/or difficulty in securing personnel due to extreme weather conditions | Medium | Large |
| | Chronic | Rising nonlife insurance premiums due to increase in extreme weather conditions | Medium | Medium |

Climate-Related Opportunities

| Opportunity Category | Opportunity Description | Business Impact (2030)*1 | |
|-----------------------|--|--------------------------|--------------|
| | | Less than 2°C scenario | 4°C scenario |
| Energy source | Cost reduction by introducing renewable energy | Medium | Medium |
| Products and services | Increased sales of low-power-consumption-compatible products due to expansion of cyber-physical systems (CPS) and the Internet of Things (IoT) society | Medium | Medium |
| | Increased sales of related parts to automobile sector due to ongoing shift to electric vehicles (EVs) | Medium | Medium |
| | Increased sales of low-carbon products and services that can help customers reduce their environmental impact | Large | Large |
| | Increased sales of products that respond to consumers' growing environmental awareness | Small | Small |
| Market | Creation of new products and services related to the IoT, manufacturing, and distribution that will accompany the promotion of energy conservation | Medium | Medium |
| | Increased sales due to improved brand value through decarbonized management | Medium | Small |

*1 Large business impact: Extremely significant impact on business, such as a profit impact of ¥1 billion or more, withdrawal from a business, or an interruption of business for several months or more

Medium business impact: Significant impact on business, such as a profit impact of between ¥100 million and ¥1 billion, negative impact on business plans, downsizing of a business, or business interruption of one week to one month

Small business impact: Minor or negligible impact on business, such as a profit impact of less than ¥100 million, little or no impact on business plans, and little or no business interruption

*2 We calculated the 2030 greenhouse gas (GHG) emissions (Scope 1, 2) based on growth forecasts and reduction plans. The calculations were done by multiplying the International Energy Agency (IEA) forecasted carbon prices for both the less-than-2°C and 4°C scenarios. We used an exchange rate of 1\$ = ¥140.

Risk Management

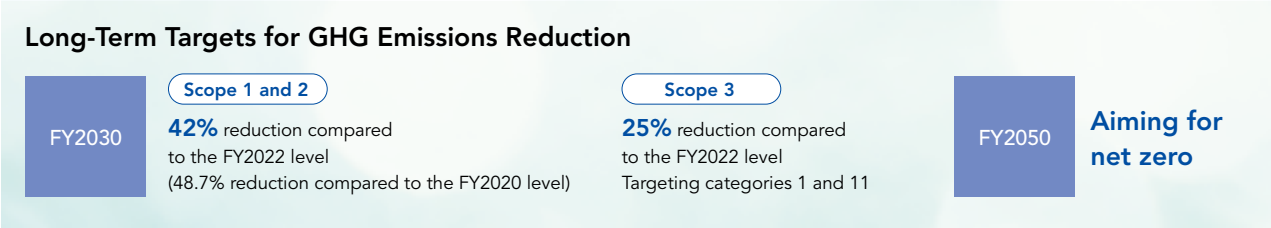
In order to centrally manage risks that may have a significant impact on the Group's business, the Seiko Group Risk Management Committee, chaired by the President of the Company, plays a central role in addressing risks that must be addressed across the Group.

Group Risk Management Promotion Structure
<https://www.seiko.co.jp/en/csr/environment/tcfd/>

Indicators and Targets

Long-Term Targets for Greenhouse Gas (GHG) Emissions Reduction

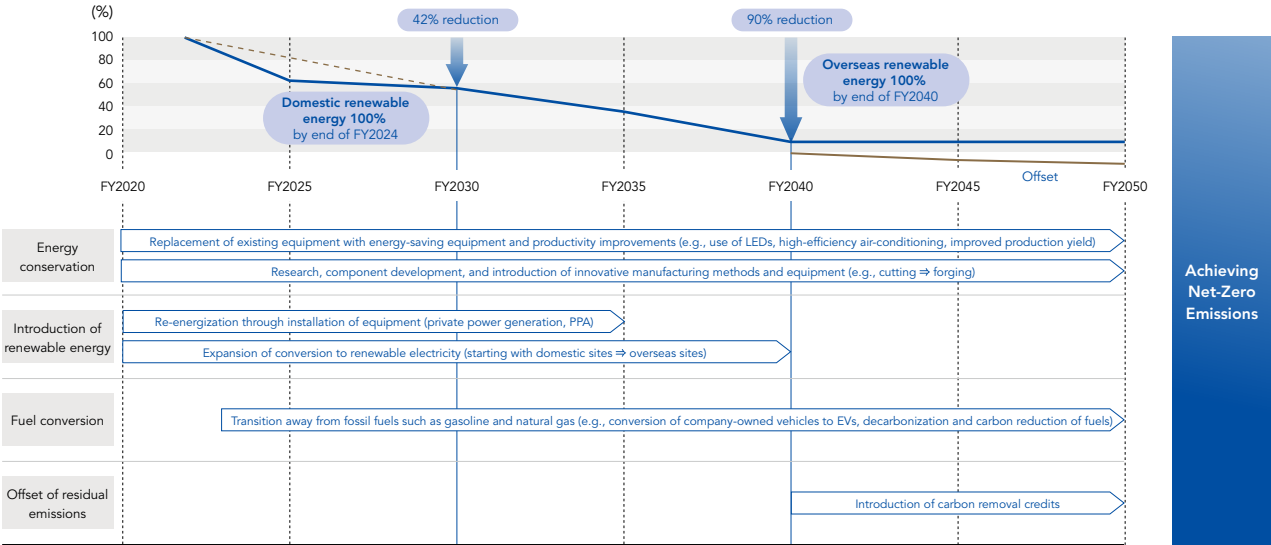
In November 2023, the Seiko Group revised its long-term targets to expedite its GHG emissions reductions. Regarding our targets for fiscal year 2030, we have obtained certification from the Science Based Targets initiative (SBTi), confirming that our targets align with the 1.5°C target set out in the Paris Agreement.



Decarbonization Transition Plan (Scope 1 and 2)

The Seiko Group revised its decarbonization road map to align it with its updated long-term targets for reducing greenhouse gas emissions. The Group continues to promote various measures for conserving energy and adopting renewable energy at its business sites, with plans to achieve 100% renewable electricity at domestic sites by the end of FY2024 and at all sites, including overseas, by the end of FY2040. The Group aims to switch from fossil fuels to decarbonized or low-carbon alternative fuels. The residual emissions will be offset through the introduction of carbon removal credits, with the aim of achieving net-zero emissions by fiscal year 2050.

Greenhouse Gas Emissions

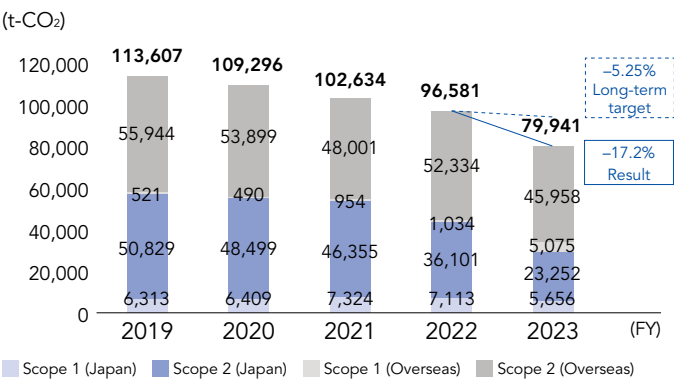


GHG Emissions in Fiscal Year 2023

Scope 1 and 2

In fiscal year 2023, the Seiko Group's greenhouse gas emissions amounted to 79,941 t-CO₂, achieving a reduction of 17.2% compared to fiscal year 2022. This surpassed our target of 5.25%, which is the amount necessary to achieve our long-term target. This achievement was largely due to ongoing energy-saving activities and the introduction of renewable energy. The ratio of renewable energy power reached 18.9%.

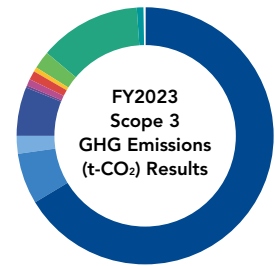
GHG Emissions (Scope 1 and 2)



Five Group Core Strategies

Scope 3

The Seiko Group began calculating Scope 3 emissions on a Group-wide basis in fiscal year 2021. Our long-term target is to reduce Scope 3 emissions by 25% (compared with fiscal year 2022) by fiscal year 2030. In fiscal year 2023, the Seiko Group's Scope 3 emissions amounted to 555,178 t-CO₂, a reduction of 3.0% compared to fiscal year 2022.



| Category | Item | GHG Emissions (t-CO ₂) | % |
|-------------|---|------------------------------------|--------|
| Category 1 | Purchased goods and services | 367,709 | 66.2% |
| Category 2 | Capital goods | 36,082 | 6.5% |
| Category 3 | Fuel and energy-related activities not included in Scope 1 or Scope 2 | 12,399 | 2.2% |
| Category 4 | Upstream transportation and distribution | 34,037 | 6.1% |
| Category 5 | Waste generated in operations | 2,464 | 0.4% |
| Category 6 | Business travel | 4,508 | 0.8% |
| Category 7 | Employee commuting | 5,483 | 1.0% |
| Category 8 | Upstream leased assets | 122 | 0.0% |
| Category 9 | Downstream transportation and distribution | 3,476 | 0.6% |
| Category 10 | Processing of sold products | 12,469 | 2.2% |
| Category 11 | Use of sold products | 71,111 | 12.8% |
| Category 12 | End-of-life treatment of sold products | 4,610 | 0.8% |
| Category 13 | Downstream leased assets | 708 | 0.1% |
| Category 14 | Franchises | - | - |
| Category 15 | Investments | - | - |
| Total | | 555,178 | 100.0% |

Conservation of Water Resources

Based on the Group's view that water is a precious natural capital, our goal from FY2024 to FY2026 is to maintain water withdrawal intensity (the volume of water withdrawal per revenue unit) below the baseline year of FY2021 (0.33 thousand m³ per ¥100 million) in each fiscal year. Due to ongoing efforts to recycle water resources, water intake in fiscal year 2023 was 740.6 thousand m³, a reduction of 50.6 thousand m³ (down 6.4%) from fiscal year 2021. Water intake per unit of sales decreased to 0.27 thousand m³ per ¥100 million compared with 0.33 thousand m³ per ¥100 million in fiscal year 2021, enabling us to achieve our target. Meanwhile, we conducted a water risk evaluation of all Group production sites in fiscal year 2023. We will continue endeavoring to use water resources effectively and steadily promote water intake reduction measures.



Part of a pure water recycling system

Conservation of Biodiversity

All businesses will have to increase their environment-related efforts in order to achieve these goals. As a company whose business activities both benefit from and affect the ecosystem, the Seiko Group believes that biodiversity conservation is a vitally important issue for environmental management. Each business unit is actively promoting biodiversity activities tailored to its own location and the surrounding environment. Activities include land use that takes into account biodiversity, awareness-raising campaigns, and incorporating biodiversity considerations into product design. The goal is to contribute to the realization of a "society in harmony with nature." Morioka Seiko Instruments Inc. has created a Biotope and insect hotels in Waku-Waku (Exciting) Forest on its premises and is promoting biodiversity initiatives together with the local community.



Insect survey at a biotope

Human Rights

In line with the Group Purpose to create a "future filled with smiles" and its corporate philosophy of always being "a company trusted by society," the Seiko established the Seiko Group Human Rights Policy. Based on the United Nations Guiding Principles on Business and Human Rights, the Group's human rights policy applies to all personnel within the Seiko Group. It outlines our commitment to respect the basic human rights of all individuals, and emphasizes its responsibility to protect these rights in the course of its business activities.

The officer in charge of ESG and SDGs serves as the person responsible for promoting measures related to human rights, including conducting due diligence activities. Going forward, the Group will continue working to promote a broad spectrum of activities in accordance with the Seiko Group Human Rights Policy.



Seiko Group Human Rights Policy
https://www.seiko.co.jp/en/csr/society/human_rights.html

Human Rights Due Diligence

The Seiko Group established and operates a human rights due diligence framework based on the Seiko Group Human Rights Policy. Human rights due diligence involves identifying, preventing, and mitigating any negative impacts on human rights related to its business activities, as well as taking corrective measures and disclosing its human rights initiatives to third parties.

Our Human Rights Risk Assessment (an evaluation of the impact of our business activities on human rights), conducted in fiscal year 2022, identified significant human rights risks requiring special attention and the Group established a policy for preventing and correcting these risks. Based on this response policy, the Group currently takes measures to address significant human rights risks on an ongoing basis while promoting human rights due diligence processes, including monitoring improvements, disclosing information, and establishing a grievance redress mechanism.



Human Rights Due Diligence
https://www.seiko.co.jp/en/csr/society/human_rights.html

Significant Human Rights Risks and Response Policies

In the process of our Human Rights Risk Assessment, in order to conduct an initial assessment of the significance of human rights issues that could occur in the Group's supply chain (including the Company, suppliers and contractors, raw materials suppliers, and sales channels), the Group identified all the human rights risks (including potential and actual risks) that the Group should consider based on (1) the results of interviews and questionnaires to assess the risk perceptions of each operating company, (2) the issues pointed out by international organizations and NGOs, and (3) examples of risks that have materialized within the industry. Subsequently, we identified 14 highly significant human rights risks that require special attention in terms of severity (the severity of damage to human rights if such risks materialize) and likelihood (the likelihood of occurring within the Group), and established response policies for the prevention and remediation of each one. Among these, the Group is prioritizing responses to seven significant human rights risks that require immediate preventative and corrective measures. At the same time, the Group conducts regular monitoring and reports on the progress of its efforts on its website.

Five Group Core Strategies

Significant Human Rights Risks Requiring Special Attention and Our Policies for Prevention and Correction

| | Significant Human Rights Risks Requiring Special Attention (Potential & Actual Risks) | | | Policies for Prevention and Correction | |
|---------------------------|--|--|---|--|---|
| Our Company | Working Hours | | Long working hours and excessive overtime | ➡ | Strengthening efforts to mitigate long working hours and excessive overtime (existing initiatives) |
| | Power Harassment | | Power harassment and moral harassment | ➡ | ④ Expanding and strengthening training related to harassment awareness |
| | Occupational Health and Safety | | Inadequate safety and hygiene in the internal work environment | ➡ | Continued and enhanced efforts to provide product explanations to recipients (existing initiatives) |
| | Consumer Safety and Right to Know | | Consumer health and safety risks due to defects in Seiko products or services | ➡ | Strengthening efforts to improve labor safety and hygiene (current initiatives) |
| | Discriminatory Practices | | Discriminatory treatment of customers during the provision of company service | ➡ | ④ Identification and mitigation of indirect human rights risks associated with Seiko B2B products |
| | Discriminatory Practices | | Discriminatory practices toward company employees in terms of job evaluation, compensation, promotion, etc. | ➡ | ④ Expanding and reinforcing programs aimed at increasing the number of women in leadership positions |
| Suppliers and Contractors | Complicity in Conflicts, etc. | | Contributing to conflicts and human rights abuses through the use of conflict minerals | ➡ | |
| | Forced Labor | | Significant forced labor and slave labor conditions at suppliers and contractors (mainly overseas) | ➡ | ④ Establishment of supplier management systems based on procurement guidelines |
| | Child Labor | | Serious child labor abuses in supplier and contractors factories (mainly overseas) | ➡ | ④-1. Promotion and full implementation of procurement guidelines for suppliers |
| | Working Hours | | Long working hours and excessive overtime at supplier and contractors facilities | ➡ | ④-2. Using self-assessment questionnaires (SAQs) and similar measures to monitor compliance with procurement guidelines |
| Raw Materials Suppliers | Forced Labor | | Significant forced labor and slave labor at raw materials production sites (mainly overseas) | ➡ | ④ Strengthening measures to identify and eliminate high-risk raw materials |
| | Child Labor | | Significant child labor at raw materials production sites (mainly overseas) | ➡ | ④-1. Promoting and implementing responsible mineral sourcing practices |
| | Occupational Health and Safety | | Inadequate safety and hygiene at raw materials production sites (overseas) | ➡ | ④-2. Developing and distributing to suppliers a "Watchlist of Critical Materials" |
| Sales Channels, etc. | Complicity in Conflicts, etc. | | Complicity in conflicts and human rights violations through the use of Seiko products | ➡ | ④ Identification and mitigation of indirect human rights risks associated with Seiko B2B products |

(Note) ④ to ⑥: Responses to seven significant human rights risks that require urgent preventative and corrective measures

Specific response policies from ④ to ⑥.
https://www.seiko.co.jp/en/csr/society/human_rights.html

Procurement

The Seiko Group believes that by working with its suppliers to address sustainability challenges throughout the entire supply chain, the Group can build long-term trust with local communities and contribute to the creation of a sustainable society. In addition, the Group revised the Seiko Group Procurement Policy and established the Seiko Group Procurement Guidelines. These guidelines are based on the Responsible Business Alliance Code of Conduct and take the Group's business environment and materiality into consideration while referencing various international standards, and as such, the Group has requested that its suppliers fully endorse these guidelines.

Seiko Group Procurement Policy and Seiko Group Procurement Guidelines
<https://www.seiko.co.jp/en/csr/society/supplier/>

To further promote supplier engagement, a Responsible Procurement Liaison Meeting was established under the Sustainability Committee in fiscal year 2023. Under this promotion structure, the Seiko Group identified significant suppliers and suppliers with high human rights risks, held briefings for our suppliers, and had suppliers conduct self-assessment questionnaires (SAQs). The Group received responses from over 150 companies for the SAQs, which brought to light suppliers with risks by incorporating a three-level (low risk, medium risk, and high risk) risk ranking judgment based on overall average score and responses to critical questions. Going forward, we will communicate our efforts with a focus on suppliers designated as high risk and endeavor to make more appropriate risk judgments. At the same time, when risks come to light, the Group will strive to mitigate risks throughout the Group together with suppliers, including by conducting and requesting corrective measures.

Responsible Procurement Activities

Between December 2023 and February 2024, operating companies held briefings on Seiko Group Procurement Guidelines for suppliers, which saw the participation of many suppliers. An external expert gave a lecture on the background to demands for sustainable procurement activities, after which employees of operating companies provided an explanation on the contents of the Seiko Group Procurement Guidelines and initiatives and requests to be promoted in the future.



Responsible Sourcing of Minerals

The Seiko Group formulated the Seiko Group Responsible Mineral Procurement Policy in November 2023 to ensure that it does not use minerals that were mined in conflict zones which may be complicit in human rights infringements and conflicts by armed groups. The policy stipulates the promotion of the responsible sourcing of minerals based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as established by the Organisation for Economic Co-operation and Development (OECD). Going forward, the Group will carry out initiatives to identify, assess, alleviate, and reduce risk based on this policy.

Commitments and External Evaluations

Participation in External Initiatives

United Nations Global Compact

The Valuable 500

Task Force on Climate-related Financial Disclosures (TCFD)

Japan Climate Leaders' Partnership (JCLP)

Japan Climate Initiative (JCI)

Science Based Targets initiative (SBTi)

External Evaluations

A- (A minus) rating from CDP (climate change disclosure)

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index

MSCI Nihonkabu ESG Select Leaders Index

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Five Group Core Strategies

Human Resource Strategy

Basic Policy

Adopt the goal of working together as a group to become a solutions company through proactive efforts to develop human resources, improve diversity, and build organizational culture, thereby enhancing job satisfaction among employees and driving innovation

Practicing Human Capital Management to Realize the SEIKO GROUP PURPOSE

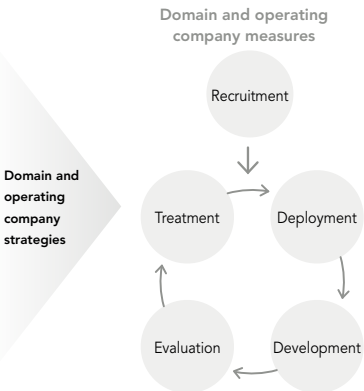
The Seiko Group's human capital management contributes to the achievement of its medium- to long-term vision through the development of human resources who drive innovation by challenging themselves and achieving growth. From this perspective, the Group invests in a human resource strategy focused on developing human resources and building a culture that embodies its GROUP PURPOSE. At the same time, the Group promotes human capital management based on the idea of a cycle in which it generates funds for further investment in human capital management by increasing corporate value.



A Human Resource Strategy Linked to its 8th Mid-Term Management Plan, SMILE145

As the basic policy of its human resource strategy, the Seiko Group has adopted the goal of working together as a group to become a solutions company through proactive efforts to develop human resources, improve diversity, and build its organizational culture, thereby enhancing job satisfaction among employees and driving innovation. As part of these efforts, the Group has established the development of human resources, the promotion of diversity, equity, and inclusion (DE&I), and the building of its organizational culture as priority themes while designating the pursuit of health management and respect for human rights as fundamental activities. In these ways, the Group is working on Group-wide initiatives and measures in its domains and operating companies.

| Priority Themes | Group-wide Initiatives |
|-------------------------------|--|
| Human Resource Development | 1. Developing human resources for managerial roles 2. Supporting management 3. Enhancing DX skills |
| Promoting DE&I | 1. Promoting the empowerment of women 2. Recruiting and promoting personnel with experience outside the Group 3. Supporting the active participation of older employees |
| Organizational Culture Reform | 1. Reforming organizational culture 2. Supporting autonomous career development 3. Improving employment conditions and ensuring the appropriate allocation of compensation |
| Fundamental activities | 1. Health management 2. Respect for human rights |



Group-wide Priority Themes

Human Resource Development

Developing Human Resources for Managerial Roles

In an increasingly complex operating environment, the Seiko Group pursues a variety of development programs based on its belief that the early and systematic development of human resources for managerial roles, who will lead the promotion of the Group's management and businesses, is vital to increasing corporate value and achieving sustainable growth.

In fiscal year 2024, the Group introduced succession plans for senior management positions at operating companies and began conducting its Next-Generation Leader Development Program. The program, which is for leader candidates in the younger demographic, effectively runs a development cycle that creates a pool of candidates, provides management literacy training, and facilitates promotions to more challenging roles.



Next-Generation Leader Development Program



Supporting Managers

As workplace diversity progresses, the attitudes to work and values of employees are becoming increasingly disparate, rendering one-size-fits-all management theories untenable. At the same time, with the roles required of managers continuing to mount from the perspective of risk management and compliance, the workload of supervisors in charge of organizations and team members is increasing.

For these managers, the Seiko Group has introduced a platform that provides useful information on an ongoing basis for maintaining smooth communication and appropriate dealings with their team members.

Through this platform, the Group provides support to managers by creating and regularly streaming original videos that feature practical know-how, such as the key to motivating team members and points to bear in mind in the personnel evaluation process, and discuss experiences of success and failure through interviews with senior management.

Going forward, the Group plans to conduct measures to share concerns, issues, and measures in other departments through in-person workshops for managers to adopt in the management of their own organizations.

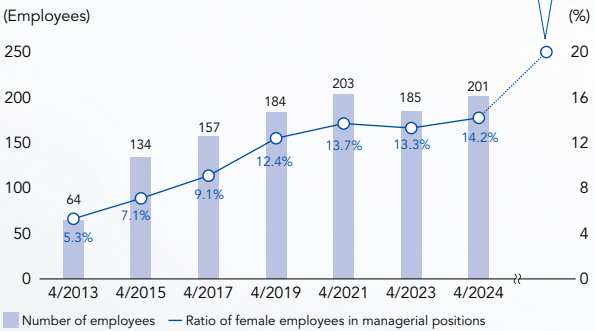
Group-wide Priority Themes Promoting Diversity, Equity, and Inclusion

Promoting the Empowerment of Women

Since fiscal year 2013, the Group has been working to promote the empowerment of women in various ways, including introducing various systems for improving the working environment and endeavoring to change attitudes. The Group believes that it is important to change the attitudes of all employees, not just women. That is why in its approach to promoting the advancement of women, the Group carries out educational programs that target all employees.

In fiscal year 2024, the Group introduced the SEIKO WOMAN ACADEMY as a measure to encourage female employees to aim positively in advancing their careers. At the SEIKO WOMAN ACADEMY, female leaders from Group companies who will steer the next generation assemble with the aim of establishing their own unique vision of the ideal leader through efforts including changing their mindsets by becoming aware of their own strengths, learning essential skills, and interacting with a variety of role models. The participation of women from all Group companies helps facilitate horizontal connections and foster a sense of solidarity among employees. The Group will continue to create a working environment where female employees seek to advance their careers while engaging in collegial rivalry.

Ratio of Female Employees in Managerial Positions



SEIKO WOMAN ACADEMY

Initiatives to Support Work-Life Balance

The Group is also actively providing support for balancing work and childcare. In terms of encouraging male employees to take childcare leave, along with introducing paid childcare leave at birth, the Group has worked to create a culture that is conducive to balancing work and childcare. For example, the Group has arranged for members of the management team to communicate messages and hold seminars on the theme of encouraging male employees to take childcare leave.

In fiscal year 2023, the Group began an initiative under the name of SEIKO×DIVERSITY Group Employee Interviews to promote understanding of those engaged in childcare among supervisors and fellow colleagues by introducing a series of articles in which Group employees who had taken childcare leave recount their personal experiences.

As a result of these efforts, the rate of male employees taking childcare leave increased from 23.1% in fiscal year 2021 to 87.9% in fiscal year 2023.

The Group will continue to develop an environment where employees facing a variety of life events, including childcare, can build their career with a high level of motivation by choosing a workstyle that suits them while using the systems on offer.



SEIKO×DIVERSITY Group Employee Interviews

Group-wide Priority Themes Organizational Culture Reform

Initiatives for Reforming the Organizational Culture throughout the Group

The Seiko Group believes that building an organizational culture that allows diverse employees to transcend physical and psychological organizational boundaries to engage in free and broad-minded discussions and take on challenges without fearing failure is essential if it is to work together as a group to drive innovation. Continuing from fiscal year 2023, in addition to maintaining face-to-face meetings with senior management as an initiative to ensure that employees take greater ownership of management and business activities, in fiscal year 2024 the Group introduced a new program supporting the autonomous career planning of employees. The Group encourages employees to take on challenges on their own initiative by holding career seminars according to career stage and offering a program for supervisors to support the development of the careers of the members of their teams.



Face-to-face meetings with senior management

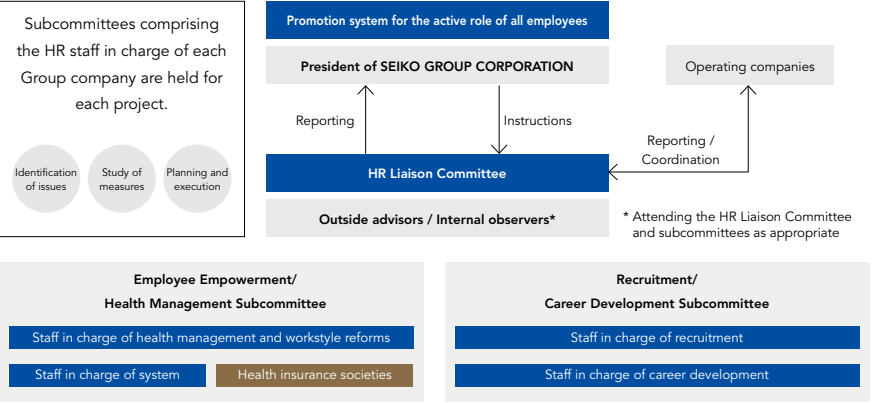


Career support program for supervisors

Fundamental Activities: Promoting Health Management

The Seiko Group unveiled its Declaration of Health Management in fiscal year 2019. Based on this declaration, it established a Health Management Promotion System and promotes initiatives to maintain and improve the health of employees across the Group. Meanwhile, the Seiko Group was recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large-Enterprise Category) for the fifth consecutive year since fiscal year 2019. In addition, four Group companies—SEIKO WATCH CORPORATION, Seiko Instruments Inc., SEIKO Time Creation Inc., and WAKO Co., Ltd.—were also recognized under the large-enterprise category while two—SEIKO NPC CORPORATION and Human Capital Co., LTD.—were recognized under the small and medium-sized enterprise category.

Going forward, the Group will continue to conduct health seminars and work with health insurance societies and occupational health staff to further improve employee health awareness.



Declaration of Health Management

Each and every one of our employees is the driving force that enables Seiko to continue its relentless pursuit of innovation. Without our people, Seiko would not be able to produce such strong emotions in our customers or such a high level of trust in society. We consider our staff to be our single greatest asset, and we constantly strive to maintain and improve their health and well-being. We will continue to aim for the sustainable growth of our group by creating an environment in which all our employees can enjoy their work and enjoy being part of the Seiko community.

Shuji Takahashi
President
SEIKO GROUP CORPORATION

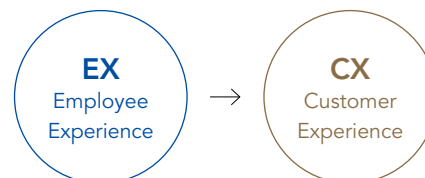
Digital Transformation Strategy

Basic Policy

Make full use of digital technology and data to create high-added-value business that is customer-centric and that places an emphasis on the customer experience

The Seiko Group uses digital technology to deliver products and services from the customer's perspective that provides a better customer experience

The Group believes that digital transformation (DX) consists of understanding customers' pains and gains and using digital technology to improve assets, both internal and external, to supply products and services with even better customer experience (CX). Enriching employee experience (EX) is vital to providing superior CX. Going forward, led by its basic policy, the Company is more dedicated than ever to utilizing digital technology and data to create high-added-value business. We will thus focus our efforts on contributing to achieving what the Group aims to be in the following three areas.



Digitalization

By utilizing digital technology and data, each of Seiko's operating companies will proactively address issues so as to accomplish the Group's Mid-Term Management Plan.

Infrastructure/Security

To make more sophisticated use of IT, the Group will build an advanced IT infrastructure and reinforce information security.

Business Systems

To respond to the rapid changes in the business environment, the Group will aim to update core business systems that form the foundation of its businesses.

Progress in Fiscal Year 2023

To share the latest information on digital transformation throughout the Group, the Company continued to hold "DX Update" events in fiscal year 2023, inviting external experts in the field of digital transformation to give lectures and hold discussions. Seiko learned about the cutting-edge initiatives of companies including Japan's premier general contractors, pharmaceutical companies, and department stores, and applied them to its own initiatives.

In the area of digitalization, the Group continued to promote digital marketing at SEIKO WATCH CORPORATION and WAKO Co., Ltd. Additionally, SEIKO Time Creation Inc. has opened its own online store selling clocks.

In the area of infrastructure/security, the Group transferred its data center to address the issue of legacy systems, strengthen security measures, and stabilize the supply of services. It also strengthened endpoint security by adopting endpoint detection and response (EDR) and two-factor authentication, and rebuilt its monitoring and operating systems. In addition, a third-party evaluation was conducted by an external specialist organization to objectively evaluate the current state of security measures of the Group.

In the area of business systems, the Group improved operations by upgrading the core system of the Time Systems business of SEIKO Time Creation Inc.

Initiatives for Fiscal Year 2024

In fiscal year 2024, each operating company will continue to advance projects in the digitalization field and plans to begin providing numerous services to customers.

Additionally, to improve operational efficiency, the Group will carry out initiatives to understand generative AI and make it usable in the field. It will also introduce a system to support employees who have ideas for using digital technology to close the gap between the current state of operations and the ideal way they should be.

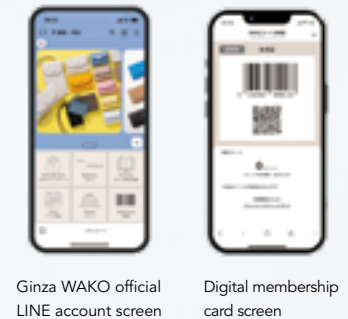
In the area of infrastructure/security, the Group will adopt solutions to strengthen network security measures and improve monitoring against unauthorized access, thereby improving its ability to respond to security incidents.

Also, in the area of business systems, the Group will proceed with the introduction of SAP functionality expansion packages and implement system upgrades to support stable and continuous operations.

01

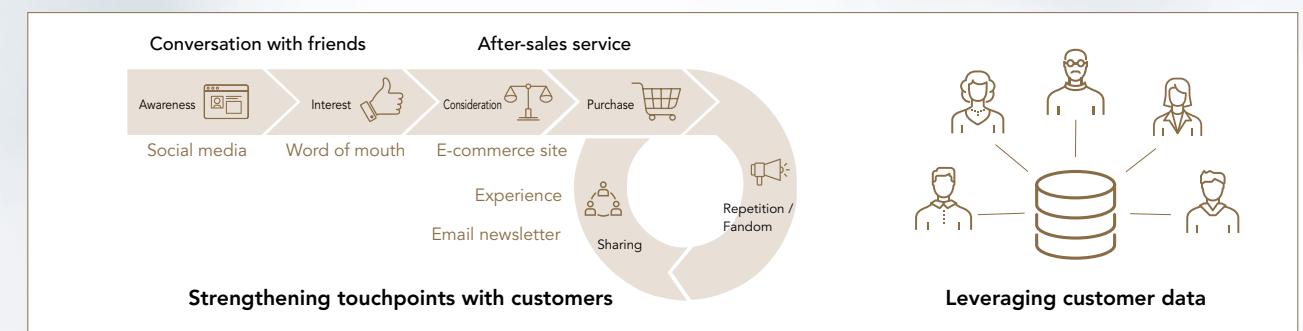
"Digital Membership Card" Service That Improves Customer Convenience and Provides Advanced Customer Contact, "Setsugu," by utilizing data

WAKO Co., Ltd. places great importance on building long-term relationships with its customers. The introduction of the membership card app will reduce the number of cards its customers need to keep track of, enable the linking of customer information with purchasing information, which is necessary for centralizing customer data, and improve customer experience (CX) by linking with loyalty points and other services. In addition, the app will enable the implementation of advanced marketing within a consistent flow, from adding friends on the LINE mobile messaging app to member registration and then using purchasing data to communicate with customers on LINE.



The Group will continue to provide superior CX by leveraging digital technology and data to stimulate communication at the individual and organizational levels, strengthen relationships with its customers, and achieve more advanced one-to-one communication.

One-to-one communication that understands each and every customer

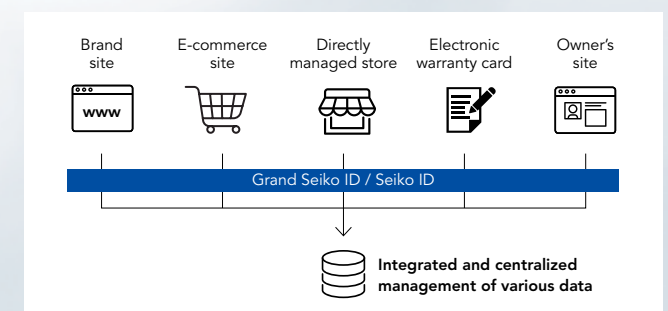


02

Building a Digital CRM Platform to Offer Greater Customer Convenience

To improve customer convenience, SEIKO WATCH CORPORATION is currently building a CRM* system that will enable information sharing between various services by introducing Grand Seiko ID and Seiko ID.

The Group will work to further improve CX by standardizing customer IDs and integrating its management of customer data.



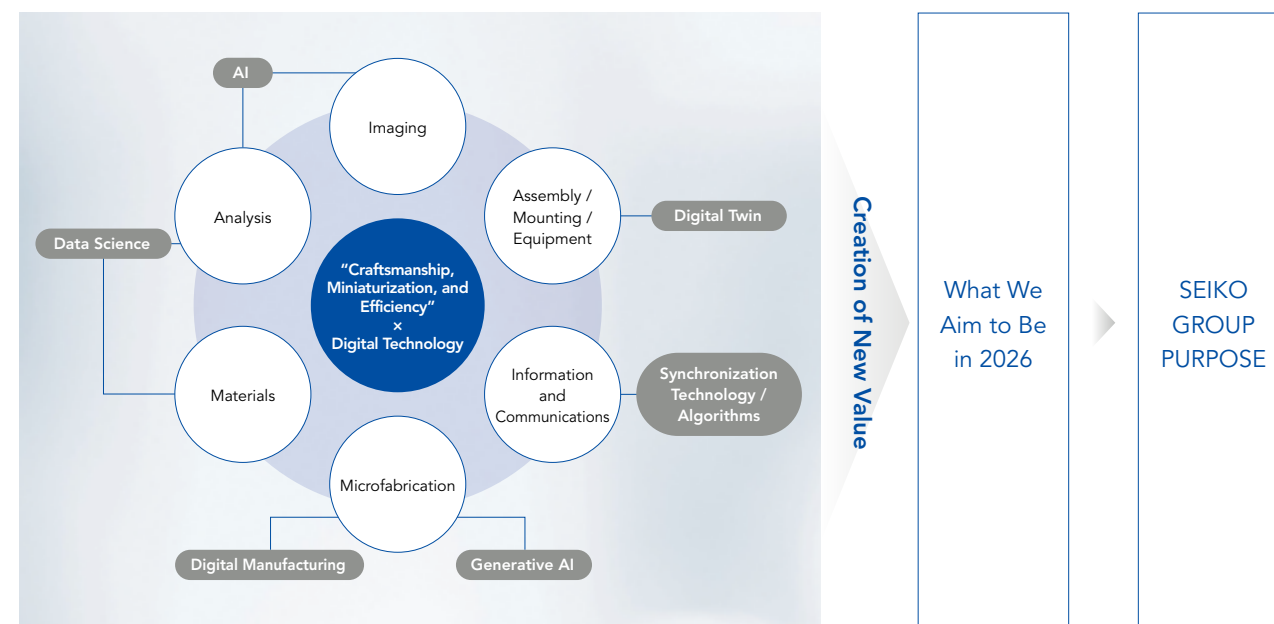
* Customer relationship management

R&D Strategy

Basic Policy

Further evolve our technology and create new value by combining our long-cultivated technological philosophy of "Craftsmanship, Miniaturization, and Efficiency" with digital technology

The Role of Our R&D Strategy in Achieving the SEIKO GROUP PURPOSE



Based on the basic policy of its SMILE145 R&D strategy, the Seiko Group is pursuing research and development and the establishment of production technologies that contribute to products and services conducive to becoming a "solutions company." Based on its MVP Strategies of each business domain, the Group will strengthen collaboration with the planning departments of its operating companies and aim to develop high-added-value products and services that create excitement and generate healthy profits, as well as technology that will contribute to growth in Society 5.0. Furthermore, to remain a sustainable company together with society, the Group is actively working to reduce the environmental impact of its operations by conserving resources and manpower and improving the efficiency of its processes through a streamlined approach, which are strengths of the Group.

The Group has established six fundamental technologies that represent the "Craftsmanship, Miniaturization, and Efficiency" cultivated over the years: analysis, materials, microfabrication, information and communications, assembly/mounting/equipment, and imaging. By deepening each and every one of these fundamental technologies and pursuing "Craftsmanship, Miniaturization, and Efficiency" as well as by combining AI and digital technologies to advance these fundamental technologies, the Company aims to provide solutions that resolve the issues its customers face.

Initiatives

- Contribution to the expansion of the luxury/premium sector
- Ultra-miniature IoT modules that contribute to the achievement of Society 5.0
- Solutions to social issues using generative AI
- Cultivation of human resources and enhancement of development capabilities

01

Contribution to the Expansion of the Luxury/Premium Sector

Seiko develops new elements to enhance the functional and emotional value of mechanical watches. To improve functional value such as timekeeping accuracy and power reserve, the Group is developing hairspring materials and micro electro-mechanical systems (MEMS) technology that enables high-precision component processing. Furthermore, it has undertaken the development of sophisticated exteriors that enhance emotional value and has commercialized Grand Seiko watches that use the high-performance material Ever-Brilliant Steel. The Group aims to leverage the latest production technologies to enhance manufacturing efficiency to provide its customers with a superlative experience through the development of mechanical watches.



02

Ultra-Miniature IoT Modules That Contribute to the Achievement of Society 5.0

The Group is developing ultra-miniature IoT modules that will contribute to the achievement of the kind of world put forward by Society 5.0. By making full use of hardware and software technologies, the Group has achieved the ultimate in miniaturization and low power consumption. This module will provide solutions to the issues that customers face, in situations where measurement has previously been abandoned due to difficult environments, size, or issues with energy management. The Group will expand the range of applications to include biosensing modules that can constantly monitor conditions without stress and keep up with even the most intense movements, sensor loggers that record the status of infrastructure invisibly, and more.

03

Solutions to Social Issues Using Generative AI

The use of generative artificial intelligence (AI) has raised concerns about security and related issues. However, SEIKO Solutions Inc. (SSOL) has developed an app platform that prevents the leakage of information from companies using generative AI and ensures accurate decision-making based on company policies. SSOL plans to establish an environment within this platform that can process a variety of data simultaneously and employ a new "roundtable discussion" style, visualizing experts' internal deliberations through a computer interface. By leveraging the support of multiple generative AI systems, the Group aims to eventually reach a level that can serve as an alternative to human experts.



04

Cultivation of Human Resources and Enhancement of Development Capabilities

The Seiko Group has developed and manufactured equipment that embodies the concept of "Craftsmanship, Miniaturization, and Efficiency." By retrofitting equipment to enhance its functionality, the Group aims to pass on the technology it has cultivated and enhance productivity. The skills required to carry out overhauling and retrofitting will be passed on from experienced employees, and, at the same time, video manuals and other materials will be used to clarify the skills, thus laying the foundation for passing these skills on to the next generation.

Branding Strategy

Basic Policy

Seiko will face social issues with the aim of enriching the hearts of people around the world, and create a future full of smiles through our social, technical, and emotional value.

Photo by AFLO SPORT

The Seiko Group's Vision for Its Branding Strategy in Achieving the SEIKO GROUP PURPOSE



The Seiko Group's contributions to the world are not limited to products, services, and technology.

Over our long history, we have created immense value for society through reliable technologies that we have built up and products and services that excite people. We will continue to deliver smiles to people around the world by conducting branding activities that place greater emphasis on the social value that we create through our technical and emotional value.

Initiatives from a Medium- to Long-Term Perspective

Areas of Focus in the Second Half of SMILE145

In fiscal year 2024 and beyond, which coincides with the second half of the 8th Mid-Term Management Plan, we will continue to pursue both branding activities and activities to develop and support the next generation through sports and music with the aim of capturing even more Seiko fans. In addition, we will focus on branding activities aimed at contributing to our operating companies, such as branding activities to facilitate expansion into the luxury sector within the Emotional Value Solutions (EVS) Domain and efforts to strengthen PR in the Systems Solutions (SS) Domain. We will use SEIKO HOUSE, which is also a well-known Ginza landmark, as a base for communicating these branding activities.



01

Eliciting Empathy with Seiko and Capturing New Fans through Support for Sports

Seiko's initiatives and support for competitions thus far, which have capitalized on its affinity with sports, have helped garner recognition for the Seiko corporate brand among people around the world. Going forward, we will elicit empathy from people of all ages who love sports by strengthening branding activities through sports with an emphasis on realizing the SEIKO GROUP PURPOSE, including inspiring people and bringing smiles to their faces, thereby creating new Seiko fans.



Photo by AFLO SPORT

02

Seiko Next-Generation Development Activities (Toki-iku)

The vision for "Toki-iku", the next-generation development activities unique to Seiko, entails learning about time to create the future. In addition to a program that allows participants to learn about time and timepieces in a fun way, the activities have a wide-ranging menu that includes sports, music, and the environment. We will continue to address social issues through sustainable activities that bring smiles to children's faces around the world by offering them precious experiences to encounter all things authentic.



03

Seiko's Social Contribution Activities—Connecting the Hopes of People through Music

The "Wa" Concert to Support Eastern Japan, first held soon after the Great East Japan Earthquake, has grown around Seiko's social contribution activities through music. Connecting hearts through the power of music, each iteration of the concert allows us to sense the spreading of a spirit of harmony among people. The concert to be held at NHK Hall on March 12, 2025 will mark its 50th iteration. We remain committed to pursuing its own reconstruction support activities.



04

Introducing the History of Time and Timepieces at THE SEIKO MUSEUM GINZA and Grand Seiko Museum

THE SEIKO MUSEUM GINZA, which provides an extensive introduction to both the history of our products and the history of timepieces, including Japanese timepieces, comprises part of our contribution to society, including through programs for children. In April 2024, we established Grand Seiko Museum within THE SEIKO MUSEUM GINZA to deepen the empathy of visitors with both Grand Seiko and watch manufacturing. We will further enhance our brand value by communicating the history of timepieces from Ginza, the site of our founding.

