

Message from an Outside Director



The Seiko Group's Vision for Future Growth

Hideki Kobori
Outside Director

Initiatives to Enhance the Effectiveness of the Board of Directors

In serving as an Outside Director since fiscal year 2023, I have focused on the ways in which I can contribute to sustained improvements in the corporate value of the Seiko Group as an independent third party. In particular, I have prioritized my contributions from the perspective of enhancing the effectiveness of the Board of Directors. Specifically, at meetings of the Board of Directors, which are held a dozen or so times a year, I have proactively stated my views from a third-party standpoint to ascertain whether the Board is formulating strategies from a medium-to-long-term perspective while fulfilling my responsibility to supervise business execution.

The Company seeks to enhance the effectiveness of the Board of Directors by arranging Independent Outside Officers' Opinion Exchange Meetings and conducting a questionnaire on the effectiveness of the Board of Directors for all Board members. Based on the input gained through these initiatives, the executive team identifies achievements and issues each year and reflects them in their efforts in the following fiscal year. This system is working well, and I sense that the Board of Directors is becoming more effective. The Board of Directors fully discusses, and operates in accordance with, the vision of its ideal state from the two perspectives of major operating environment developments and the demands of society and changes in the Seiko Group.

At the same time, I feel that scope remains to further deepen discussions on medium-to-long-term growth strategies looking five or 10 years ahead. Thanks to the

endeavors of the executive team, the Group is outperforming the initial targets formulated in its 8th Mid-Term Management Plan, SMILE145. Accordingly, it is vital to establish new targets and tasks while maintaining an understanding of the Company's progress over the five years of the Mid-Term Management Plan, instead of thinking in terms of individual years. The Board of Directors must shift the focus of its discussions to growth strategies from a more medium-to-long-term perspective looking ahead to the next five years, rather than focusing on the achievement of short-term plans. Discussions are also needed on the investment and resources required to achieve such strategies.

The three domains are producing results while steadily implementing their respective strategies, so the challenge is to invigorate discussions at meetings of the Board of Directors on more medium-to-long-term growth strategies and the Group's ideal future state based on a recognition of these circumstances.

In terms of adapting to social trends, the Board of Directors must promote generative AI and digital transformation (DX) and enhance its alertness to security. It also needs to further deepen discussions on strengthening human capital management with a focus on raising employee motivation and promoting the empowerment of women. In these ways, it is vital for the Board of Directors to discuss forward-looking actions to ensure the ongoing strengthening of its operating foundation.

Toward Strengthening Strategic Unity Across the Group

One of the Seiko Group's distinguishing features is that the CEO takes the lead in continually championing the Group Purpose, Corporate Philosophy, and 10-Year Vision, promoting them wherever he goes. I think that the Group's ongoing activities for instilling the vision among all employees are deserving of special mention. Precisely because it has such a culture, the Group must further discuss and clarify its vision for its future. Although the current Mid-Term Management Plan clearly sets out the Group's business vision and quantitative targets, other matters also require discussion. For example, the kind of company that the Group aims to become, along with its financial targets, capital policies, and shareholder return strategies, in 2030 or 2035. I also believe that discussing the future roles and composition of the domains would better clarify both growth

strategies for each domain and matters that need to be addressed by the Group as a whole.

In addition, as discussions currently focus on paths to growth through individual optimization in each domain, discussions on the Group's vision from the perspective of overall optimization across the Group, and the growth investment, human resource development, and governance structure for achieving that goal, seem to lack depth. Strategies, the human resources who spearhead them, and the governance and organizational structure that underpin them should be a single cohesive unit. As bolstering such foundations is not something that can be accomplished overnight, pursuing ongoing efforts to this end will become all the more important.

The History and Human Resources That Create the Seiko Group's Future

The Seiko Group is a company with a history of over 140 years. I believe that thinking about the future by examining this history holds the key to realizing the Group Purpose. Maintaining the spirit of the founder, conducting management from a medium-to-long-term perspective, and continuously transforming and taking on challenges are the three distinguishing features of companies that continue for more than a century. I am therefore keen for Seiko Group employees to become well-acquainted with the history and culture of their company. The Group's strengths include brand power refined continuously for over 140 years based on watches and the great trust society has in its products. With this in mind, I believe that employees must have thorough discussions on how to incorporate the value of time into the Group's businesses and reflect on the composition of each domain while focusing on such strengths.

I would also like to take this opportunity to touch upon the importance of enhancing the expertise of individuals from the perspective of human capital management. I have long used the term "lifelong growth," which expresses the importance of growing continuously for as long as you have the will to do so, going beyond the idea of an age-based, uniform retirement age. I am convinced that the combination of individuals working to achieve

lifelong growth by enhancing their expertise and gaining satisfaction in their work is the source of a company's growth. Having employees who all feel motivated and work enthusiastically creates vitality and energy for a company, allowing it to earn understanding and empathy from the outside world. I believe that such vitality and energy will in due course be reflected in outcomes such as business performance.

The Seiko Group is a company with a free and open atmosphere. I hope to see employees take advantage of the fact that the Group's corporate culture encourages them to communicate with each other, leading to an increase in the number of opportunities for those who will lead the Company from the bottom up over the next five or 10 years to share their views. Fostering a culture where everyone working on the front lines provides their opinions, which are then discussed by the management team, is vital, and I believe that the Seiko Group has the environment to make that happen. I look forward to seeing the Group view various developments, including the tariff issue and other challenges in the external environment, as opportunities and continue growing through an ongoing process of trial and error. In my capacity as an Outside Director, I aim to promote efforts for realizing that outcome.

Introduction of Directors & Officers (as of July 31, 2025)



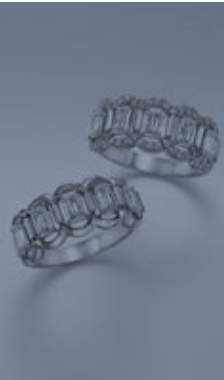
SEIKO GROUP CORPORATION

Chairman, Group CEO, and Group CCO	President	Director, Senior Executive Vice President	Director, Senior Executive Vice President	Director, Executive Vice President
Shinji Hattori	Shuji Takahashi	Akio Naito	Jun Sekine	Taku Yoneyama
Director, Executive Vice President	Outside Director	Outside Director	Outside Director	Outside Director
Yoichi Endo	Noboru Saito	Hideki Kobori	Masahiko Uotani	Shihoko Urushi
Audit & Supervisory Board Member	Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member
Takashi Nishimoto	Minoru Nakao	Hideki Amano	Masatoshi Yano	Kenji Sakurai
Executive Vice President	Executive Vice President	Senior Vice President	Senior IT-DX Officer	Senior Strategy Planning Officer
Makoto Ichimura	Hiromi Kanagawa	Hiromi Nakagawa	Osamu Kurata	Kaoru Higashihara
Senior Legal Officer	Senior HR Strategy Officer			
Yoko Watanabe	Hirokazu Asami			



SEIKO WATCH CORPORATION

Director, Chairman of the Board	President	Representative Director, Deputy Chief Operating Officer and CSO	Director, Senior Executive Vice President	Director, Senior Vice President
Shinji Hattori	Akio Naito	Minoru Ishiguro	Yoshikatsu Kawada	Akira Takakura
Director, Senior Vice President	Director, Senior Vice President	Director	Director	Director
Naoaki Tanimura	Munehisa Shibasaki	Shuji Takahashi	Kiyoko Niwasaki	Hiromi Kanagawa
Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Senior Vice President	Senior Vice President
Tetsu Matsuda	Taku Yoneyama	Takashi Nishimoto	Kiyomi Tanemura	Tatsuya Asami
Senior Vice President	Senior Vice President	Senior Vice President		
Takeshi Ono	Yukiaki Suganuma	Yoshihiko Kano		



WAKO Co., Ltd.

Chairman	President	Director, Senior Vice President	Director, Senior Vice President	Director
Shinji Hattori	Kiyoko Niwasaki	Kotaro Okajima	Naoki Tajima	Shuji Takahashi
Director	Audit & Supervisory Board Member	Senior Vice President	Senior Vice President	
Akio Naito	Takashi Nishimoto	Reiko Yamamoto	Takayuki Arai	



Seiko Instruments Inc.

President	Director, Chief Executive Vice President	Director, Executive Vice President	Director, Senior Vice President	Director, Senior Vice President
Yoichi Endo	Taku Yoneyama	Koji Tomitsuka	Kazuhisa Onishi	Tatsuo Sagami
Director	Director	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Senior Vice President
Hideo Hattori	Shuji Takahashi	Satoru Ochiai	Minoru Nakao	Makoto Matsuda



SEIKO NPC CORPORATION

President	Director, Senior Vice President	Director	Director	Audit & Supervisory Board Member
Kimio Yomogida	Hideaki Tadokoro	Yoichi Endo	Taku Yoneyama	Minoru Nakao
Senior Vice President	Senior Vice President	Senior Vice President		
Toshimitsu Ogasawara	Norio Suzuki	Shuji Sakamoto		



SEIKO Solutions Inc.

President	Director, Senior Executive Vice President	Director, Executive Vice President	Director, Executive Vice President	Director
Jun Sekine	Shimesu Takizawa	Nobuchika Matsuoka	Tomoyuki Nakayama	Shuji Takahashi
Director	Director	Director	Audit & Supervisory Board Member	Audit & Supervisory Board Member
Makoto Ichimura	Taku Yoneyama	Hideo Hattori	Akihiro Okuma	Tsutomu Konomura
Audit & Supervisory Board Member	Executive Vice President	Senior Vice President	Senior Vice President	Senior Vice President
Minoru Nakao	Tsutomu Shinkawa	Masao Nakamura	Shigeru Saeki	Hideto Nasuno
Senior Vice President				
Mitsuru Miyata				



SEIKO Time Creation Inc.

President	Director, Senior Executive Vice President	Director, Executive Vice President	Director, Senior Vice President	Director, Senior Vice President
Takeshi Ichikawa	Kazuhiko Sakamoto	Hiromi Kanagawa	Osamu Sugita	Hisaya Mito
Director	Director	Director	Audit & Supervisory Board Member	Audit & Supervisory Board Member
Shuji Takahashi	Jun Sekine	Taku Yoneyama	Kenichi Muroya	Takashi Nishimoto
Senior Vice President				
Seiki Kitagawa				



Seiko Future Creation Inc.

President	Senior Executive Director	Director	Director	Director
Makoto Ichimura	Akira Takakura	Hisashi Ujino	Taku Yoneyama	Yoichi Endo
Audit & Supervisory Board Member				
Takashi Nishimoto				

The Company dispatches its executives to serve as Directors and Audit & Supervisory Board Members at operating companies as necessary, thereby conducting appropriate oversight and auditing.

Corporate Governance

Basic Principle of Corporate Governance

Based on the principle “being a company that is trusted by society,” SEIKO GROUP CORPORATION considers “compliance with relevant laws and regulations,” “implementation of management transparency and fairness,” and “honoring social ethics” as core business goals. In order to achieve these goals, the Company will strengthen and promote its corporate governance framework and strive to achieve the Group’s sustainable growth and increase corporate value.

Basic Policy

1 Securing the Rights and Equal Treatment of Shareholders

The Company strives to develop a necessary environment that effectively ensures the rights of shareholders, including voting rights at the general meeting of shareholders, and provides them with the necessary information accurately so that they can exercise their rights appropriately. The Company is also committed to securing equality among shareholders, such as minority shareholders and foreign shareholders.

2 Appropriate Cooperation with Stakeholders Other Than Shareholders

The Company recognizes that its social responsibility is to contribute to the realization of a sustainable society through implementation of the Group’s basic principle “being a company that is trusted by society.” Under such recognition, the Company strives to cooperate appropriately with its various stakeholders, including its shareholders, customers, business partners, members of local communities, and employees.

3 Ensuring Appropriate Information Disclosure and Transparency

In order to obtain appropriate evaluation from its various stakeholders including its shareholders, and to engage in a constructive dialogue with shareholders, the Company strives to not only disclose appropriate information in compliance with relevant laws and regulations, but also disclose other information in a timely and appropriate manner so that such information would be clear and useful for the people who use it.

4 Responsibilities of the Board of Directors

The Board of Directors will engage in free and constructive discussions and exchanges of opinions, and will appropriately fulfill its roles and responsibilities for the sustainable growth of the Company and the enhancement of corporate value over the medium-to-long-term-based, including making decisions on important management matters such as business strategies, establishing an environment that supports swift and decisive decision-making by the senior management, and enhancing management supervision.

5 Dialogue with Shareholders

The Company will promote constructive dialogue with its shareholders to contribute to sustainable growth and enhancement of corporate value over the medium-to-long-term-based on “Basic Policy on Constructive Dialogue with Shareholders.”

Basic Policy on Constructive Dialogue with Shareholders

<https://www.seiko.co.jp/en/ir/management/governance/system.html#anc01>

Initiatives to Strengthen Corporate Governance

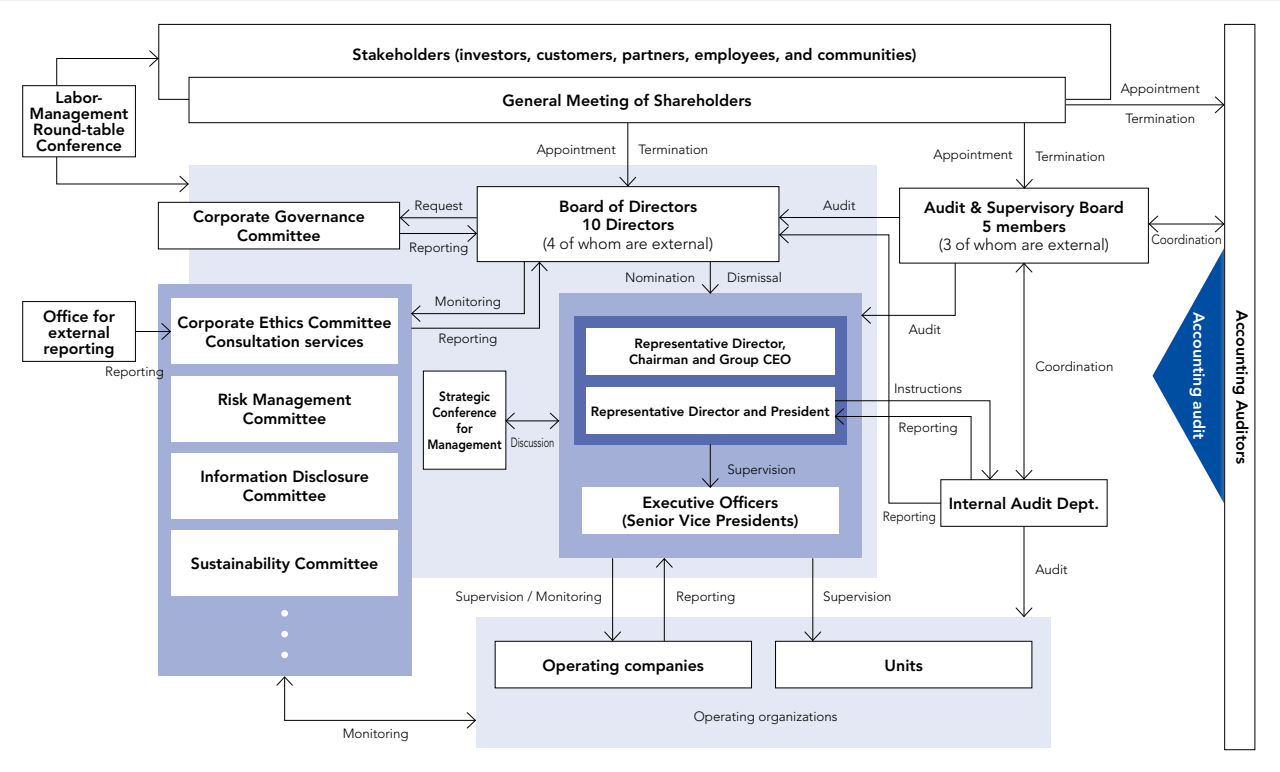
	2016–	2019–	2022–	2025–
Mid-Term Management Plan	6th	7th	8th	
Institutional design, nomination, compensation, etc.	- Inauguration of Corporate Governance Committee - Introduction of performance-linked compensation system - Formulation of successor development plan - Start of evaluation of the effectiveness of the Board of Directors	- Expansion of performance-linked compensation system to some subsidiaries - Establishment of Group risk management system	- Independent Outside Directors account for one-third of all Directors - Introduction of the System of Executive Officer (Senior Vice President) - Revision of the calculation method for performance-linked compensation (performance-linked ratio raised, non-financial indicators added to KPIs)	- Improvement of opportunities for exchanges of opinion among Independent Outside Officers (establishment of Independent Outside Officers' Opinion Exchange Meeting) - Increase in the number of Independent Outside Directors by one - Introduction of the Senior Officer System - Revision of the calculation method for performance-linked compensation (performance-linked ratio raised)
Information transmission	Disclosure of notice of general meeting of shareholders (full text) in English	Issuance of Value Report	- Implementation of a hybrid virtual general meeting of shareholders (live streaming) - Disclosure of Annual Securities Report (full text) in English	

Corporate Governance Structure

As the holding company, the Company clarifies the management responsibilities in each business and develops an organizational structure for accelerating management decision-making, enhancing the function of business execution, and strengthening the management oversight function.

The Board of Directors continually ascertains the circumstances of the operating companies and receives explanations when necessary, as well as carries out quick and appropriate decision-making. The Company holds a Strategic Conference for Management comprising full-time Directors and Executive Officers (Senior Vice Presidents) of the Company for the purpose of working to share the management policy and management information of the Group and discussing medium-to-long-term business strategies.

Corporate Governance Structure



Board of Directors

The Board of Directors is composed of 10 Directors (including one female Director), of whom four are Outside Directors. The Board of Directors, pursuant to the Regulations of the Board of Directors, is engaged in decision-making concerning fundamental management matters and important business execution, in addition to matters set forth in laws and regulations and the Articles of Incorporation, as well as the monitoring of business execution. The Company has introduced a System of Executive Officer (Senior Vice President) for the purpose of strengthening supervisory functions of the Board of Directors and accelerating the execution of business, through the separation of management decision-making and supervision from the execution of business. There are four Outside Directors who have broad experience and considerable insight in business management and in their respective fields of specialization. From their independent positions, they contribute to the improvement of management’s monitoring functions.

In fiscal year 2024, the Board of Directors focused on discussing initiatives for each strategic domain; core strategies centered on non-financial factors such as human capital and sustainability, based on the 8th Mid-Term Management Plan SMILE145 announced in May 2022; the planned development of senior management candidates; the evaluation of the effectiveness of the Board of Directors; and the reduction of cross-shareholdings, among other matters.

Audit & Supervisory Board

The Audit & Supervisory Board is composed of two Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members. Its role is to engage in discussions and make decisions on important matters relating to its audit of the Company. Audit & Supervisory Board Members audit the compliance and validity of the Directors’ business execution by participating in the Board of Directors’ meetings and other important meetings. Outside Audit & Supervisory Board Members offer necessary advice, suggestions, and opinions, making use of their broad experience and insight in business management and in their respective fields of specialization.

In fiscal year 2024, the Outside Audit & Supervisory Board mainly discussed the selection of Audit & Supervisory Board Members; the formulation of the audit policy and audit plan; the audit of the development and operational status of the internal control system; consent for the accounting auditor’s compensation; the evaluation of the accounting auditor; the audit of business reports, financial statements, and other materials; the preparation of audit reports; and discussions on Key Audit Matters (KAM) and matters related to the appointment and compensation of Audit & Supervisory Board Members.

Corporate Governance

Corporate Governance Committee

In order to enhance the objectivity and transparency of management, the Company has established the Corporate Governance Committee, in which Independent Outside Officers account for the majority of members, as an advisory body to the Board of Directors. The committee deliberates on matters relating to compensation for Officers, nomination of Officer candidates including successor development plans, appointment and dismissal of senior management such as Representative Directors, and other matters regarding corporate governance from a fair and objective perspective, and reports to the Board of Directors.

In fiscal year 2024, the Corporate Governance Committee focused on deliberating the selection of candidates for Directors and other Officers, as well as the succession plan. The committee also discussed the amount of performance-linked compensation to be paid to Officers according to their positions.

Corporate Governance Committee Members

Chairperson	Shinji Hattori
Chairman, Group CEO, and Group CCO	
President	Shuji Takahashi
Independent Outside Director	Noboru Saito
Independent Outside Director	Hideki Kobori
Independent Outside Director	Masahiko Uotani
Independent Outside Director	Shihoko Urushi
Independent Outside Audit & Supervisory Board Member	Hideki Amano
Independent Outside Audit & Supervisory Board Member	Masatoshi Yano
Independent Outside Audit & Supervisory Board Member	Kenji Sakurai

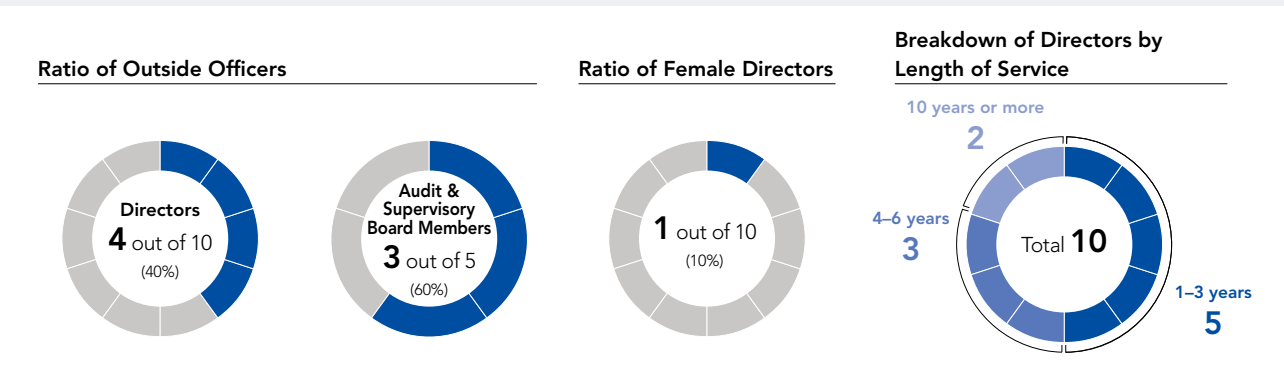
-  Sustainability Committee
https://www.seiko.co.jp/en/csr/sustainability_policy/#title02
-  Corporate Ethics Committee / Risk Management Committee
<https://www.seiko.co.jp/en/ir/management/governance/system.html#anc03>

Skills Matrix for Directors and Audit & Supervisory Board Members

Position	Name	Skills and experience							
		Corporate management	Brand culture	Marketing	Technology	Finance & Accounting	Legal & Risk management	Human resource and organizational development / DE&I promotion	Global
Director	Shinji Hattori	●	●	●					●
	Shuji Takahashi	●		●	●				●
	Akio Naito	●		●			●		●
	Jun Sekine	●		●	●				
	Taku Yoneyama			●	●	●		●	
	Yoichi Endo	●		●	●				
	Noboru Saito	●		●	●				●
	Hideki Kobori	●	●	●			●		
	Masahiko Uotani	●	●					●	●
	Shihoko Urushi	●		●				●	
Audit & Supervisory Board Member	Takashi Nishimoto					●	●		
	Minoru Nakao					●			●
	Hideki Amano					●	●		●
	Masatoshi Yano	●					●	●	
	Kenji Sakurai	●		●					●

Independent Outside Officer

Composition of the Board of Officers (as of June 27, 2025)



Evaluation of the Effectiveness of the Board of Directors

As part of efforts to strengthen and promote the corporate governance system, the Company evaluates the effectiveness of the Board of Directors, based on its Basic Principle of Corporate Governance.

Analysis and Evaluation Methods

All Directors and Audit & Supervisory Board Members were asked to fill out a questionnaire regarding the effectiveness of the Board of Directors, and replies were collected from all of them. The responses received were aggregated and analyzed by an outside consultant while ensuring anonymity.

The questionnaire was prepared based on initiatives and discussions on the Company's corporate governance to date, and the following evaluation items were set.

1. The status of deliberations and operation of the Board of Directors

2. The composition and roles of the Board of Directors
3. The support system for Outside Officers

4. The Corporate Governance Committee

5. Relationships with investors and shareholders

The analysis was conducted by external consultants based on the aforementioned process and content, and the results were reported to the Board of Directors. Using the results as a reference, the Board of Directors conducted an evaluation of its effectiveness and confirmed future measures. According to the results of the evaluation, it was confirmed that the Board of Directors of the Company was functioning properly and its effectiveness had mostly been assured. As for the issues raised in fiscal year 2024, due to taking the following measures, improvements to the issues were confirmed.

Issues for FY2024	Status of Measures
(1) Further shortening of time spent on giving explanations and enhancing time for deliberation at Board of Directors meetings	• Creation of an executive summary of materials for the Board of Directors meetings • Clarification of main materials and reference materials for Board of Directors meetings
(2) Further strengthening of overseas IR activities	• An IR activity plan, including overseas IR activities, was reported to the Board of Directors and discussions were conducted aimed at further strengthening overseas IR activities.

Issues and Future Initiatives

Based on the aforementioned results of the evaluation, opinions were expressed by Directors and Audit & Supervisory Board Members calling for further enhancement of deliberation time of the Board of Directors, promotion of strengthening information sharing, and collaboration with Outside Officers. Therefore, the Company has set these as fiscal year 2025 initiatives and will aim to further improve the effectiveness of the Board of Directors.

The Company will strive to further strengthen its corporate governance system by addressing the aforementioned issues.

Issues Raised Thus Far and Our Responses

	FY2020	FY2021	FY2022	FY2023
Issues	(1) Discussions of medium-to-long-term issues by the Board of Directors (2) Enhancing communication and information sharing among Outside Officers	(1) Discussions of medium-to-long-term issues by the Board of Directors (2) Composition of the Board of Directors as a whole (3) Feedback by investors on the Company's evaluation, etc.	(1) Enhance information sharing regarding the capital market's evaluation of the Company (2) Improvement of the Board's discussion on non-financial items such as human capital and sustainability	(1) Further strengthening of IR measures (2) Enhancing understanding of the Company and communication among Outside Officers

Responses	(1) • In addition to matters to be resolved and matters to be reported, establishment and operation of matters to be deliberated as a new agenda category for discussing key issues • Use of written reports to secure time for deliberating key issues (2) • Holding of informal gatherings and expansion of opportunities for communication between Officers and Outside Officers using prior briefings on materials for meetings of the Board of Directors • Provision of opportunities for Outside Officers to tour Group business bases and facilities and attend proposal meetings for new products • Increase in the frequency of meetings of the Corporate Governance Committee	(1) • Prioritizing and scheduling key issues • Clarifying the discussion points of the key topics (sharing the background for being placed on the agenda and discussion points, etc.) • Further reviewing the allocation of discussion time and improving prior explanations (2) • Conducting discussions on the diversity of the expertise, experience, etc., of the members comprising the Board (3) • Improving the reports on the status of IR activities at the Board of Directors	(1) • Reporting the status of IR activities, including communication with investors, to the Board of Directors, and discussing future IR measures, etc. • Sharing analyst reports issued after financial results announcements with Outside Officers on a quarterly basis (2) • Reporting and discussing the progress of the Mid-Term Management Plan on human capital and sustainability to the Board of Directors	(1) • Reporting IR measures to the Board of Directors and discussing further strengthening of IR measures (2) • Tours of major facilities, meetings with employees to exchange opinions, etc. • Holding of Independent Outside Officers' Opinion Exchange Meeting solely for Outside Officers (scheduled to be held twice a year in the future) • Sharing of internal training for Officers with Outside Officers
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Corporate Governance

Compensation for Officers

Basic Policy of Compensation for Officers

For determining compensation for Officers of the Company, the basic policy is as follows:

- To ensure transparency and objectivity of compensation as well as to set the compensation level appropriate for their roles and responsibilities.
 - To encourage the execution of duties in line with the management philosophy and management strategy, and to motivate the achievement of management objectives, in order to achieve the sustainable growth of the Company and the Group and to enhance corporate value in the medium-to-long-term.
- The level of compensation for Officers is determined based on results of the survey on compensation for Officers by third parties targeting similar companies in terms of business content and scale, etc.

Compensation System for Officers

Compensation for Directors who execute business duties consists of “basic compensation,” which is a fixed compensation, and “bonuses” (short-term incentive compensation) and “stock compensation” (medium-to-long-term compensation), which are performance-linked compensation.

Performance indicators related to performance-linked compensation shall consist of the significant management indicators set forth in the 8th Mid-Term Management Plan SMILE145 for the five years from fiscal year 2022 to fiscal year 2026.

Type of Compensation, etc.		Policy for Determining the Contents and Amounts of Compensation, etc.	Performance Indicators
Fixed compensation	Basic compensation	Basic compensation shall be monthly fixed compensation. The amount shall be determined by taking into account comprehensive factors, while considering the level of peer companies and the length of service, etc., according to their roles and responsibilities.	—
Performance-linked compensation, etc.	Bonuses	For bonuses, a standard payment shall be the amount obtained by multiplying the basic compensation by a coefficient determined for each position. The individual payments for Chairman and President shall be determined by multiplying the standard payment by the payment ratio according to the performance achievement ratio. The individual payments for Executive Directors other than Chairman and President and Executive Officers (Senior Vice Presidents) shall be determined by adding the amounts obtained by multiplying the standard payments by the payment ratio according to the performance achievement ratio, to the amounts obtained by multiplying the standard payments by the payment ratio based on qualitative evaluations. Bonuses shall fluctuate in the range of 0% to 200% depending on the degree of achievement of the target values.	1) Consolidated operating profit 2) Consolidated gross profit margin 3) Evaluation of individuals
	Stock compensation	For stock compensation, points obtained by converting the individual benefits into the number of shares shall be granted each fiscal year. The individual benefits shall be the amounts determined by adding the standard benefits (fixed portion) obtained by multiplying the basic compensation by a coefficient determined for each position, to the amount obtained by multiplying the standard benefits by the payment ratio based on financial and non-financial (ESG) evaluations (performance-linked portion). The performance-linked portion of the stock compensation shall fluctuate in the range of 0% to 200% depending on the degree of achievement of the target values. The guideline for the ratio of the fixed portion and the performance-linked portion shall be 50%, respectively (when the performance achievement ratio is 100%).	1) Consolidated operating profit 2) Consolidated gross profit margin 3) Consolidated ROIC 4) Evaluation of ESG: CO ₂ emissions reduction rate (Scopes 1 and 2), etc.

Compensation Ratio of Each Type

With regard to the compensation ratio of each type for Executive Directors and Executive Officers (Senior Vice Presidents), the level of peer companies shall be considered so that it will be an appropriate ratio as an incentive to contribute to the enhancement of the corporate value of the Company. After being deliberated on by the Corporate Governance Committee, a majority of the members of which are independent Outside Officers, and serves as an advisory body for the Board of Directors, the said policy shall be determined at the Board of Directors based on the deliberations. The guideline for the compensation ratio of each type shall be shown on the right (when the performance achievement ratio and the payment ratio based on qualitative evaluations are 100%).

Representative Directors



Executive Directors other than Representative Directors



Executive Officers (Senior Vice Presidents) who are not Directors



Appointment and Dismissal of Senior Management and Nomination of Candidates for Directors and Audit & Supervisory Board Members

The Company believes that it is essential that candidates for senior management, Directors, and Audit & Supervisory Board Members have the character and knowledge suitable for their respective duties. Based on this concept, in the appointment of senior management and the nomination of candidates for internal Directors, comprehensive consideration is given from the standpoint of appointing the right person for the right position, so that talent is appointed in a well-balanced manner to cover functions of the Company as a holding company as well as the Group’s business fields, while ensuring accurate and timely decision-making.

In the nomination of candidates for internal Audit & Supervisory Board Members, comprehensive consideration is given from the standpoint of whether the candidate possesses knowledge of the Group’s businesses as well as insight regarding finance, accounting, and legal affairs, and whether the candidate can contribute to ensuring the soundness of management.

In the nomination of candidates for Outside Directors, comprehensive consideration is given from the standpoint of whether the candidate possesses abundant experience and a high degree of knowledge of corporate management and specific fields.

In the nomination of candidates for Outside Audit & Supervisory Board Members, comprehensive consideration is given from the standpoint of whether the candidate possesses insight regarding finance, accounting, and legal affairs, as well as abundant experience and a high degree of knowledge of specific fields.

Based on the above policy, the Board of Directors determines the candidates proposed by the Representative Directors, upon deliberation by the Corporate Governance Committee, the majority of which comprises independent Outside Officers. In addition, with regard to the dismissal of senior management, in situations in which dismissal standards determined by the Board of Directors apply, such as when senior management is not fully fulfilling his or her function in light of evaluations including the Company’s performance, the Corporate Governance Committee conducts deliberations in a timely manner, and the Board of Directors, based on the results of such deliberations, determines the dismissal of senior management.

Support System for Directors and Audit & Supervisory Board Members

The Company deliberates on, mediates, and provides monetary support for the necessary preparation and guidance, such as seminars conducted by outside organizations, for Directors and Audit & Supervisory Board Members, at the time of their appointment and thereafter, in order for them to acquire the knowledge and information needed to fulfill their roles and responsibilities. As part of providing information to Outside Directors and Outside Audit & Supervisory Board Members, the Company invites them to attend inspection tours of an exhibition of watches which proposes a collection of new products and examples of merchandise on display at stores and to visit customer watch retailers, as well as its business locations, and holds Independent Outside Officers’ Opinion Exchange Meetings.

Cross-Shareholdings

From the perspective of improving the corporate value of the Group in the medium-to-long-term, the Company has adopted a policy to reduce shares that are deemed to be of no significance, comprehensively taking into consideration the Company’s management strategy, business relationships with clients, and the benefits and risks, etc., associated with the holding of such shares in view of capital costs.

The Company’s Board of Directors verifies each year the rationale for all listed shares held as cross-shareholdings by the Group through examination of the importance of the issuer as a business partner and the benefits and risks of shareholdings in light of capital costs and other factors. Most recently, an individual verification was conducted at the meeting of the Board of Directors held in September 2025. With regard to certain shares, which were determined to be of no significance or lacking in rationale to justify their continued holding, the Company is proceeding with discussions toward their disposal.

Based on the above policy on cross-shareholdings, the Company sold a portion of its cross-shareholdings and one stock among the cross-shareholdings held by a subsidiary in fiscal year 2024.

Standards for Exercising Voting Rights on Cross-Shareholdings

With regard to the exercise of voting rights on cross-shareholdings, the Company exercises its voting rights, upon fully respecting management policies and strategies, etc., of the issuing company, by comprehensively determining whether the proposal contributes to the sustained growth and the medium-to-long-term enhancement of corporate value of the issuing company, and whether or not it undermines shareholder value, among other factors. In addition, in making such decisions for particularly important proposals, the Company holds dialogue with the issuing company, as necessary. The proposals deemed important by the Company are as follows.

- Proposals on appointments of Directors and Audit & Supervisory Board Members
- Proposals on reorganization of corporate structure including mergers
- Proposals on takeover defense measures
- Other proposals that may undermine shareholder value

Internal Control System

The Company, in accordance with its basic policy on the internal control system, has established a Group-wide internal control system, including the Group’s business management, corporate ethics, compliance with laws and regulations, risk management, and internal audits. Furthermore, the Company monitors the operational status of internal controls and periodically reports the results to the Board of Directors.

Risk Management

The Seiko Group identifies Group Significant Risks and works to maintain and strengthen its risk management structure to quickly and appropriately address a variety of business risks in relation to the operation of its businesses.

Group Risk Management Structure



In order to perform centralized management of risks that could greatly influence the Group’s business, the Seiko Group is engaged in the development and strengthening of the risk management structure for the entire Group as well as responses to risks that must be addressed in a cross-organizational manner, led by the Risk Management Committee, with the president of the Company as chairperson. In addition, each operating company independently promotes risk management, while the Company’s Risk Management Committee supports the risk management at each company through collecting risk information and managing the status of responses to the risks.

Furthermore, for the smooth promotion of Group risk management in close cooperation and coordination among the Group, the Group Risk Management Committee, made up of the presidents of each operating company, has been established to verify and share information on the risks facing the Group.

The Company has also established the Crisis Management Manual in preparation for times of crisis. In normal times, the Company has set out a system capable of responding to crises, such as prompt collection of the necessary information for an appropriate response.

For more detailed analysis of climate-related risks, the Sustainability Committee conducts scenario analysis to identify, assess, and resolve particularly impactful climate change risks for Group companies, and is implementing measures to address these risks with each Group company.

In addition, the Corporate Ethics Committee chooses the risks to focus on addressing based on information that it collects both internally and externally regarding corporate ethics and compliance risks. The committee then promotes risk countermeasures while cooperating with Group companies.

Business Risks

Risks that may seriously affect the operating results and/or financial position of the Group are outlined on the right. The Group considers brand-impairment risks and risks that affect the safety and health of employees and others to be critical risks. Both are medium-term risks, apart from the risks that have a significant impact on the business results in the short term.

- (1) Risks associated with economic fluctuations and other changes

(2) High dependence on procurement from specific suppliers

(3) Market environment of the DS Business

(4) Country risks pertaining to manufacturing bases overseas

(5) Dependence on sales to major customers

(6) Shortages and increase in prices of resources
- (7) Quality issues and production liability

(8) Intellectual property rights

(9) Currency exchange rate fluctuations

(10) Interest rate fluctuations

(11) Market price fluctuations

(12) Environmental issues

(13) Information security

(14) Natural disasters and impacts of infectious diseases

(15) Compliance risks

Initiatives to Address Significant Risks

The Group defines risks that could cause tremendous loss in business terms to the management of each Group company as Significant Risks. The Risk Management Committee of each Group company selects the Significant Risks each fiscal year and addresses them led by the departments responsible for the risks.

The Corporate Ethics Committee and the Sustainability Committee address Significant Risks that could have a major impact on compliance and sustainability, respectively.

The SEIKO GROUP CORPORATION Risk Management Committee selects Group Significant Risks as Significant Risks to be addressed on a Group-wide basis from among these Significant Risks, establishing measures to prevent and address Group Significant Risks.

The Group Risk Management Liaison Committee, comprising risk management personnel from Group companies, supports the promotion of measures to address the Significant Risks of each Group company through collaboration and cooperation among all Group companies.

Group Significant Risks for Fiscal Year 2025

The Seiko Group has designated the following three risks as Group Significant Risks, as it did for fiscal year 2024. In fiscal year 2025, the Group will focus on issues identified through the confirmation of actual situations and the implementation of effectiveness evaluations in the previous fiscal year and take measures to address them.

Major Themes	Activities to Address Risks
Operational risks due to IT problems (such as cyberattacks) and major IT infrastructure issues	- Examination of the state of security and IT organizations - Examination of the state, including the structure and roles, of the Company-wide management of information assets to be protected - Measures to address information security in the management of personal information - Examination of integrated monitoring to detect incidents - Revision of structure and regulations for security
Leaks and theft of personal Information	Examination of the adoption of a personal information management system through outsourcing
Natural disaster and accident risks that require business continuity plans (BCPs)	- Implementation of Group joint regular drills to enhance initial response effectiveness - Implementation of Group business continuity management (BCM) to continuously enhance the effectiveness of business continuity plans (BCPs) at major Group companies - Evaluation of the validity and effectiveness of BCPs at major Group companies. Efforts to address key issues identified in the evaluation, such as through the revision of BCPs and formulation of new plans and the implementation of simulation exercises to ensure the effectiveness of BCPs

In light of the increasing number of cases where corporate and brand value have been damaged by scandals caused by corporate governance failures, and the growing risk of variations in governance standards among Group companies due to an increase in their number as a result of business expansion, the Group recognizes that it must reexamine the current state of its governance structure.

In its supply chain, the Group also acknowledges that Group businesses that are highly dependent on specific business partners face the risk of significant impact resulting from changes in business relationships with such partners.

Against this backdrop, the Group has newly designated the following two risks as additional Group Significant Risks.

Major Themes	Activities to Address Risks
Risks of damage to corporate value due to governance failures	- Reviews of the development status of governance management structures at the domestic and overseas subsidiaries of operating companies - Establishment of governance management structures at companies where the development of such structures is inadequate - Confirmation of the implementation status of operational audits - Establishment of a reporting system for cases of legal and corporate ethics violations within the Group, particularly overseas, and the review and improvement of the system’s operational status
Risks of dependence on specific suppliers in the supply chain	- Selection of key components purchased by Seiko Group manufacturing companies - Review and implementation of short-term measures to address the procurement of key components - Review and implementation of long-term measures to address the procurement of key components

For fiscal year 2025, the Group has designated the aforementioned five risks as Group Significant Risks and will establish and implement measures to address them.

SEIKO GROUP CORPORATION has established the Corporate Ethics Action Guidelines based on its Basic Principles of Corporate Ethics and consistently promotes training, awareness-raising efforts, consultations, reporting, auditing, and evaluations in accordance with these guidelines.

With adherence to laws and respect for social ethics as its starting point, the Company has created sound and sensible corporate ethics to enable it to fulfill its social responsibilities as a company. The Company has set forth its Basic Principles of Corporate Ethics, which takes this approach as its basic stance. Under these principles, the Company has established the Corporate Ethics Action Guidelines to create and practice corporate ethics that can be learned and embraced by every officer and employee and accepted by society at large.

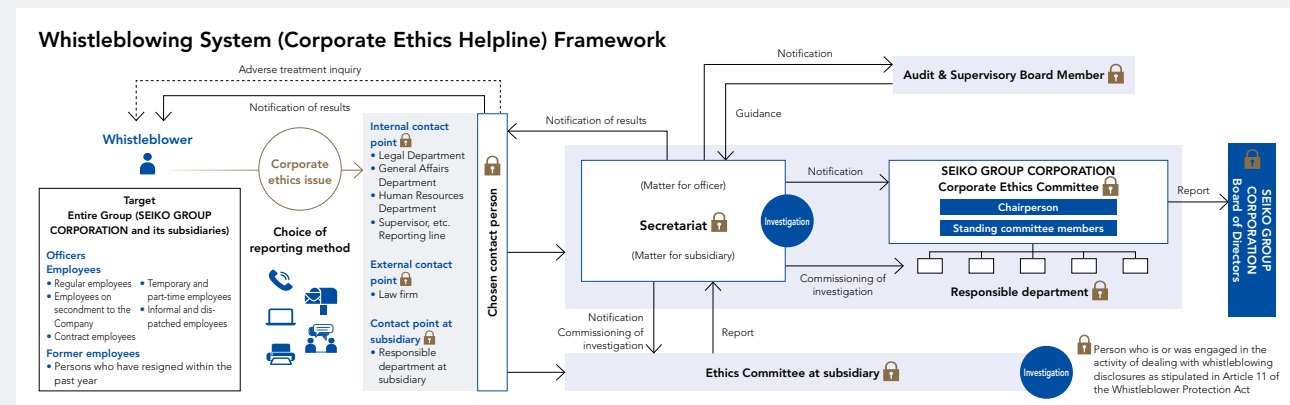


In accordance with its Basic Principles of Corporate Ethics, the Company has established the Corporate Ethics Committee and consistently promotes training, awareness-raising efforts, consultations, reporting, auditing, and evaluations for officers and employees. Group companies have also established corporate ethics structures and created codes of conduct according to their own business characteristics and relevant laws. In the event of a corporate ethics issue arising at a Group company, the Group companies in question take responsibility for addressing the issue. The Company provides comprehensive cooperation and support to address the issue as requested by the Group companies.

The Company holds corporate ethics training on an ongoing basis for officers and employees as an initiative for strengthening corporate governance and its compliance structure, which it has defined as one of its issues of materiality. In fiscal year 2024, the Company held seminars for officers and employees at Group companies on the topics of the protection of personal information and the Subcontract Act and the Freelance Act. In the first half of fiscal year 2025, the Company will work to strengthen its compliance structure by holding a seminar on harassment.

The Company conducts audits led by the Internal Audit Department to confirm the maintenance and promotion status of its compliance structure on a regular basis. Internal control system audits under the Companies Act confirm the establishment and dissemination of basic policies and codes of conduct in relation to compliance and the implementation status of risk management structures at eight large companies, including the Company, as prescribed by the Companies Act.

The Company has established a Corporate Ethics Helpline as a contact point for consultations and reports from employees regarding issues related to corporate ethics and compliance. In addition to this internal contact point, the Company has set up an external contact point at a law firm, thereby putting in place an environment that facilitates consultations and reports in support of users of this system. Moreover, the Company accepts consultations and reports more broadly than the scope covered by the whistleblower system stipulated in the Whistleblower Protection Act and strives to address a wide range of issues. To ensure that helpline users are not subjected to adverse treatment on the grounds of making a consultation or report, the Company strictly controls the user's information and the details of consultations and reports.



The Group is committed to engaging in dialogue with its shareholders and investors to contribute to sustainable growth and medium-to-long-term corporate value improvement. In addition to disclosing information in a timely and appropriate manner, the Group strives daily to improve the usefulness of this disclosed information for everyone who uses it, keeping in mind honest and transparent communication.

Going forward, the Group will continue to build strong relationships of trust through dialogue with shareholders and investors.

Major IR Activities (FY2024)											
Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	4Q financial results briefing for the previous fiscal year				- Overseas roadshows - Business briefings		2Q financial results briefing - Issuance of Value Report - Business briefings	Small meetings with the President		3Q financial results briefing	
Participation in conferences sponsored by securities companies in addition to holding individual interviews throughout the year											
		General Meeting of Shareholders		1Q financial results briefing - Facility visits							

Target	Activities	Frequency	Responsible Person	Holding Method, Theme, etc.
Shareholders	General Meeting of Shareholders	June 2024	—	Implementation of a hybrid virtual General Meeting of Shareholders (live streaming)
Institutional investors / Analysts (Japan and overseas)	Financial results briefings	4 times	CEO, President, Officers in charge of domains, Officer in charge of IR	The financial results briefing in May 2024 was held under a hybrid format while other financial briefings were held online. Briefing materials and summary of Q&A are disclosed on the Company's website (Japanese and English).
	Business briefings	Twice	Presidents of operating companies	Theme (September): Luxury brand strategy Theme (November): SS Domain growth strategies in the latter stage of SMILE145
	Small meetings with the President	Once	President	Enhancement of dialogue between the President and institutional investors
	Individual interviews	187 times	Officer in charge of IR	Online or face-to-face dialogue
	Investor relations (IR) activities overseas (individual visits)	Once	President, Officer in charge of IR	Holding of interviews for senior management to meet with overseas institutional investors Visited Singapore
	Conferences sponsored by securities companies	Twice	Officer in charge of IR	We participate in conferences held by securities companies to create opportunities for dialogue with new investors.
	Facility visits	Once	Facility manager	Various facility tours held to promote understanding of the Group Visited “Grand Seiko Studio Shizukuishi”

- Enhancing communication on management strategies
- Identifying new individual investors
- Strengthening overseas IR activities
- Redesigning IR website



The Group shares the contents of questions and comments from individual interviews with investors and analysts with management and related departments on a monthly basis, and also shares analyst reports issued by securities companies. Furthermore, IR activities are reported to the Board of Directors once a year.

Under the ongoing SMILE145, the 8th Mid-Term Management Plan, the Group has also considered the opinions of investors and analysts in disclosing cash allocation and setting ROIC and ROE as KPIs, and the Group has worked to expand the disclosed information in financial results briefing materials and enhance the content in Value Reports.

