

Research and Technological Development

Our founder's spirit of "Always one step ahead of the rest"  
 Craftsmanship leading to cutting-edge technologies

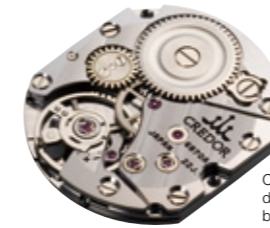
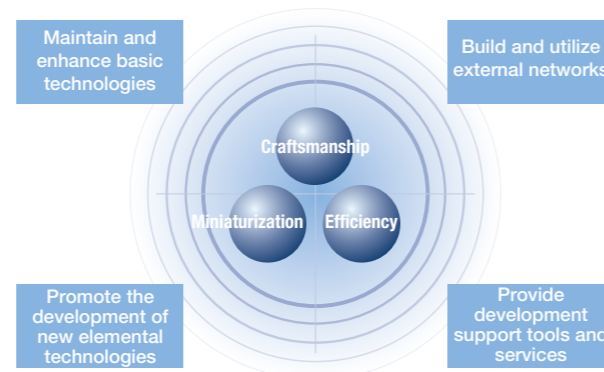


"Craftsmanship, Miniaturization, Efficiency" is a technological philosophy that means: "Craftsmanship" creates new value based on our advanced techniques and know-how. "Miniaturization" reduces product size through precision processing and high-density assembly technologies. "Efficiency" promotes the most efficient use of all resources including energy.

The technological philosophy of "Craftsmanship, Miniaturization, Efficiency" leads to **research and development and production engineering technology capability**

Since its establishment in 1881, the Seiko Holdings Group has been involved in clock and watch production as a Japanese manufacturer. The principles that have formulated the foundation of the Seiko Holdings Group during this time are "Craftsmanship" for creating new value based on our advanced techniques and know-how, "Miniaturization" for reducing product size through precision processing and high-density assembly technologies, and "Efficiency" for promoting the most efficient use of all resources including energy. Mastering technologies based on these principles of "Craftsmanship, Miniaturization, Efficiency" has enabled us to assemble more than 200 components and develop technologies for the stable manufacturing of high-quality watches. We have simultaneously researched how to miniaturize and improve the precision and power consumption efficiency of each component, such as the small gears used in mechanical watches and the crystals, semiconductors, and batteries used in quartz

watches. These efforts have increased our development capability that leads to the creation of new products and technologies unique to the Group. In addition to this advanced development capability, the innovations in production engineering technologies that we have pursued over long years have led to the birth of cutting-edge technologies, such as our ability to assemble movements at a high speed of less than one second per movement. The Seiko Holdings Group will continue to pass on its production engineering technology capability to the next generation and develop future technologies for a new age.



Caliber 68 Series dedicated movement for Credor boasting one of the thinnest designs in the world

Producing thin and compact watches with **advanced assembly and machining technologies**

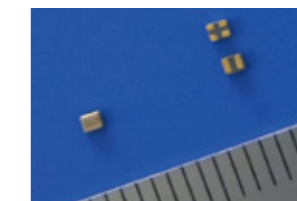
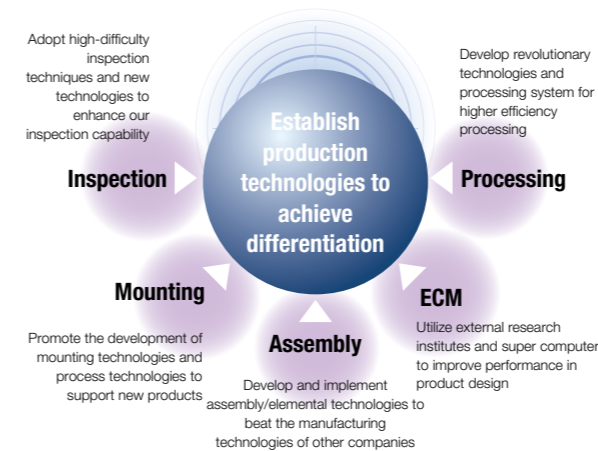
The precision technologies common to our products were born from the integrated assembly, adjustment, and casing conducted during our in-house watch manufacturing. Our compact and thin watches condense all the elements required to mark the passage of time into a tiny package. We take pride in the fact that we are a true manufacture d'horlogerie as we have the high capability required to consistently produce these major components in-house. For example, with the Caliber 68 Series products that are one of the thinnest movements in the world, our expert craftspeople perform final finishing with their fingertips to perform shape adjustment at a precision of hundredths of a millimeter and hinge adjustment to ensure the appropriate gap between components. We have also developed various mechanisms for improving the precision of timing, such as the Mechanical Hi-Beat and quartz mechanisms.

Technology born from watch manufacturing for **precision processed parts and electronic device products**

The Seiko Holdings Group utilizes its precision processing technologies cultivated in watch manufacturing to develop and provide key parts and modules with stable quality to various industries, such as ABS parts for automobiles, printing devices, hard disk components, medical components, and smartphones. This is also thanks to the technological capability we have cultivated via integrated in-house production since the founding of our company. For example, we have achieved robust industrial inkjet print heads that continuously eject ink quickly and accurately at intervals of approximately 70 microns. This was made possible by our technological capability to perform stable and high-precision manufacturing. Furthermore, telecommunication systems that accurately and seamlessly connect devices are required for the coming IoT society. We have developed the smallest crystal oscillators in the world that remain practical with a thickness of 0.5 mm, as well as manganese-silicon type lithium rechargeable microbatteries (MS621R) that enable reflow mounting.

Production management systems of in-house manufacturing lines give birth to **systems solutions**

We also develop time servers and master clocks that support the stability and fairness of lifestyles via the stable supply of time information, which is a common lifestyle infrastructure, as well as time authentication, financial and logistics software, and environment monitoring/building management systems, etc. Our time servers maintain the accuracy of the time running in computers and network devices in the field of IT. This improves the reliability of transactions between companies such as financial institutions, and customers also adopt our systems for the management of electronic data that requires accurate times, such as digital medical records at medical institutions.



Ultra compact SMD type crystal oscillator A mere 1.2 x 1.0 mm and maximum thickness of 0.5 mm One of the smallest in the world that remains practical



RC1536 series inkjet head Supporting the high productivity requires for industrial printers with a unique ink circulation system and high ejection pressure

## Research and Technological Development

### Technology succession and global engineer training

The Seiko Holdings Group has adopted a "professional system" for passing on the skills and techniques cultivated in our manufacturing of products such as watches and precision components to the next generation. This system certifies highly skilled employees in various positions as specialists or "meisters" and is systematically implemented to perform assessment and remuneration according to technical standards, train successors, and pass on skills in order to raise the level of specialization and ensure that skills and techniques are carried on. Since establishing an overseas manufacturing subsidiary in the 1960s, the Seiko Holdings Group has gained long years of experience as a pioneer in global manufacturing for a Japanese company. We also promote and train local employees as executives and focus on improving the technical development capability of local employees to cultivate a large number of excellent engineers.



### Creating new fields of business

The Seiko Holdings Group also actively pursues product development in new fields. For example, we also work on research and development of new technologies and new businesses that target new growth fields where we can utilize our strengths. In regard to image processing technologies, we promote development and fundamental research via the promotion of ICT such as 3D-CAD, and develop equipment such as automatic inspection devices via image processing. We are also working to develop AI learning for sign prediction systems and high-precision time synchronization solutions, as well as enhance our IoT solutions. We speed up this development via initiatives such as design-based thinking and open innovation.



## TOPICS

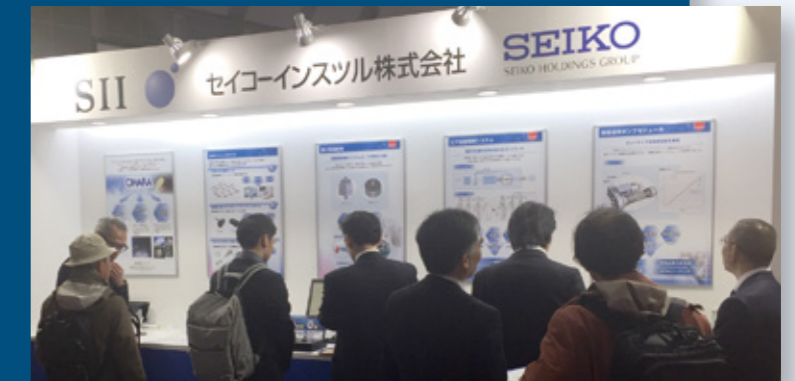
### Developing leading technologies in a wide range of businesses

#### Development of new technology/ first exhibit at MEDTEC

In March 2019, we collaborated with Ohara Inc. to exhibit for the first time at Medtec Japan 2019, Asia's largest tradeshow for the design and manufacture of medical devices. There we exhibited a "trace liquid feeding pump module" for use with devices such as insulin pumps for diabetes treatment, which we had been working on and developing for commercialization. The "trace liquid feeding pump module" is a compact portable medical device for the continuous injection of liquid medicines in order to improve the QOL of patients, and achieves miniaturization and improved precision and power consumption efficiency by utilizing our strength of Craftsmanship, Miniaturization, and Efficiency. We will continue to promote our unique technologies in the growing market of the medical device industry.

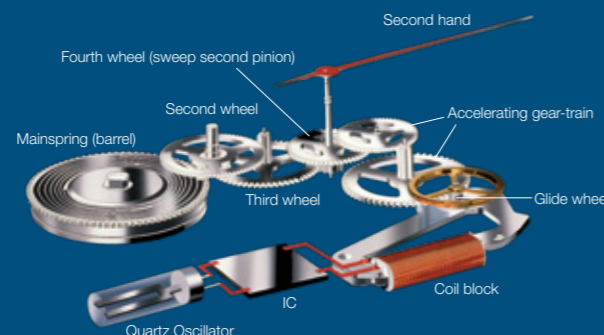


Trace liquid feeding pump module



### Spring Drive

In the pursuit of precision in mechanical watches, we provide watches with ingenious mechanism called the Spring Drive to replace the regulator and escapement, in order to completely eliminate errors due to friction between the pallet fork and the escape wheel. Although it is a mechanical watch that uses the force of an unwinding spring to drive the gear train, it does not use a balance, a pallet fork, or an escape wheel. Instead, an IC applies a magnetic brake on the rotation of the last wheel of the gear train, based on a signal provided by a quartz oscillator, to precisely control the rotational speed at 8 Hz. Through this mechanism, the Spring Drive achieves the same level of precision as a quartz watch.



### Color tones appealing to the emotions/ the first practical application of anodization technology in wristwatches

We have utilized our unique technologies such as mirror finishing cases, zaratsu polishing, and multiple face cutting to elevate a uniquely Japanese sense of beauty to a high-quality watch. We have also successfully adopted anodization technology in watch components for the first time in the world to achieve high resistance to discoloration and wear. This also enables us to achieve the color tone intended by the designer in the required locations without the need for coloring agents. This technology generates an artificial oxide film via a metal electrolysis process to generate color via light interference, and since this process requires particular control of the oxide film thickness, we were able to achieve it thanks to our high-precision component processing technologies and surface processing technologies cultivated over our long years of watch manufacturing.



The bezel text is finished in gold via a laser anodization process. This means no peeling or discoloration.



The rotor is finished with a multi-color gradation via an anodization process. Depicts the light of dawn rising from the darkness of night.

Branding Strategy

Moving ahead. Touching hearts.  
For Playfulness, excitement and a sense of thrill.

Seiko has continued to provide the world with more than just products, services, and technologies. To demonstrate our strong commitment to "Moving ahead and Touching hearts," we seek to support and encourage those with real passion in the areas of sport, where athletes strive for new achievements in time and scores, and music, which provides people with quality time and uplifting experiences. In this, we wish to share fun and excitement with the world, and thereby aim to improve our brand value as a company that appeals to human emotions in a manner that transcends generation and language.

心動かす時と共に  
SEIKO HEART BEAT Magazine



Enhancing Digital Communication

In order to create contact points with people who are not familiar with Seiko, we utilize SNSs and have started a new Web magazine called "SEIKO HEART BEAT MAGAZINE" on our website (available only in Japanese). The magazine includes articles regarding sports, music, and the businesses of our Group companies.



SPORTS

Sports branding

We continuously enhance our brand investment to strengthen the image of "sports timing = SEIKO."

IAAF World Athletics Championships, the pinnacle of athletics.

Seiko supports the championships by measuring accurate time as the Official Timer of the event. Starting in 1985, we have now been in charge of timing and measurement at 16 consecutive championships as of the IAAF World Athletics Championships Doha 2019. Seiko strives to be a partner that understands the feelings of people that are serious about facing the challenges of sport as we support timing at various competitions, both professional and amateur.



IAAF World Athletics Championships Doha 2019



2019 Japan Open



2019 World Judo Championships

Radio program

SEIKO SOUND STORAGE

This monthly J-WAVE radio program invites famous guests active in various circles to hear about their music and life.



Music program

Seiko presents Sound Inn "S"

Our Sound Inn "S" music program spotlights various artists, from the young and upcoming to established talent. Talk and sound deliver quality time and emotions that transcend the boundaries of generation, genre, and language.



Co-sponsored events

Each year, Seiko sponsors many sports events and provides timing and measurement with millisecond precision to convey the dynamics and emotions of each moment.

Major events co-sponsored by Seiko (FY2019)

Athletics	Seiko Golden Grand Prix (Osaka)	Gymnastics	All-Japan Artistic Gymnastics Championships (Tokyo)
	IAAF World Athletics Championships (Doha)		Judo
Marathons	Mumbai Marathon (India)	Figure skating	NHK Trophy (Sapporo)
	Tokyo Marathon (Tokyo)		Fencing
Swimming	Japan Swim (Tokyo)	Tennis	Toray Pan Pacific Open Tennis (Osaka)
	Japan Open (Tokyo)		

TEAM SEIKO

Team Seiko was formed in 2018 with athletes Ryota Yamagata and Chisato Fukushima, swimmer Masato Sakai, and trampolinist Ginga Munetomo. They work hard together with friendly rivalry.

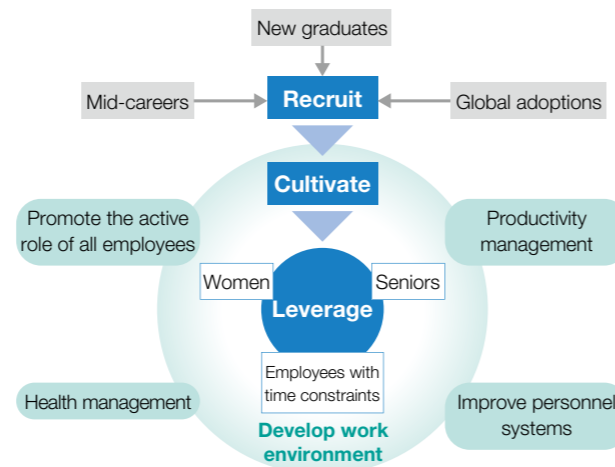


Human Resources Strategies

# Aiming for sustainable growth of the Group by creating a virtuous cycle of "recruiting," "cultivating," and "leveraging" human resources

## Basic policy

In the 7th Mid-Term Management Plan of the Seiko Holdings Group, the basic policy of our human resources strategy involves preparing an environment where personnel with diverse senses of value can work enthusiastically, aiming for sustainable growth of the Group by creating a virtuous cycle of "recruiting," "cultivating," and "leveraging" human resources. We have established an "Employee Empowerment Committee" to promote further diversity across the entire Group, promote the sharing of information and exchange of opinions, and prepare a workplace environment where all employees can play an active role, including women, seniors, and employees with time constraints, while also promoting initiatives for improving productivity and health management.



## Health management

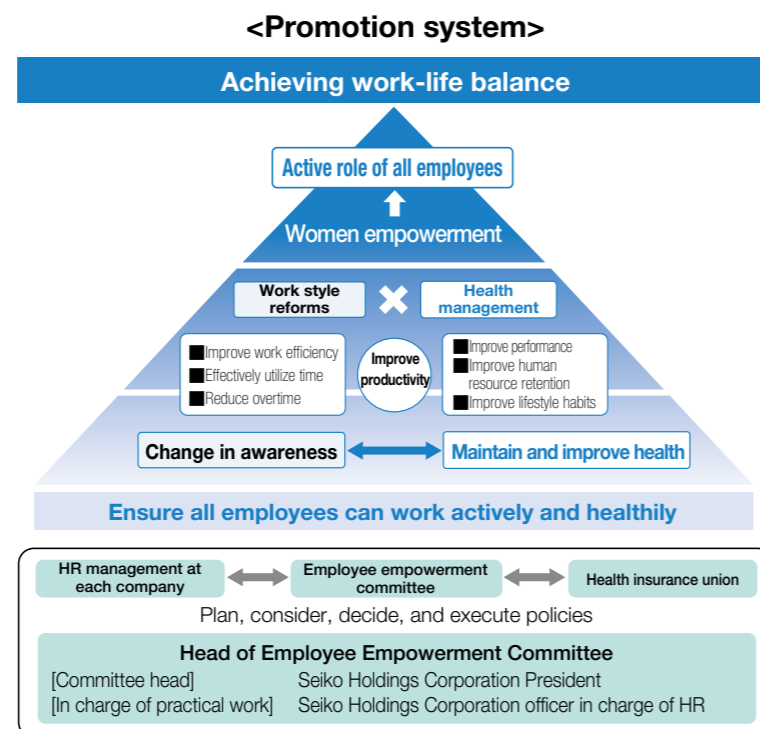
The Seiko Holdings Group started initiatives for promoting the empowerment of women from fiscal year 2013, and has expanded to activities for promoting the active role of all employees and work style reforms from fiscal year 2017. From fiscal year 2019, we have added the perspective of health management to our initiatives for promoting the active role of all employees, and the Employee Empowerment Committee, HR management at each company, and health insurance union work together to achieve this goal.

### <Declaration of health management>

The driving force behind further growth at Seiko is each and every one of our employees. A company cannot develop without human resources. Seiko considers human resources to be our greatest asset and actively strives to maintain and improve employee health. We also strive to maintain an environment where all employees can work actively and continue to aim for the continuous growth of the Group.

中村吉伸

Yoshinobu Nakamura  
President  
SEIKO HOLDINGS CORPORATION



## Supporting the development of employees' abilities

In addition to stratified training, we provide various opportunities for improving the motivation and skill of our employees, such as executive candidate cultivation and career training. We also focus on cultivating global human resources, and hold seminars for deepening cross-cultural

understanding as well as giving our younger employees English conversation lessons by outside teachers.

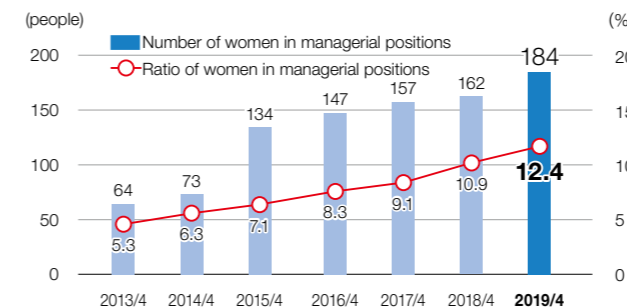


English conversation lesson

## Promoting the active role of all employees

### Improving the ratio of women in managerial positions

In regard to the empowerment of women, we have held training and seminars, transmitted information via a Group intranet, and adopted various systems from FY2013 and continue to do so. The 7th Mid-Term Management Plan sets a goal of 15% women in managerial positions in Japan and strives for further promotion of women empowerment.



### Vitalization of senior human resources

The revised Act on Stabilization of Employment of Elderly Persons of Japan was enacted in April 2013 and, in principle, all persons wishing to work will be offered continuous employment (by the Company) until the age of 65. The Seiko Holdings Group is striving to energize our senior staff members with initiatives that encourage them to change their mindsets and recognize that they are "trusted key personnel" that the Company needs and who can leverage their vital capabilities in terms of accumulated knowledge, personal connections and specialized skills.

## Safe, pleasant work environment

### Safety and health management

Seiko Holdings Corporation fully implements the safety and health management regulations specified in the Labor Standards Act, Industrial Safety and Health Act and other legal provisions of Japan relating to safety and health. We aim to ensure the safety and health of employees through such means as appointing persons in charge of overall safety and health, health supervisors and industrial physicians, providing periodic health checks and establishing the Health Committee.

### Parental leave and parental shortened working hours

The Seiko Holdings Group is making efforts to ensure a good balance between work and childcare for employees eligible for parental leave. We offer a program of reduced working hours in line with the Child Care and Family Care Leave Act. We are striving to create a pleasant environment in which employees can work with peace of mind and to their full potential.

### Usage of System for Parental Leave and Shortened Working Hours for Parental Care (Major subsidiaries in Japan)

(FY)	2014	2015	2016	2017	2018
Parental leave (people)	75	87	74	100	101
Shortened working hours for parental care (people)	100	112	115	112	109

### Employing individuals with disabilities

The Seiko Holdings Group actively promotes the employment of individuals with disabilities. At our special subsidiary, Aoba Watch Service Co., Ltd., many persons with disabilities play an active role in work focused on watch repairs.



Aoba Watch Service Co., Ltd., the special subsidiary

### Promoting mental health measures

In accordance with the Guidelines for Promoting Mental Health Care in Enterprises of Japan issued by the Ministry of Health, Labour and Welfare in August 2000 and in response to the shift to mandatory stress check tests following revisions to the Industrial Safety and Health Act of Japan in December 2015, we are promoting employee stress check tests, management training, specialized care from industrial physicians, and the establishment of an external consultation desk, etc.



**SEIKO HOLDINGS CORPORATION**

Chairman & Group CEO <b>Shinji Hattori</b>	President <b>Yoshinobu Nakamura</b>	Senior Executive Director Human Resources and IT Planning <b>Akihiro Okuma</b>	Executive Director Public Relations, Sports Branding, and Corporate Culture <b>Hiromi Kanagawa</b>
Executive Director Finance & Corporate Strategy Planning and Accounting <b>Shimesu Takizawa</b>	Director Legal & Intellectual Property and Real Estate <b>Kazuhiko Sakamoto</b>	Director Secretariat and General Affairs <b>Makoto Ichimura</b>	Director Watches Business <b>Shuji Takahashi</b>
Director <b>Tetsu Kobayashi</b>	Outside Director <b>Tsuyoshi Nagano</b>	Outside Director <b>Yasuko Teraura</b>	Corporate Auditor <b>Seiichi Mikami</b>
Corporate Auditor <b>Haruhiko Takagi</b>	Outside Corporate Auditor <b>Tomoyasu Asano</b>	Outside Corporate Auditor <b>Hideki Amano</b>	Outside Corporate Auditor <b>Masatoshi Yano</b>

**SEIKO WATCH CORPORATION**

Chairman & CEO <b>Shinji Hattori</b>	President & COO & CMO <b>Shuji Takahashi</b>	Director, Chief Executive Vice President Sales Division I <b>Minoru Ishiguro</b>	Director, Senior Executive Vice President Sales Division II <b>Akio Naito</b>
Director, Executive Vice President Corporate Strategy & Planning Division <b>Taku Yoneyama</b>	Director, Executive Vice President Marketing Planning & Development Division <b>Kiyoko Niwasaki</b>	Director, Executive Vice President Product Planning & Development Division <b>Hiroshi Nakahara</b>	Director, Senior Vice President Sales Division II and Management Planning Dept.(Americas) <b>Teruyo Ishimaru</b>
Director, Senior Vice President Sales Division I and Management Planning Dept.(Asia II) <b>Yoshikatsu Kawada</b>	Director <b>Yoshinobu Nakamura</b>	Director <b>Hiromi Kanagawa</b>	Corporate Auditor <b>Atsushi Kaneko</b>
Corporate Auditor <b>Seiichi Mikami</b>	Corporate Auditor <b>Hideo Hattori</b>	Outside Corporate Auditor <b>Yutaka Nishimura</b>	Senior Vice President Sales Division I and Sales Planning Dept., Operations Dept. and Customer Service Dept. <b>Hiroshi Shimizu</b>
Senior Vice President Marketing Planning & Development Division, Marketing Dept. I, Marketing Dept. II and Marketing Dept.(CR) <b>Yasunori Hagiwara</b>	Senior Vice President Sales Division I and Management Planning Dept.(Asia I) <b>Toru Tsuchiya</b>	Senior Vice President Product Planning & Development Division and Movement Design & Engineering Dept. and Product Engineering Dept. <b>Masato Takenaka</b>	Senior Vice President Corporate Strategy & Planning Division and Corporate Strategy & Planning Dept. <b>Naoaki Tanimura</b>

**Seiko Instruments Inc.**

Chairman <b>Yoshinobu Nakamura</b>	President General Manager of Internal Controls Planning Office <b>Tetsu Kobayashi</b>	Director, Chief Executive Vice President General Manager, Electronic Components Business Headquarters and Precision Device Business Headquarters <b>Kazunari Watanabe</b>	Director, Executive Vice President General Manager, Watch Business Headquarters <b>Hiroshi Nakahara</b>	Director, Executive Vice President General Manager, Corporate Technology Division and Quartz Crystal Division <b>Shinji Nureki</b>
Director, Executive Vice President <b>Akihiro Okuma</b>	Director, Executive Vice President General Manager, Corporate Strategy Division <b>Shimesu Takizawa</b>	Director, Senior Vice President Deputy General Manager, Corporate Strategy Division <b>Hideo Hattori</b>	Director, Senior Vice President General Manager, Motion Device Division <b>Takahiro Naito</b>	Director <b>Kazuhiko Sakamoto</b>
Corporate Auditor <b>Makoto Hirota</b>	Outside Corporate Auditor <b>Norimasa Kuroda</b>	Corporate Auditor <b>Hiroaki Sahara</b>	Corporate Auditor <b>Haruhiko Takagi</b>	Executive Vice President General Manager, Human Resources & General Administration Division <b>Yumiko Ishida</b>
Senior Vice President General Manager, Manufacturing Administration Office Watch Division and Deputy General Manager, Production Engineering Center <b>Yasuto Nakamura</b>	Senior Vice President <b>Tatsuo Sagami</b>	Senior Vice President General Manager, Real Estate Dept. <b>Takumi Yoshitomi</b>	Senior Vice President General Manager, Printing Device Business Headquarters <b>Kenji Otsuka</b>	Senior Vice President General Manager, Precision Mechanical Device Division <b>Masao Kasuga</b>
Senior Vice President General Manager, Printek Division <b>Yoshihiro Takeda</b>	Senior Vice President Deputy General Manager, Corporate Technology Division <b>Kunio Nakajima</b>			

**SEIKO NPC CORPORATION**

President <b>Hiroaki Okawa</b>	Director, Senior Vice President Production & Human Resources Executive Officer <b>Kimio Yomogida</b>	Director <b>Yoshinobu Nakamura</b>	Director <b>Akihiro Okuma</b>	Director <b>Shimesu Takizawa</b>
Director <b>Kunio Nakajima</b>	Director <b>Hitoshi Murakami</b>	Corporate Auditor <b>Haruhiko Takagi</b>	Senior Vice President General Administration Executive Officer <b>Hideaki Tadokoro</b>	Senior Vice President Sales & Design Solution Executive Officer <b>Toshimitsu Ogasawara</b>

**SEIKO Solutions Inc.**

President <b>Jun Sekine</b>	Director, Chief Executive Vice President CTO and Senior Executive Manager, Business Promotion Unit <b>Tatsumi Hasegawa</b>	Director, Senior Executive Vice President <b>Akihiro Okuma</b>	Director, Senior Executive Vice President Strategic Business Unit I & II <b>Yoshio Kobayashi</b>	Director, Executive Vice President Senior Executive Manager, Corporate Affairs Unit <b>Takashi Nishimoto</b>
Director, Executive Vice President Senior Executive Manager, Business Finance & Accounting Unit <b>Yoshiyuki Hashimoto</b>	Director <b>Yoshinobu Nakamura</b>	Director <b>Makoto Ichimura</b>	Corporate Auditor <b>Shunji Tanaka</b>	Corporate Auditor <b>Haruhiko Takagi</b>
Executive Vice President Senior Executive Manager, Data Service Business Unit <b>Hiroyuki Watanabe</b>	Executive Vice President Senior Executive Manager, Network Solutions Business Unit and Executive Manager, Network Solutions Technology Division <b>Hiroaki Onishi</b>	Senior Vice President Senior Executive Manager, Strategic Business Unit I, Executive Manager, IoT Division and Mobile Solutions Sales Division <b>Takeshi Ichikawa</b>	Executive Vice President Senior Executive Manager, Mobile Solutions Business Unit <b>Toshimasa Ike</b>	Executive Vice President Senior Executive Manager, Systems Solutions Business Unit and Executive Manager, Region Business Division <b>Junichi Fujii</b>

**SEIKO Clock Inc.**

President <b>Kenji Hagiwara</b>	Director, Senior Executive Vice President Business Strategy & Product Planning Division <b>Ichiro Doi</b>	Director, Senior Vice President Domestic Marketing Division <b>Akira Banno</b>	Director, Senior Vice President International Marketing <b>Koichi Fukumuro</b>	Director, Senior Vice President General Administration Division <b>Satoshi Morita</b>	Director, Senior Vice President Research & Technology Division <b>Osamu Sugita</b>
Director <b>Yoshinobu Nakamura</b>	Director <b>Kazuhiko Sakamoto</b>	Director <b>Satoshi Yoshino</b>	Director <b>Hitoshi Murakami</b>	Corporate Auditor <b>Seiichi Mikami</b>	Senior Vice President Research & Technology Division <b>Hironori Yamada</b>

**WAKO Co., Ltd.**

Honorary Chairman <b>Shinji Hattori</b>	Chairman <b>Tatsuhiko Adachi</b>	President <b>Shuntaro Ishii</b>	Representative Senior Executive Director <b>Masahiko Shoyama</b>	Managing Director, Senior Vice President <b>Hidetoshi Okamoto</b>	Managing Director, Senior Vice President <b>Kazuhiko Sakamoto</b>
Director, Senior Vice President <b>Takeshi Endo</b>	Director <b>Shuji Takahashi</b>	Director <b>Kiyoko Niwasaki</b>	Director <b>Takashi Aizawa</b>	Director <b>Makoto Ichimura</b>	Corporate Auditor <b>Seiichi Mikami</b>
Senior Vice President <b>Toshihiro Machida</b>	Senior Vice President <b>Mitsuo Shibuya</b>	Senior Vice President <b>Akiko Seno</b>	Senior Vice President <b>Takayuki Arai</b>		

**SEIKO Time Systems Inc.**

President <b>Kenji Hagiwara</b>	Executive Director President's assistant and Timing Division Jurisdiction <b>Hiromi Kanagawa</b>	Director Sales Division Headquarters and Head of Construction Management <b>Shogo Sumida</b>	Director Engineering Division Headquarters and Corporate Management Dept. Jurisdiction <b>Ryozo Suenaga</b>
Director Sales Division Deputy Headquarters <b>Kazuo Yamamura</b>	Director Manufacturing Division Headquarters and Factory Automation Division Headquarters <b>Mitsunaga Yata</b>	Director <b>Shuntaro Ishii</b>	Director <b>Satoshi Yoshino</b>
Director <b>Naoki Tajima</b>	Director <b>Hitoshi Murakami</b>	Corporate Auditor <b>Seiichi Mikami</b>	Corporate Auditor <b>Hideo Hattori</b>

## Corporate Governance

### Basic Principles of Corporate Governance

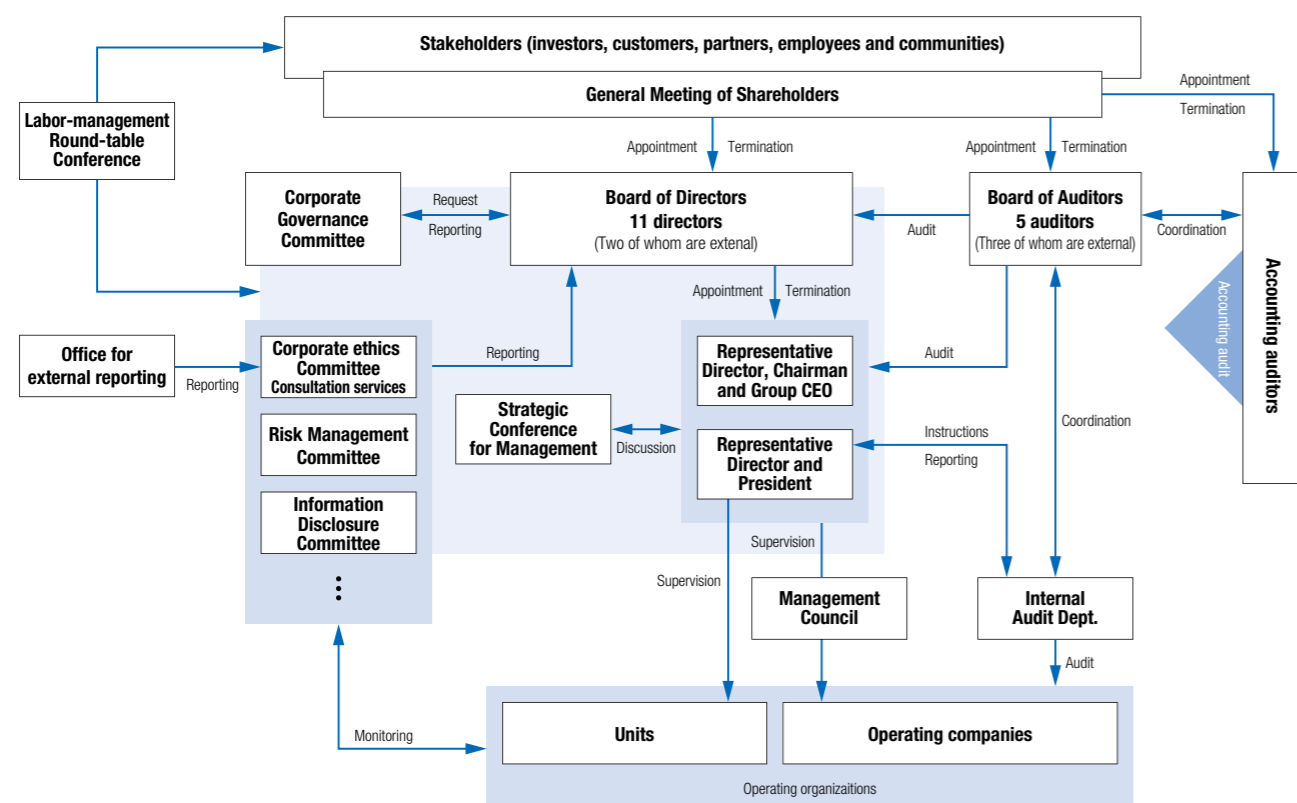
As a company based on the principles to being a company that is trusted by society, Seiko Holdings Corporation sees as core business challenges compliance with all laws and regulations, implementation of management transparency and fairness, and honoring social ethics—and to realize these goals by striving to apply and reinforce our corporate governance framework. We will work to drive sustainable growth and enhance the corporate value of the Company and the Group.

### Basic policy

#### (1) Securing the Rights and Equal Treatment of Shareholders

The Company strives to develop a necessary environment for appropriately and effectively securing shareholder rights such as voting rights at the general meeting of shareholders and provide necessary information accurately to ensure that shareholders can appropriately exercise their rights. The Company is also committed to securing equality between shareholders, including minority shareholders and foreign shareholders.

### Corporate Governance Structure



(Note) Other than the above, the Company has advisory contracts with law firms for legal advice.

#### (2) Appropriate Cooperation with Stakeholders other than Shareholders

As well as with shareholders, the Company also strive to cooperate with other stakeholders including customers, employees, business partners and members of the communities where our facilities are located. The Company believes that it bears a social responsibility to contribute fully to the realization of a sustainable society and to honor the Group's fundamental policy of "being a company that is trusted by society."

#### (3) Ensuring Appropriate Information Disclosure and Transparency

The Company shall appropriately make information disclosure in compliance with the relevant laws and regulations, but also strives to provide clear and useful information in a timely and detailed way beyond that required by law in order to facilitate accurate evaluations by the Company's shareholders and other stakeholders and to engage in constructive dialogue with them.

#### (4) Responsibilities of the Board

The Board of Directors is committed to a free, open and constructive style of management. The Company aims to ensure that it executes its duties timely and decisively and that its actions create an environment where good decisions can be taken by the senior management to achieve sustainable growth and increased corporate value over the mid- to long-term.

#### (5) Dialogue with Shareholders

The Company promotes constructive dialogue with shareholders so as to support sustainable growth and increase corporate value over the mid- to long-term based on "Basic Policy on constructive dialogue with shareholders."

### 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 Management Council comprising full-time officers of the Company and the respective Presidents of operating companies for the purpose of working to share the management policy and management information of the Group. The Company also holds a Strategic Conference for Management for the purpose of deliberating basic matters of business execution and promoting management activities appropriately and promptly.

Furthermore, the Company establishes the Corporate Governance Committee as an advisory body for the Board of Directors.

### Board of Directors

The Board of Directors is composed of 11 Directors (including two female directors), of whom two 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. Decisions regarding business execution other than the above have been delegated to the management pursuant to the Regulations of Administrative Authority.

In addition, Outside Directors have abundant experience and high degree of knowledge on corporate management and specific fields and help to improve the monitoring functions over management from their independent standpoints.

### Evaluation of the Effectiveness of the Board of Directors

As part of efforts to strengthen the corporate governance system, the Company evaluates the effectiveness of the Board of Directors each year.

#### Analysis and evaluation methods

All Directors and Corporate Auditors were asked to fill out a questionnaire regarding the effectiveness of the Board of Directors, and replies were collected from all of them. External consultants tabulated and analyzed the results by ensuring the anonymity of the respondents.

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

<Evaluation Items>

- 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 Directors
- 4) Roles of and expectations for Corporate Auditors
- 5) The Corporate Governance Committee
- 6) Relationships with investors and shareholders

The results of the analysis by external consultants based on the above process and content were reported to the Board of Directors, which, in turn, performed its own analysis and evaluation of board effectiveness by referring to these results.

### Board of Auditors

The Board of Auditors is composed of two Corporate Auditors of the Company and three Outside Corporate Auditors. Its role is to make decisions on all matters related to the audit. The Corporate Auditors audit the compliance and validity of the Directors' business execution by participating in the Board of Directors meetings and other important meetings. The Outside Corporate Auditors offer necessary advice, suggestions and opinions, making use of their broad experience and insight in business management.

## Corporate Governance

### Corporate Governance Committee

In order to enhance the objectivity and transparency of management, the Company establishes the Corporate Governance Committee where outside officers account for the majority of members, as an advisory body for the Board of Directors. The Committee deliberates on matters relating to compensation for officers, nomination of officer candidates, appointment and dismissal of Representative Directors, Directors with special titles, and Directors who execute business duties, and other matters regarding corporate governance from an objective and fair perspective, and reports to the Board of Directors. The members and the chairperson of the Corporate Governance Committee are as follows:

Chairperson	President	Yoshinobu Nakamura
Members	Chairman & Group CEO	Shinji Hattori
	Outside Director	Tsuyoshi Nagano
	Outside Director	Yasuko Teraura
	Outside Corporate Auditor	Tomoyasu Asano
	Outside Corporate Auditor	Hideki Amano
	Outside Corporate Auditor	Masatoshi Yano



(From left) Yasuko Teraura, Tsuyoshi Nagano, Tomoyasu Asano, Hideki Amano, Masatoshi Yano

### Compensation of Officers

#### 1. Basic policy of the compensation of 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 the management strategy, and to motivate the achievement of management objectives, in order to achieve sustainable growth of the Company and the Group and to enhance corporate value in the mid 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 contents and scale, etc.

#### 2. 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” (mid- to long-term compensation), which are performance-linked compensation. Compensation for Directors who do not execute business duties, including Outside Directors, and Corporate Auditors consists of “basic compensation only.” The ratio of payment of the fixed compensation to the performance-linked compensation is determined at an appropriate level to serve as an incentive to contribute to improving the corporate value of the Company, taking into account the levels of the above peer companies. The ratio of payment of each type of compensation is as follows:

	Fixed compensation	Performance-linked compensation	
	Basic compensation	Bonus	Stock-type compensation
Representative Directors	1	0.2	0.2
Directors who execute business duties other than Representative Directors	1	0.15	0.15

The above 1. and 2. were determined by the Board of Directors after being deliberated on by the Corporate Governance Committee, a majority of the members of which are outside officers.

#### 3. Calculation method for performance-linked compensation (Bonuses)

The standard payment amount of bonuses is the amount determined by multiplying the basic compensation by the coefficient set by position. The individual payment amount is determined by multiplying the standard payment amount by the payment rates according to the performance achievement ratio. Bonuses vary from 0% to 200% according to the target achievement level.

#### (Stock compensation)

For stock compensation, points that the individual payment amount converted into the number of shares are granted in each fiscal year. The individual payment amount is a total of the standard payment amount (fixed portion), calculated by multiplying the basic compensation by the coefficient set by position, and the amount (performance-linked portion), obtained by multiplying the standard payment amount by the payment rate according to the performance achievement ratio. The performance-linked portion of stock compensation varies from 0% to 200% according to the target achievement level. The ratios of the fixed portion and performance-linked portion are 50% each.

Indicators for performance-linked compensation are consolidated net sales and consolidated operating profit, which are set as important management indicators for the company's performance evaluation to serve as an incentive for achieving the Group's management targets.

### Appointment and Dismissal of Senior Management and Nomination of Candidates for Directors and Corporate Auditors

The Company believes that it is essential that candidates for Directors and Corporate Auditors have the character and knowledge suitable for their respective duties. Based on this concept, in the nomination of candidates for internal Directors and the selection of senior management, 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 Corporate Auditors, 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 high degree of knowledge of corporate management and specific fields.

In the nomination of candidates for Outside Corporate Auditors, 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 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 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, dismisses the Directors from the office of representative directors, Directors with special titles and Directors who execute business duties.

### Cross-Shareholdings

From the perspective of improving the corporate value of the Group in the mid- to long-term, the Company has a policy to reduce shares that are deemed not to have

a significance of holding them, taking comprehensively into consideration the Company's management strategy, business relationships with clients, and the benefits and risks, etc., associated with holding in view of its capital cost.

#### Disclosure of the verification of the propriety of cross-shareholdings

The Company's Board of Directors verifies each year the rationale for the holding of all listed shares held in cross-shareholding by the Group through examination of the importance of the issuer as a business partner and benefits and risks of shareholding 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 August 2019. With regard to certain shares, which were determined to be lacking in significance or rationale for continued holding, the Company proceeds with discussions toward their disposal.

Based on the above policy on cross-shareholdings, the Company sold four stocks among the shares held by its subsidiaries in the fiscal year ended March 31, 2019.

#### 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 on whether the proposal contributes to the sustained growth and the mid- 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 appointment of Directors and Corporate Auditors
- Proposals of reorganization including mergers
- Proposals on takeover defense measures
- In addition to the above, 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 operation status of internal controls and periodically reports the results to the Board of Directors.

Corporate Governance

**Initiatives to Revitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights**

● **Early dispatch of the convocation notice of the general meeting of shareholders**

The convocation notice of the Ordinary General Meeting of Shareholders held on June 27, 2019 was dispatched on June 7, 2019 (three business days prior to the statutory date). In addition, prior to the dispatch of the convocation notice, it was digitally disclosed on the Company's website and the website of the Tokyo Stock Exchange on May 29.

● **Exercise of voting rights by electromagnetic means**

The Company has adopted the exercise of voting rights by electromagnetic means from the 155th Ordinary General Meeting of Shareholders held in June 2016.

● **Initiatives to improve the environment for institutional investors to exercise voting rights**

The Company has adopted the proxy voting platform

operated by ICJ, Inc. from the 155th Ordinary General Meeting of Shareholders held in June 2016.

● **Providing an (abridged) English version of the convocation notice**

The Company prepares an English version of the convocation notice and posts it on the Company's website and the website of the Tokyo Stock Exchange.

● **Others**

The Company makes efforts to operate the general meeting of shareholders so that it is easy for shareholders to understand, such as by providing visual presentations of the business report. In addition, the Company posts the convocation notice (Japanese and English versions) and extraordinary reports on the results of exercise of voting rights on its website.

**Status of IR Activities**

● **Preparation and announcement of the Disclosure Policy**

In March 2009, the Company established the IR Policy and disclosed on its website.

● **Briefing sessions for individual investors**

The Company holds (irregular) seminars for individual investors at branches, etc. of securities companies throughout Japan. In addition, the Company has established a page for individual investors on its website, which provides explanations of the Company's businesses and performance in an easy to understand manner.

● **Briefing sessions for analysts and institutional investors**

The Company holds quarterly results briefing sessions for analysts and institutional investors, as well as briefing sessions on businesses and factory visits.

● **Briefing sessions for overseas investors**

Officers in charge visit overseas shareholders and institutional investors once or twice a year. The Company also participates in conferences sponsored by securities companies.

● **Posting of IR materials on the website**

The Company posts its Mid-Term Management

Plan, financial results information, timely disclosure information other than financial results information, IR Presentation materials, and summary Q&As at the IR Presentation in Japanese and English, in principle, on its website. The Company also posts its annual reports, notice of the ordinary general meeting of shareholders, notice of resolution of the ordinary general meeting of shareholders and other information.

● **Establishment of a department for IR**

The Corporate Strategy & Planning Department is responsible for IR.



The 7th Mid-Term Management Plan presentation for analysts and institutional investors

Corporate Ethics / Compliance

Seiko Holdings Corporation fulfills its corporate social responsibility by complying with statutes, respecting social ethics, and setting up healthy and sensible corporate ethics. Based on this approach, Seiko Holdings Corporation has established the following as its Basic Principles of Corporate Ethics.

**Basic Principles of Corporate Ethics**

- Complying with the laws and rules of the countries and regions where business is conducted and engaging in fair practices in the light of social ethics.
- Aiming to become a sensible corporate citizen, and striving for harmony with society.
- Disclosing information in a timely fashion, and engaging in honest and transparent communications.
- Protecting the irreplaceable earth and contributing to the preservation of the environment.
- Respecting fundamental human rights and individuality, and building up a corporate culture with a broad vision which fosters the spirit of corporate ethics.

**Structure for the Promotion of Corporate Ethics and Compliance**

In accordance with the Basic Principles of Corporate Ethics, the Company has established the Corporate Ethics Committee and Action Guidelines for Corporate Ethics, and consistently promotes education and enlightenment, consultation and reporting, auditing, and evaluation, etc. to all its officers and employees.

Each operating company of the Group has established its own system of corporate ethics and action guidelines in accordance with characteristics of its business, relevant laws, regulations, and rules. Accordingly, when an incident involving corporate ethics occurs at an operating company, the operating company is responsible for resolving the issue. When requested by an operating company, the Company provides full cooperation and support toward resolving issues involving corporate ethics.

**Implementing Corporate Ethics and Compliance Structure**

The Company regards maintaining and implementing Corporate ethics and compliance structure as a crucial management issue and therefore implements business ethics training for all executives and employees. The Company distributes the Law Handbook to executives, including those of operating companies, which contains information about their authority and obligations for the purpose of avoiding legal risk and undertaking proper management. The Company also provides them with compliance-related training once a year on such areas as risk of corruption. In addition, the Company provides training on corporate ethics to employees twice a year that includes training on harassment and e-learning so they can gain fundamental knowledge on information security.

**Internal Reporting System**

The Company has established a "Corporate Ethics Helpline" as a contact point to receive consultations and reporting from employees regarding corporate ethics and compliance. In addition to the internal contact point, the Company has set up an external contact point at a law firm and provides an environment that facilitates consultation and reporting for the user. Under this system, rules have been established to protect the user from any disadvantageous treatment on account of the consultation or reporting, and information that may identify the user and information relating to the consultation and reporting are strictly managed.

**Managers and staff of administrative divisions of overseas subsidiaries were gathered and a seminar on governance and fraud risks was held.**





## Risk Management

In order to respond promptly and properly to the various risks in business management, Seiko Holdings Group promotes risk management based on the Risk Management Rules that set the basic policy for risks facing the Group.

### Business Risks

Risks that may seriously affect the operating results and/or financial position of the Group are outlined below.

#### (1) Economic trends

The Group handles certain products directly related to personal consumption, such as watches, clocks, electronic components for digital products and automobiles, high-end jewelry, apparel and fashion accessories, and household goods, etc. Consequently, consolidated business results are strongly affected by trends in domestic and overseas economies, especially trends in personal consumption.

#### (2) High dependence on procurement from specific supplier

Due to the high dependence on procurement from specific watch supplier, business results of the Watches Business may be significantly affected by changes in terms of transactions with this supplier.

#### (3) Market environment

##### of the Electronic Devices Business

Business results of the Electronic Devices Business are affected by demand trends of electronic devices, etc., in Japan and overseas. In this business field, the speed of development of new technologies and their mass production is high, and the price competition is also intense. Therefore, the possibility that delays in response to changes in these market environments may have a significant impact on business results is getting stronger.

#### (4) Country risks on manufacturing bases overseas

The Watches business, the Electronic Devices Business and the Clocks Business have manufacturing bases in Singapore, Malaysia, Thailand and China. Changes in social situations due to politics and economics, etc., in these areas may have a significant impact on manufacturing activities of these businesses.

#### (5) Dependence on sales to major customers

For some of the Electronic Devices Business, the dependence on sales to major customers tends to be high, and a decrease in the volume of orders from these customers may have an impact on business results of this business.

#### (6) Increase in price of resources

If resources such as crude oil and other raw materials surge due to changes in the supply and demand environment, manufacturing costs may rise that causes an impact on business results.

#### (7) Quality issues and production liability

Products manufactured and sold by the Group do not cause any accidents that have effects on human bodies

under normal use. However, due to changes in the social environment, such as stricter legal regulations on product accidents, or changes in the business environments, there may be an increase in costs related to quality issues and product liability, such as product recalls and compensation liability.

#### (8) Intellectual property rights

The Group has taken measures, such as obtaining patent rights and protecting confidential information, in order to protect important proprietary development technologies. However, there is a possibility that adequate protection may not be implemented depending on the region. Furthermore, even though such measures are taken, there is a possibility that the superiority of the Group's products may be impaired, if the Group cannot effectively eliminate third parties' products similar to its products. In addition, the Group has taken measures, such as patent investigation to prevent infringement of intellectual property rights of other companies in developing new products. However, there is no reasonable way to eliminate every single possibility of infringements. In the case where the Group infringes intellectual property rights of other companies, there is a possibility that business results may be affected by a claim for an injunction or a claim for damages.

#### (9) Currency exchange rate fluctuations

Within the Group, the Watches Business and the Electronic Devices Business mainly engage in business development for overseas markets. Some of those are engaged in business development for overseas markets from domestic manufacturing bases, and fluctuations in exchange rates may affect product prices, etc. In addition, for the Systems Solutions Business and the Clocks Business that mainly engage in business development for domestic markets, foreign exchange fluctuations may affect procurement costs for parts that are procured from overseas manufacturing bases in foreign currencies. Furthermore, all items denominated in local currencies, such as profits or losses and assets, for overseas subsidiaries are translated into Japanese yen for preparation of consolidated financial statements. Therefore, the Japanese yen-translated value of local currencies may be affected by the exchange rate at the time of conversion. In particular, fluctuations of Japanese yen against U.S. dollars and euro, etc. may affect business results and the financial position of the Group, including foreign currency translation adjustment under net assets of overseas subsidiaries.

#### (10) Interest rate fluctuations

Currently, the relationship between the Group and financial institutions is favorable, and the Group can procure funds necessary for business development including overseas without any problems. However, there is no guarantee that it will be possible to continue to procure funds sufficiently in the future. In addition, as the interest rate level in the

market tends to be low, over 80% of interest rates of the existing long-term loans payable has already been fixed. Although there is no significant risk of interest rate fluctuations, interest rate trends for future procurement may affect business results of the Group.

#### (11) Market price fluctuations

The Group holds investment securities for business reasons. The Group also owns idle real estate, including part of the former factory sites. In the case where the market price of such investment securities and real estate fluctuate significantly, the Group's business results and financial position may be affected.

#### (12) Environmental issues

The Watches Business, the Electronic Devices Business and the Clocks Business engage in business activities in accordance with various environmental laws and regulations that regulate energy conservation, air and water pollution, use of chemical substances, waste disposal, recycling, chemical substances contained in products and soil and groundwater pollution, etc. These businesses regard environmental conservation activities as one of the management tasks and promote various activities, including complying with laws and regulations as well as setting stricter voluntary goals. However, there are possibilities of bearing compensation for damages and expenses for taking response measures, due to an increase in expenses for responding to enforced regulations or occurrence of environmental problems in the future.

#### (13) Information securities

The Group prevents information leaks through measures such as establishment of internal regulations and employee education concerning protection and management of personal information and confidential information obtained in business operations. However, it cannot be guaranteed that there is no possibility of information leaks due to unforeseen circumstances. In the event of such situation, there is a possibility this will affect business results of the Group due to a decline of the Group's social credibility and a substantial cost burden to respond to such situation.

#### (14) Natural disasters

In the case where domestic and overseas manufacturing bases and facilities of the Group suffer damage due to natural disasters such as earthquakes and typhoons, there is a possibility this will affect business results due to manufacturing disruption, stagnation of sales, logistics and procurement functions, etc.

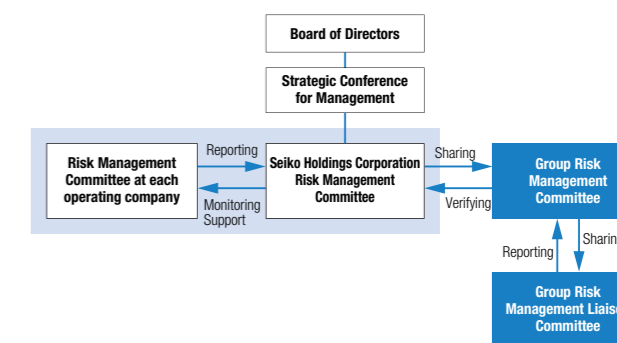
### Group Risk Management Structure

In order to perform centralized management of risks that could greatly influence the Group's business, Seiko Holdings Corporation 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 collection of risk information, the progress of risk measures and the promotion of risk management at each company. Furthermore, the Group Risk Management Committee, made up of the representative directors of each operating company, has been established that allows the representative directors of each operating company to verify and share information on the risks facing the Group.

The Company has also established the Crisis Management Manual in preparation for when crises occur, and in normal times, has set out a system capable of responding to crises, such as prompt collection of the necessary information.

### Group Risk Management Structure



### Initiatives to Address Significant Risks

The Group defines risks that could cause tremendous loss to the management of the Company and its consolidated subsidiaries, regardless of whether the risk is inherent in the Company or consolidated subsidiaries, as Significant Risks. The Risk Management Committee of the Company or consolidated subsidiaries selects the Significant Risks each fiscal year, determines the departments responsible for the risks, formulates the annual risk response plans, and carries out prevention measures and countermeasures. In addition, Significant Risks that must be addressed in a cross-organizational manner are defined as Group Significant Risks, and the Company responds directly to such risks. Responses to Significant Risks and Group Significant Risks are monitored by the Company's Risk Management Committee, and information is shared with the Group Risk Management Committee. The Group Risk Management Liaison Committee comprising secretariats of the Risk Management Committees of each operating company supports the promotion of measures against the Significant Risks of each company through inter-Group collaboration and cooperation.

Social Contribution Activities

## Social contribution in the spirit of Seiko to achieve a rich society via sports, music, and education

### Exciting experiences for the next generation

#### Seiko Exciting Clock School & Athletics School

At the Seiko Exciting Clock School, we visit elementary schools to communicate the entertainment of time and clocks to children so that they can experience the fun of the manufacturing things and the importance of teamwork. The Seiko Holdings Group employees have worked as teachers at these lessons since started in 2017, and more than 900 children are scheduled to participate including lessons in FY2019.



At the Seiko Exciting Athletics School, employee athletes Ryota Yamagata and Chisato Fukushima give children lessons where they experience the fun of running. 80 children participated in FY2018. Not only does this enable children to experience the joy of moving their body and playing sports, but it is also an opportunity to greatly stimulate the athletes working as teachers.

### Cultivating a rich spirit via music



#### Seiko Summer Jazz Camp

Seiko supports children and young performers aspiring to become musicians.

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

The 4th event was held in 2019 over a four day period and featured talented musicians in New York as instructors. On the final day, an open concert was held to allow the students to demonstrate their results, and various prizes were awarded.

Several past students have also succeeded in turning professionals.



### Supporting earthquake reconstruction via music

#### A Concert to Support Eastern Japan in a Spirit of Harmony

Since great earthquake attacked east-Japan area in 2011, Seiko has been holding concerts to support reconstruction in disaster areas. We have also been holding the sound of "wa" Concert to Support Eastern Japan in a Spirit of Harmony in three prefectures of the Tohoku region and in Tokyo from 2013, in order to provide an opportunity for people in disaster areas and their supporters to deepen ties. In September 2019, this was held in Matsushima in Miyagi Prefecture, Soma



in Fukushima Prefecture, and Tono in Iwate Prefecture. Local school choirs and brass bands joined regional choirs and musicians to hold a special one-day event that unified a desire for reconstruction. On March 11, 2019, it was held in the Bunkamura Orchard Hall in Shibuya, Tokyo. Tickets sold out in advance and more than 2,000 people attended the concert.

### Supporting the social participation of persons with intellectual disabilities

#### Special Olympics

The international sports organization called the "Special Olympics" has continuously conducted sports programs that enable persons with intellectual disabilities to experience sports for the goal of independence and social participation, as well as holding many competitions that provide participants with an opportunity to put their experiences into practice.

The first summer games were held in 1968, and now both summer and winter events are held every four years, in the same manner as the Olympics.



Seiko has co-sponsored the 2015 Special Olympics World Summer Games in Los Angeles, the 2017 Special Olympics World Winter Games in Austria, and the 2019 Special Olympics World Summer Games in Abu Dhabi as an official supporter. More than 7,000 athletes from 200 countries and regions attended the games in Abu Dhabi, as well as more than 21,000 volunteers.

### Contributing to the enrichment of education with Seiko products

#### Assisting primary education in Laos

Seiko endorses the aim of the "Project for Improving Teaching and Learning Mathematics for Primary Education" conducted in Laos by the Japan International Cooperation Agency (JICA), and donated 300 Seiko clocks in August 2019.



The Laotian government aims to graduate from Least Developed Country status by 2020, and defines disseminating and improving the quality of primary

education as a top priority issue.

As part of this project, Padeco Co., Ltd. and Tokyo Shoseki Co., Ltd. were contracted by JICA to assist the production of national mathematics textbooks and the curriculum include the topic of how to read the time. However, since schools in Laos often lack clocks and many children have not seen one, we decided to donate clocks in order to improve the effect of learning. The clocks we have donated are assisting mathematics lessons at places such as elementary schools.



Environmental Activities

Environmental Philosophy

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

Products that are Kind or Contribute to the Environment

The Seiko Holdings Group's basic approach to product development is to develop "products that never break" and "products that can be used for a long time," and we have delivered products that are kind to the environment, products that improve the environmental performance of customer products, and products and services that can actively contribute to improving the environment to the market based on our technological philosophy of "Craftsmanship, Miniaturization, Efficiency."

Since the mechanical watches that Seiko Watch Corporation focuses on require no battery or electricity and operate via the tension of a wound spring, they can be used semipermanently provided they receive periodic maintenance. The Spring Drive mechanism that is only sold by Seiko Watch Corporation achieves a precision comparable to a quartz watch, despite also being powered by a spring. This may be the ultimate watch for an age that requires both environmental kindness as well as precise time information. Seiko Watch Corporation provides many other products with mechanisms that are kind or contribute to the environment, such as solar and Kinetic based on unique technology.

Seiko Instruments Inc. provides products that are kind or contribute to the environment, based on our technological philosophy of "Craftsmanship, Miniaturization, Efficiency." Seiko Instruments Inc. operates the SII Green Product Label system adopted in 2001 while continuing efforts for promoting customer awareness of such products. The

ratio of sales of green products was 97.6% in FY2018. Seiko Clock Inc. sells clocks that comply with the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities of Japan (the "Green Purchasing Law"), focused on sales to offices. The Seiko Holdings Group recognizes that corporate environmental efforts are an important factor when customers select goods and products, and will continue to strive to develop services and products that are kind and contribute to the environment.



### Environmental Policy

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

Biodiversity Conservation

Cultivating endangered plants



In Chiba Prefecture where the head office and business locations of Seiko Instruments Inc. are located, Japanese white pine is designated as an endangered species. Seiko Instruments Inc. has registered as a supporter of Chiba Prefecture's preservation initiative, and is carrying out planting of this endangered variant of the Japanese white pine at business locations.

Participating in "Green Wave"

Morioka Seiko Instruments Inc. has participated in "Green Wave" since fiscal year 2017, where they maintain green areas, create insect hotels (see photo) and conduct "green area tours" for introducing the organisms that live in the green areas of the company sites. Green Wave is a global effort for understanding and promoting biodiversity via interactions with forests and trees on the International Day for Biological Diversity.



Tree-planting efforts at factory sites



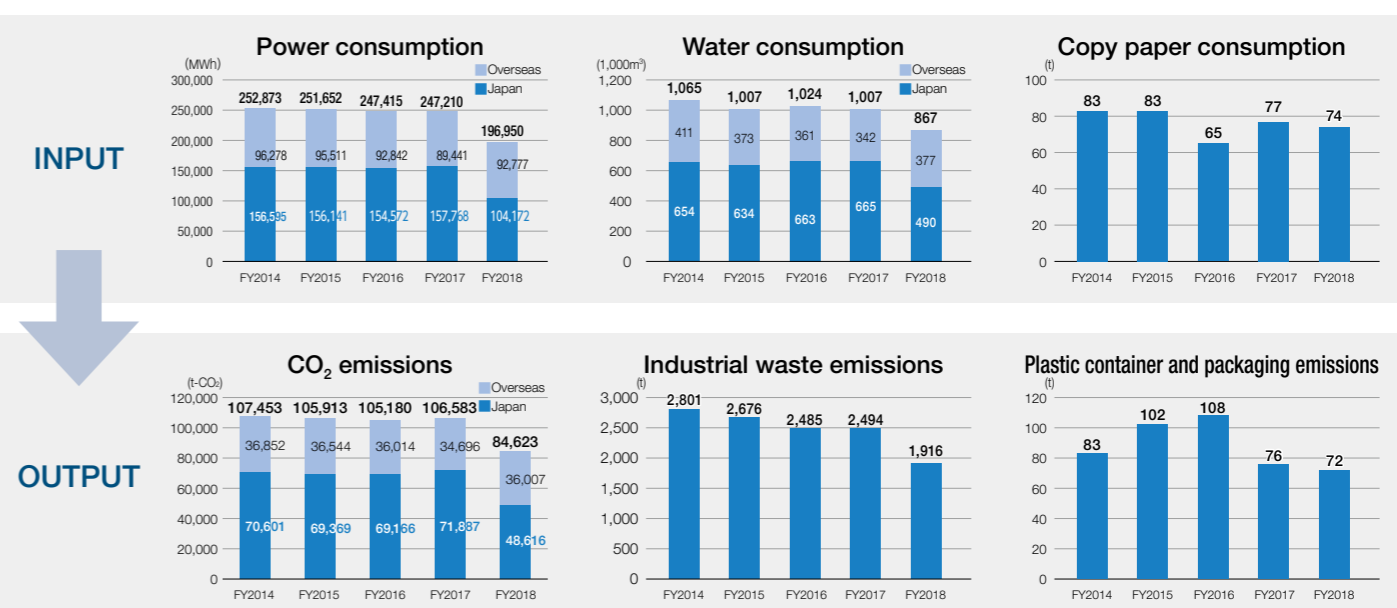
Dalian Seiko Instruments Inc. has established a biodiversity area and promotes tree-planting. The company plants acacia, elm, and fig trees to create a stratified green structure. Maintenance of the green area avoids the use of pesticides and herbicides in consideration of biodiversity and promotes the composting of material such as fallen leaves.

Support for Marine Protection Activities "Save the Ocean"

Seiko Watch Corporation donates part of its sales of Seiko Prospex diver's watches to a marine environment protection organization established by ocean explorer and ocean conservationist Fabien Cousteau, who is also the brand ambassador of the Seiko Prospex. The company also runs an Instagram page for raising awareness on marine environment conservation, which shares the spirit of adventure and experiences of ocean professionals to the world.



Environmental Data\*



\*Scope of calculation: Seiko Holdings Corporation and 20 operating companies in Japan and overseas. Semiconductor operating companies excluded from scope of calculation from FY2018 due to being excluded from the scope of consolidation in January 2018.